Township Ventures

A New Model for Generational Wealth

October 2024

Intro

The Age of Abundance

We currently live in the most abundant society humanity has ever created. We can taste, touch, see, and experience more than Kings did just a century ago.

Despite this abundance, it feels as though we've forgotten where this abundance originates. It isn't made from machines, or farms, or computers, or governments, or anything tangible. Our abundance comes from the spirit of humanity striving to make the world a better place. It comes from our collective efforts trying to provide a better life beyond ourselves. It comes from a knowledge that a life of abundance & fulfillment is a life well lived. It comes from the deep truth that we are all connected. We all aspire, in one way or another, for everyone to experience wealth, fulfillment, & abundance.

If we want to create true wealth for our families & our communities, we need to think beyond ourselves. The most successful families in history, the Rockefeller's, the Carnegie's, the Walton's understand that building and preserving wealth through time requires thinking different, thinking beyond ourselves.

Just as the greats did before us, in the 21st century, we can create and preserve true generational wealth but with updated methods. This document outlines a new model for true generational wealth.

"No man becomes rich unless he enriches others."
- Andrew Carnegie, U.S. Steel

True wealth goes beyond the material & the financial. True wealth includes family & friends, memorable experiences, health, a community, a sense of purpose, and so much more. Yet, despite this truism, most people continuously find themselves incapable of creating a life of fulfillment and abundance.

The New Model

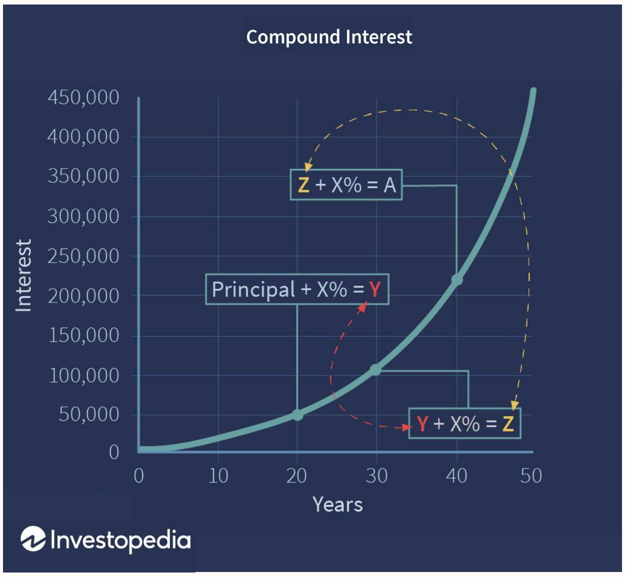
A Formula for Generational Wealth

If you build a business with the objective of long term sustainability and combine that objective with Bitcoin, Localized capital, and Human centric design, then you can create wealth and fulfillment that lasts generations.

First, owning a business allows you to create value & maximize the capture of that value.

Second, setting the business objective to "long term sustainability" shifts the priority & decision making across the organization to maximizing longevity.

Lastly, Bitcoin, Localized capital, & Human centric design unlocks compounding effects that directly support long term sustainability.



Bitcoin is a novel currency & savings invention that enables long term planning. Bitcoin's recent success is forcing investors to re-evaluate their investment decisions as Bitcoin has established a new hurdle rate.

Localized capital is the idea of applying capital as geographically close to the business as possible. This puts skin in the game, aligns long term incentives, and decreases long term capital costs.

Human centric design is the practice of designing & building systems that prioritize & support people. This creates long term fulfillment for the team, the customers, and the broader community.

If we use Simon Sinek's Why, How, What approach: why a company exists, how it creates values, what it is / makes, we can see the parallels clearly.

The Why is Long term sustainability, wealth creation, and fulfillment. Bitcoin, Localized capital, and Human centric design are the How. Business ownership is the What.

Each of these components have embedded compounding effects that ultimately create true generational wealth. These compounding effects will be expanded on later, but with a strong fundamental understanding of each, anyone is capable of executing on this new model to create holistic, generational wealth.

The Model Requirements

Understanding the Long Game

This model works by forcing you to take the long view of the business and prioritize short term needs with long term needs.

This model requires 3 key components for business needs to achieve the objective:

1. The ability to handle tough times
2. The long term incentive to participate
3. The creation of genuine fulfillment

<u>The business must first have access to resources and be able to weather storms and be resilient in the face of change</u>. If the business is unable to properly save for a rainy day, it will never be able to survive long term. Bitcoin enables the business to act strategically and preserve purchasing power over time.

<u>Second, the business' shareholders & team must be incentivized to engage for long periods of time.</u> They must have skin in the game and stick with the business through thick and thin. Localized capital prioritizes & incentivizes ownership to those geographically closest to the business.

<u>Lastly, the business must genuinely create fulfillment for the team, the customers, and the broader community.</u> If the business does not create a community or a sense of purpose, the people giving their most precious resource, time, will eventually leave. Human centric design creates systems that support people and unlock fulfillment.

This is akin to Maslow's hierarchy of needs. If you want to live a long, fulfilling life, you first need food, water, & shelter and long term access to it. Then, you need friends, family, community, and support. Those together enable you to progress toward purpose, fulfillment, and giving back.

Maslow's hierarchy of needs

This holds true for businesses as well. <u>Each of the model's 3 requirements addresses a level of Maslow's hierarchy that ultimately leads toward fulfillment.</u>

Companies like Apple, Walmart, Berkshire Hathaway, or even the 1400 year old Japanese construction company, Kongō Gumi Co., Ltd were started with grand, long term visions and have executed accordingly. They have been able to become visionary companies & survive generations because of their leadership's understanding of the long game.

Township Ventures

Applying the new model

Township Ventures is a long term holding company founded by Lucas Bazemore, Roberto Gargurevich, Darian Bajmanlou, & Cameron Kelley.

Township Ventures is the vehicle through which we are executing the new model of generational wealth. We believe that creating fulfillment in the human experience is the most important thing that we can do. We create fulfillment by putting people at the center of everything we build. We buy businesses and build them to last generations.

The near term objective for Township is to build an ecosystem of synergistic businesses in Texas that are able to stand the test of time.

The long term objective is to leverage the compounding effects of the model to create more opportunities for wealth and fulfillment for as many people as possible.

With these objectives as our priority, it is impossible to *NOT* make a positive impact for the people we serve.

More tactically & applying the principles of the model, Township buys low risk, cash flowing businesses that have strong financials and have already stood the test of time. In particular we look to participate in industries where long term thinking is most important. e.g. construction & infrastructure, education, & health & wellness.

Additionally, we are exclusively buying businesses that have HQ's in Texas. Our network is here, our families are here, and we believe Texans embody generational values. The companies in our portfolio can certainly expand beyond Texas, but we want to start in our own backyard.

Lastly, as we operate these businesses over time, we want to share our methodology & results for others to copy. We will become the blueprint for others to follow and enable more people to create generational wealth for themselves & their communities.

"The goal is not just Built to Last, but to build something worthy of lasting."
- Jim Collins, Author of Built to Last

How the Model Works

The blueprint for repeatable success

The new model for generational wealth works as a combination of key components, key metrics, & key principles of operation that balance & reinforce each other over time.

We can think about this like flying a plane. You must know your plane & how it works. You need the right instrumentation to ensure your safety. You must have the right knowledge & principles to fly the plane. One of these is not more important than any other as all three are necessary.

For the model, the key components are *Bitcoin*, *Localized Capital*, & *Human Centric Design*. This is our plane and how it flys.

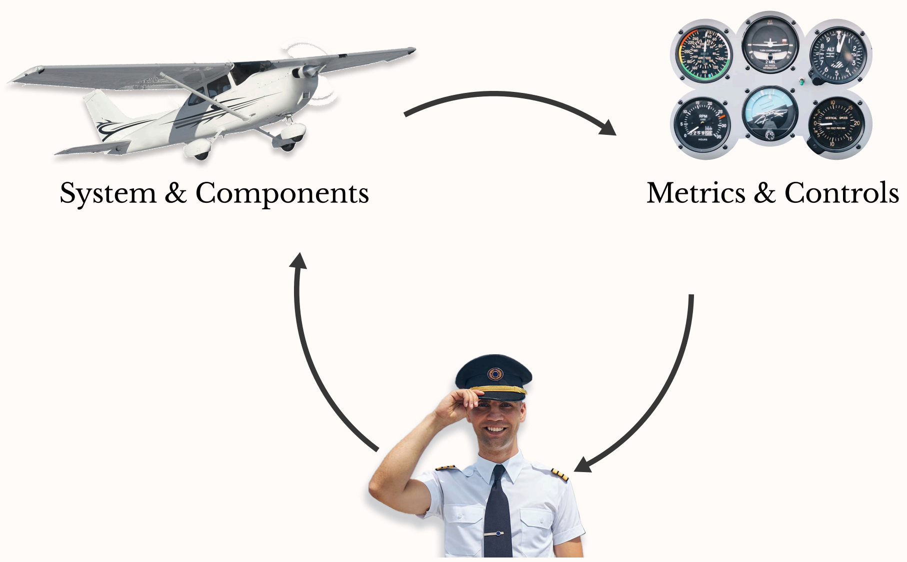
The key metrics & controls are *Financial Resilience*, *Lifelong Service*, & *Community Impact*. This is our instrumentation.

The key principles & thinking patterns are *"Do Less, Better"*, *"Start from First Principles"*, and *"Highest Leverage First"*. This is our pilot.

We can learn and build mastery in the key components. We need to be paying attention to the key metrics & controls. We need to be thinking about the execution of the model in terms of the principles.

Because of this combination, this model is replicable in any jurisdiction across any domain and thus forms the initial blueprint for true generational wealth for anyone to copy.

Each section will be denoted with one of the below icons (plane, gauges, pilot) to help you keep track of which aspect of the model we're exploring... like at the bottom of this page.



Bitcoin is the Hurdle Rate

Asset Class	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2011-23 Annualized
Bitcoin	**1473%**	**186%**	**5507%**	-58%	**35%**	**125%**	**1331%**	-73%	**95%**	**301%**	**66%**	-66%	**156%**	**149%**
US Nasdaq 100	3%	18%	37%	19%	10%	7%	33%	0%	39%	49%	27%	-33%	55%	18%
US Large Caps	2%	16%	32%	14%	1%	12%	22%	-5%	31%	18%	29%	-18%	26%	13%
EAFE Stocks	-12%	19%	21%	-6%	-1%	1%	25%	-14%	22%	8%	12%	-14%	18%	5%
Convertible Bonds	-8%	16%	21%	8%	-1%	11%	16%	-2%	22%	53%	2%	-21%	15%	9%
High Yield Bonds	7%	12%	6%	2%	-5%	13%	6%	-2%	14%	5%	4%	-11%	12%	5%
US Cash	0%	0%	0%	0%	0%	0%	1%	**2%**	2%	0%	0%	1%	5%	1%
US Small Caps	-4%	17%	39%	5%	-5%	22%	15%	-11%	25%	20%	15%	-21%	17%	9%
Preferred Stocks	-2%	18%	-1%	14%	4%	1%	8%	-5%	16%	8%	7%	-18%	9%	4%
EM Stocks	-19%	19%	-4%	-4%	-16%	11%	37%	-15%	18%	17%	-4%	-21%	9%	1%
Gold	10%	7%	-28%	-2%	-11%	8%	13%	-2%	18%	25%	-4%	-1%	13%	3%

Onramp Bitcoin

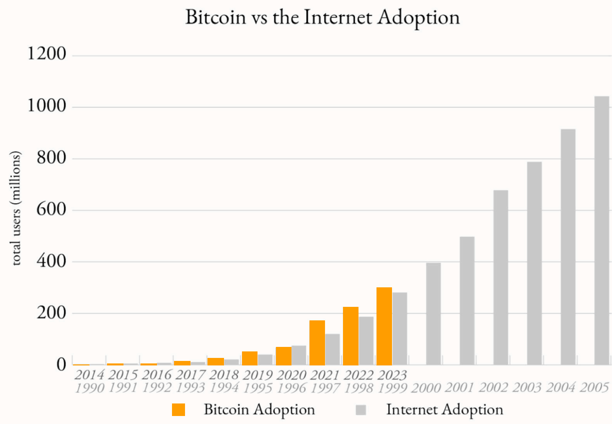
<u>The dollar has lost 60% of it's purchasing power in the past 20 years.</u> The entire world is waking up to the realization that perpetual currency debasement, increasing government debt levels, and irresponsible fiscal spending are fundamentally unsustainable.

Before Bitcoin, the "safe" investment for individuals & businesses was government bonds. They are considered the "risk free rate" because bonds pay a guaranteed fixed interest on your principal. If that interest is over the inflation rate, then it's effectively "free money". The "risk free rate" is the bond rate minus the interest rate.

To earn above this "risk free rate" means that you have to put your money "at risk" in places such as stocks, real estate, or private equity in order to make a higher return.

Bitcoin challenges the idea of this "risk free rate" because <u>Bitcoin is the first and only digital, fixed supply, decentralized, monetary network protocol.</u> Bitcoin allows you to simply hold it over time and see your purchasing power increase. A $10,000 purchase of Bitcoin in 2014, would be worth ~$1.8M today.

<u>Fundamentally Bitcoin is a savings technology.</u> For the last decade Bitcoin has had a compound annual growth rate (CAGR) of 149% because as the Bitcoin network grows, the value of Bitcoin grows.



This means that if you held Bitcoin, you'd have to deploy it into a project that yields over 149% returns to justify spending it vs. simply holding onto it. For a business to deploy time, energy, & capital, into a project, this threshold is a serious consideration.

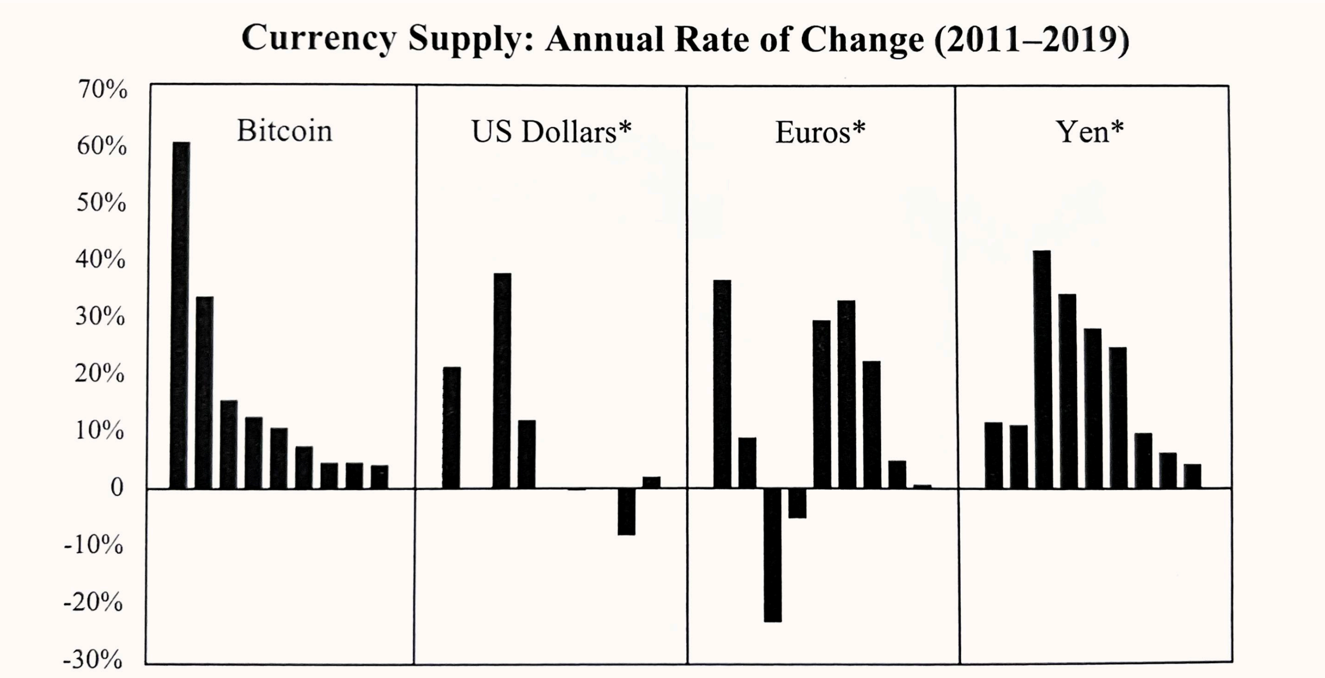
Instead of perpetually deploying capital, companies can now hold Bitcoin and have their purchasing power increase over time. This fundamentally changes capital deployment strategy forever.

HOW THE MODEL WORKS

Bitcoin on the Balance Sheet

Bitcoin is the best savings technology humanity has ever created. Bitcoin is fixed to a max supply of 21 million units. Bitcoin's distribution rate is reduced by 50% every ~4 years until the full 21 million Bitcoin units have been distributed in ~2140. As Bitcoin is based on open source software, it is perfectly transparent in its "monetary policy".

A generational business needs a way to preserve its purchasing power over time. It must be able to handle tough times, invest in strategic initiatives, and adapt to change without compromising it's operations. Bitcoin on the balance sheet is essential for a business to be sustainable long term. Bitcoin stores that potential energy that can be used in the future in a safe, long term way.



Courtesy: Gradually, Then Suddenly - Parker Lewis

Because of its truly fixed supply and reducing distribution rate, Bitcoin is the only currency that does not lose purchasing power over long time horizons because the currency only becomes more and more scarce. The more scarce the asset, the more valuable it becomes. Bitcoin is the only global, digital currency in existence that accretes purchasing power over time without needing to put that money at risk.

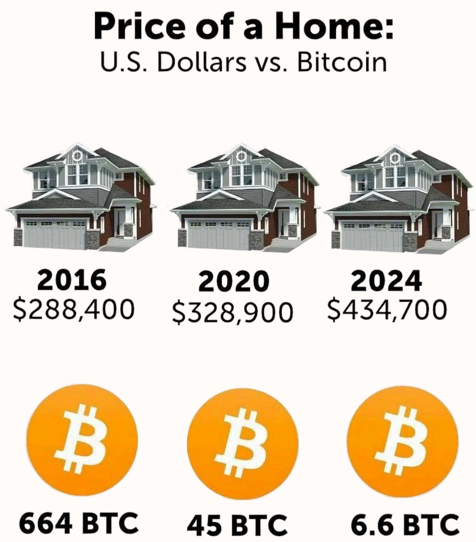
Businesses who acquire Bitcoin will likely see their balance sheet growth outpace their regular business operations. Thus, balance sheet management will become a key factor in capturing and storing long term value. But it's a skill that is often overlooked and must be developed within any business that retains Bitcoin.

HOW THE MODEL WORKS

Bitcoin: The Deflationary Driver

Given that Bitcoin is a *global* asset, the value of Bitcoin increases with the *global* increase in adoption & productivity. This means that as long as global productivity continues to *increase*, the prices of goods and services denominated in Bitcoin will continuously *decrease*.

This is the deflationary aspect of Bitcoin. Over time the cost of goods and services will get cheaper relative to Bitcoin.



The nominal value of a business' balance sheet or income statement could actually *decline* and yet still *gain* purchasing power.

For example, let's say at the start of the year my businesses income is currently 10 BTC / year. Let's also say, the exchange rate of Bitcoin for goods & services grows by 100% over the course of the year. If my business performed the same as last year, I would expect the business' income to be 5 BTC / year. If however, at the end of the year my business' income is now 6 BTC / year, I actually *grew* my business by 20%.
(6 actual - 5 expected / 5 expected)

This simple understanding requires a completely different perspective on how to measure financial performance over time.

Instead of measuring a business against inflation, we now have to measure the business against deflation. In an inflationary environment, the business is incentivized to be constantly growing in order to keep pace with inflation. In a deflationary environment, the business is incentivized to constantly be more efficient to reduce Bitcoin expenditures. The more the company can save on costs, the more Bitcoin it can capture over time and the less Bitcoin it needs to deploy.

This shifts the priority to becoming more operationally efficient while maintaining quality & customer pricing power. This forces business owners to ask different questions to prioritize energy. For example:

- Is the business reducing costs over time?
- Are revenues declining slower than the deflationary pricing pressure?
- Is the product or service increasing in quality or value to maintain pricing power?
- Has the business made investments to reduce input cost volatility?

Ultimately core financial analysis, modeling & reporting all need to be rethought from a Bitcoin perspective.

HOW THE MODEL WORKS

Localized Capital

The longer a business operates the higher the probability unforeseen problems will arise simply from the natural change that takes place in the world. When problems arise, the people closest to the problem are typically the most equipped to solve the problem. Should those people also be motivated or incentivized to solve the problems, the likelihood of overcoming said challenges increases dramatically.

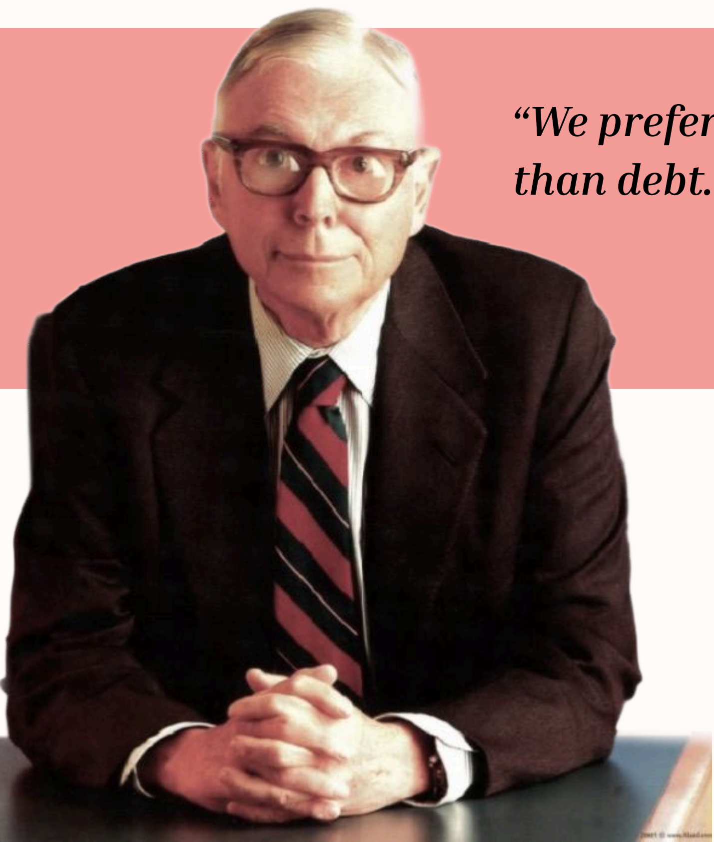
The same thing applies in a business. <u>The physically closer the capital (monetary, human, cultural, political, etc...) is to the business the more incentivized the participants are to solve challenges when they arise.</u> e.g. normal business challenges or even natural disasters.

<u>The 3 most important constituents that must be incentivized for long term stability are the business owners, the management team and the employees.</u>

This is because missteps in operational execution can have outsized negative impact on the business. On the flip side executional excellence can make a profound difference. Thus we want to create the right incentives to maximize executional excellence & minimize missteps.

<u>For all 3 parties, incentivizes through equity ownership give the most returns.</u> Equity stimulates several psychological behaviors such as *the ownership effect, identity & belonging, loss aversion, reciprocity, agency theory,* and more.

Owners & investors with direct equity stakes, convertible debt, or debts with warrants provides more long term alignment with the business than common debt. Value aligned, trusted investors are preferred over 3rd parties or untrusted investors to reduce short term capital risks for the business.



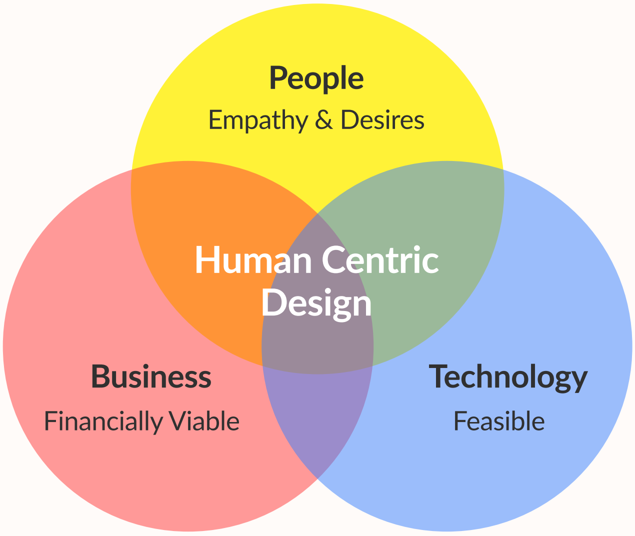
"We prefer to finance through equity rather than debt. It's more stable, and it aligns the interests of the owners and the management." *- Charlie Munger*

For employees a careful combination of stock options and ESOP programs can retain talent for very long periods of time. This creates a collective incentive for the concerted effort required to make a business last generations.

HOW THE MODEL WORKS

Human Centric Design

If we want the business to survive long term, it must properly take care of the people it serves and the people that serve it. As stated previously, Human centric design is the practice of designing & building systems that prioritize & support people. Human centric design seeks to build systems that are financially viable, technically feasible, and properly serve the people using the systems.



From multiple studies it has shown that design thinking in business has led to:

- 32% higher revenue [1]
- 2x faster market outcomes [1]
- 211% performance over the S&P 500 [1]

In addition, employees & customers are more likely to stay longer with company and refer more talent and new business than other organizations.

[1]*IBM Enterprise design thinking*

At a more human level, we all want to feel a sense of belonging, purpose, and accomplishment. We spend most of our lives working, and so we strive to find work that is fulfilling and contributes to our growth and long term futures. The 2 most important sets of people to design for are the customer and the team.

If we start with the customer, human centric design asks questions like:

- What does the customer want vs. need?
- Do I know my customers pain points?
- How can I provide a phenomenal experience to my customer?
- How can my customer feel more heard?
- Are there ways to increase participation with my business outside the product or service?

For the internal team, questions are:

- Does my team understand the vision & mission of the company?
- How do I ensure my team is trained & skilled?
- How can I motivate my team to take more risks?
- How can the team build more camaraderie?
- Do I have a succession plan in place?

None of these questions by themselves is “human centric design”, but in order to answer these types of questions, you need to create systems that enable more collaboration, more transparency, and more buy-in from the customers & team. It’s simply better design.

Measuring the Model

How to continuously measure success

This model must be properly measured to ensure that is working properly. Given that the primary objective is "long term sustainability", it is not acceptable to strictly measure financial performance. The 3 key categories to measure to ensure the longest term stability are:

Financial Resilience: How capable the business is to deal with short and long term financial challenges & opportunities.

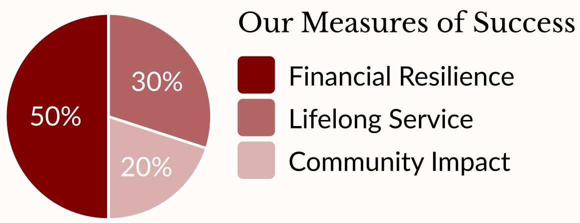
Lifelong Service: How much long term value the business creates for customers.

Community Impact: How much value does the business create for the team and local community.

Each category focuses on a pillar of the business that directly impacts long term durability and stability. Touching back to Maslow's hierarchy of needs, these categories are aligned with the whole hierarchy to ensure that the business is properly aligned long term.

This model effectively concludes that should the business be able to make positive impact on these 3 categories of metrics over time, then the business will create long term generational wealth. This understanding highlights why Bitcoin, Localized capital, & Human centric design are so important to the model. Each component can independently & positively impact all 3 categories of metrics.

Each category has a different time horizon and a different weight when considering business decisions. The following relative weights are applied to each category in order to help prioritize decision making and balance short and long term needs.



These weights highlight the relative importance of the category in achieving long term sustainability. The business should be tracking the metrics within each category and should ensure the team is aware of these metrics and how they contribute to their growth.

Typically, as improvements are made in any category, there tend to be spillover effects into the other categories that accrue over time creating further compounding effects. As we'll see on the subsequent pages, these metrics all beautifully intertwine to affect each other in self-reinforcing ways.

MEASURING THE MODEL

Financial Resilience

The business must first and foremost be financially resilient. We must protect the downside of the business while also encouraging organic growth through innovation, creativity, and value creation. This prevents the rust of stagnation and obsolesce of change.

Financial Resilience is broken down into 2 key categories:

- Downside risk tolerance
- Sustainable growth

On the downside, we want to ensure we're capable of handling problems. The two financial metrics that measure the success of mitigating the downside risk are:

- Shareholder equity growth
- Return on assets

Growing shareholder equity means more assets and less liabilities. This provides the financial reserves and flexibility to handle large capital events that could disrupt the business. Return on assets provides the productivity and efficiency of asset usage. The more efficiently the assets are used, the less likely large capital expense will create financial issues.

Shareholder equity growth & return on assets provide both short and long term visibility on the downside risk tolerance the business is capable of withstanding.

On the upside, we want to ensure we're creating real value and capturing that value over time. The two financial metrics that highlight sustainable growth are:

- Net income growth
- Return on working capital

These two metrics balance each other ensuring that the bottom line is growing, but not at the expense of the operating cash needed to sustain that income growth.

If we think of money as energy, we want to increase the amount of energy the business can accumulate (sustainable growth) and the amount of energy that is stored (downside risk tolerance) without jeopardizing the health of the system.

MEASURING THE MODEL

Lifelong Service

To achieve long term stability, the business should strive to provide the highest-quality, most durable products or services it can create that retain customers for as long as possible.

The longer the product or service lasts, the more value the customer gets for their money. This increases the perceived value of the product or service and typically leads to more customer referrals, higher customer retention, & repeat purchases in the future.

Simply think about the highest-quality product or service you've ever purchased. It tends to make you feel good & want to share it with others. Lifelong service is how we can measure the extent to which the business is accomplishing that goal.

This translates to measuring the following leading and lagging metrics:

Leading Metrics:
- Engagement with Customers
- Product / Service usage

Lagging Metrics:
- Customer Retention
- Customer Lifetime value

This works by creating tighter feedback loops, which deepen the understanding of the customers, which translates to improvements in the product and service, which ultimately translates to higher customer retention & higher customer lifetime value.

What's great about the idea of lifelong serve is that it's self reinforcing. As the team adopts a mentality of lifelong service, the product gets better, the customer becomes more successful, the bar gets raised, and the desire to perpetuate this into the future increases. Lifelong service gets embedded into the culture of the company. This is how quality becomes durable over generations.

"We're customer-obsessed. We start with what the customer needs and we work backwards." - Jeff Bezos

MEASURING THE MODEL

Community Impact

Lastly, we need to measure and understand how the business is serving the people within and around the organization. When you take care of the people, the people take care of you. The metrics to measure are:

- Volume of Customer Referrals
- Volume of Employee Referrals
- Employee Tenure & Retention

The more the business genuinely takes care of these two groups of people: the customers & the team, the more these metrics will move. These metrics translate to reduced customer acquisition costs, reduce recruiting and training costs, and compound internal knowledge and skills.

The leading metrics come from more qualitative metrics such as:

- Net Promoter Score
- Job Role Fit
- Individual & Team satisfaction

These help you to understand how customers and employees *feel* about the business in ways that are difficult to track in quantifiable metrics.

Going further into the idea of broader community impact, there is a case to be made to measure the impact outside the organization with items such as:

- Employee volunteer hours
- Charity donation funds raised
- Local event sponsorships

This level of measurement is up to the team's themselves to determine. There is no formula that can be applied to impact these metrics. It depends on the business, team, product, etc...

Ultimately, what's necessary to affect these Community Impact metrics long term is deep empathy, creativity, and a willingness to roll up your sleeves and create value. By measuring the business' financial resilience, lifelong service, & it's community impact, the business ensures it has visibility on the most important aspects of the business long term. With this visibility, the business will be uniquely capable of creating generational wealth and fulfillment.

Management Approach

Do Less, Better

Long term, execution risk is the biggest risk to any business. Repeated subpar decision making will lead to failure no matter the tailwinds. Building for lifelong service, implementing human centric design, and putting Bitcoin on the balance sheet all requires time, energy, and dedication.

In our view, we can mitigate against this execution risk with the North Star principle of **"Do Less, Better"**.

"Do Less, Better" means focusing on doing fewer things, but executing on them with higher quality. Expend less energy AND create more value.

"Do Less" translates into honest prioritization. This may mean serving less customers, but focusing only on high quality, turn-key solutions. It could be building less products, but streamlining operations and therefore serving more customers. It could be executing on fewer ideas, but instead focusing on one grand opportunity that requires the entire team to work together collectively. This is easier said than done.

"Better" translates to improving quality in the business. This could be the product or service quality, improving the customer experience, reducing operating costs, hiring better talent, etc... No matter the decision, the understanding is that "quality" is more important than "quantity". This forces durability and long term stability beyond simply the financial. This is also easier said than done.

As technology like A.I. increases productivity, Bitcoin increases the hurdle rate for capital & energy deployment, and we generally embrace a world of more abundance, the need to simply do "more" no longer becomes the primary need. We have *quantity*, what we need now is the *quality*. Therefore, we believe this simple, North Star principle: **"Do Less, Better"** encapsulates many of the ideas & principles that have previously been mentioned. It can be shared with others as a simple measuring stick within and around the organization in a way that all can understand and all can use to make decisions individually and collectively.

KitchenAid Mixer
1937 & 2024

MANAGEMENT APPROACH

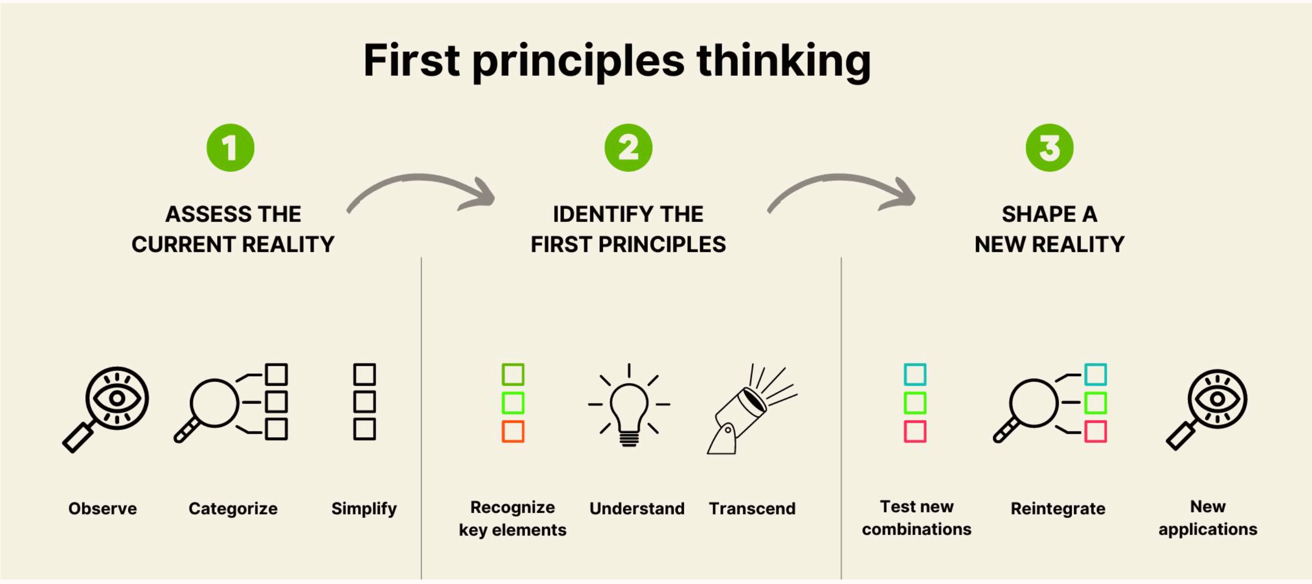
Start from First Principles

To reiterate, our objective is to create long term sustainability within our portfolio. In order to accomplish this we need a deep understanding of these 5 fundamental building blocks:

The Technology: This is the underlying technology, invention, or ideas that are being utilized by the business. This could be a product such as concrete, an idea such as accounting, or an specific technology like solar panels.

The Customers: This is your customers core needs, desires, jobs to be done, risk tolerance, etc... This gives you insight into which customers most align with your business and where challenges and opportunities live.

The Industry: The industry is both the macro industry and the niche the business operates within. This gives insights into the headwinds & tailwinds the business may be experiencing or will experience.



Business & Business Model: This is the combination of the actual business model (e.g. manufacturing, service, retail, etc...), the business's core offering, and its unit economics. We need insight into the core metrics, key risks, and growth drivers for the business.

The Team: This is the size, skills, passions, & fears of the whole team. The team is the backbone of the company and they determine how much change, risk, new sales, etc... the team withstand at any time.

With this combination, we can incentivize the team to create the best business for the best customers leveraging the technology within the industry. With buy-in from the team, we can set the vision & strategy for the next phase of the business.

MANAGEMENT APPROACH

Highest Leverage First

As Township, we want to focus our time & energy on the highest leverage components of the business to help reduce downside risk, increase transparency and enable the business to grow long term. This means prioritizing the following operational activities:

- Data & Analytics
- Sales & Marketing
- Talent Management
- Engineering & Automation

Data & Analytics: This is the visibility of operations within the business including Objectives & Key Results (OKRs), Key Performance Indicators (KPIs), and internal dashboards & monitoring systems.

Sales & Marketing: This is our primary acquisition & retention mechanism. Improvements in sales & marketing (better customers, stickier customers, longer contracts) can directly lead to bottom line improvements.

Talent Management: We need the team to be capable (skilled) and motivated (incentivized) to work every day. We want to ensure we have a pipeline of value-aligned talent and the means to keep them.

Engineering & Automation: This is about making long term investments in efficiency and scalability. This can be through improving automation or developing new product & service offerings.

With data & analytics visibility on operations, we can make changes within the company and measure its impact with confidence. This also enables us to clearly communicate with the team on the company's objectives & goals.

From there we can do many things. We can work with the team to segment customers, ideate new offerings, and create new sales initiatives. We can focus on customer retention to drive repeat sales, new referrals, or contract renewals. We can find the right talent to automate frustrating tasks for customers. We can recruit advisors and industry experts to share best practices and help solve problems.

By focusing on the highest leverage components of the business, and applying a little bit of creativity, we can ultimately create the best offering for our best customers.

Investment Thesis

Aligning long term incentives

Township Ventures is a long term holding company with the mission to create an ecosystem of Texas businesses that create wealth & fulfillment for generations.

As stated before, <u>Township buys low risk, cash flowing businesses that have strong financials and have already stood the test of time.</u>

With every deal, we look to maximize the long term success of the business. Our default structure is to buy a majority stake in the business. The previous owners or executive team keeps a retained stake, and we look for owners and executive teams that want to stay on and continue to grow the company.

We prefer to minimize 3rd party external debt holders and prioritize internal equity & debt management with individuals that share long term values.

<u>We look for investors that value the long view & understand the long term implications of Bitcoin on the balance sheet.</u> We look for team members that want to create long term value over short term gains.

This leans us toward equity incentives with all parties to the best of our ability. <u>Given our long term mindset, we prioritize equity growth as the primary metric.</u>

For the deal, we want to make sure that the deal structure is sound and puts the business is a good position to execute. For the company, we want to ensure all parties are aligned with the long term vision of the company.

Township's purpose is to create real long term value and to grow that value for more and more people. We want to increase the size of the pie, not simply get a bigger slice. We're confident that along the way, we'll be able to create real generational wealth for hundreds to thousands of people.

***"Our favorite holding period is forever."*-**
Warren Buffet

Team

Lucas Bazemore

As 3x startup founder and former product manager and director of engineering, my goal is to work with you and your team to build a long-term strategic roadmap and then pound the pavement to make it happen.

Roberto Gargurevich

With over 10 years in business strategy and intelligence for a Berkshire Hathaway company, my focus is on strategy, performance, and vision to create repeatable, measurable success.

Darian Bajmanlou

With over 8 years in Texas real estate & SMB consulting, my focus is on finding opportunities in places people aren't looking.

Cameron Kelley

As 4x startup founder and former VC operator, my focus is on operationalizing your strategic roadmap, finding exceptional talent, and bringing cutting edge technology and automation to your business.

Advisors

Anthony Ludlow, J.D. | Partner

Over the past 19 years Mr. Ludlow has focused on acquiring, growing, and managing various public and private companies. During the past 10 years he has been involved in more than 15 transactions through his firm Baymark Partners in Dallas.

Nestor Balaban | CFO

Nestor Balaban has over 30 years of financial knowledge serving Sr. Financial Analyst, Controller, & CFO for companies such as Warner Brothers, PwC, & $100M+ manufacturers.

"Wealth, like happiness, is never attained when sought after directly. It comes as a by-product of providing a useful service."

- Henry Ford

THANK YOU FOR READING

For more information, questions or clarification:

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