

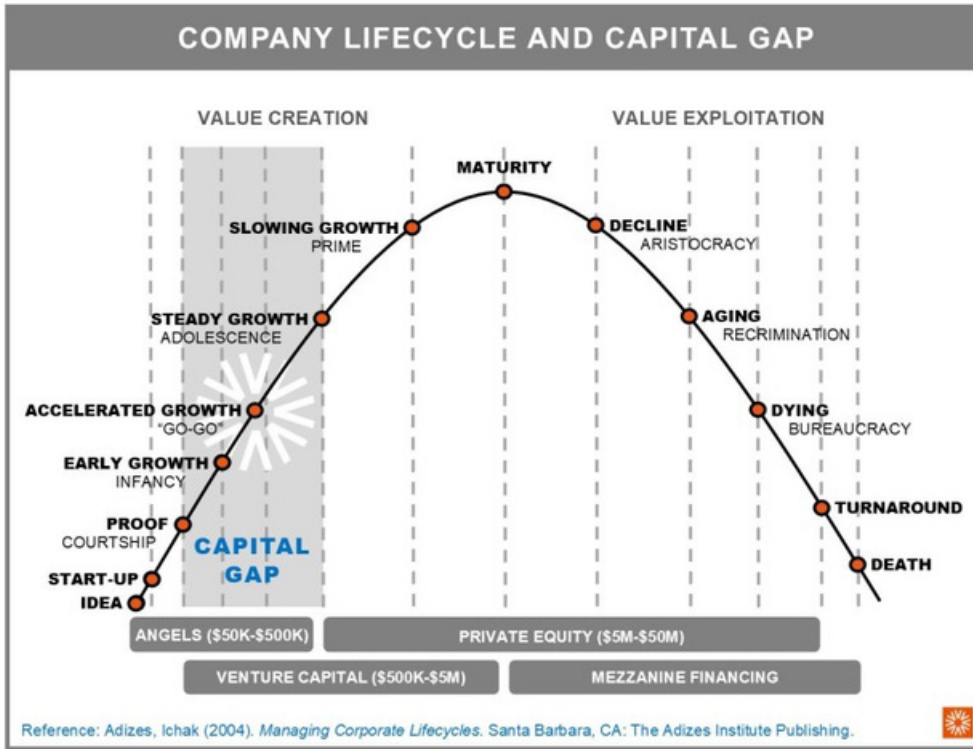


TRACTION CAPITAL

FOCUS FUNDS

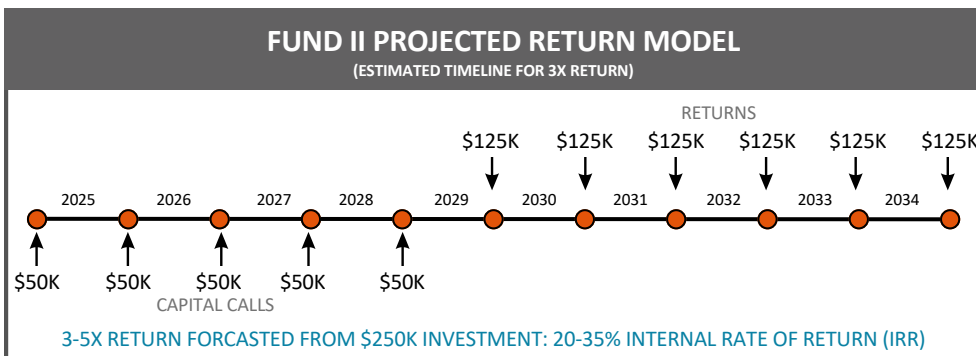
Traction Capital is a Minnesota-based Private Equity and Venture Capital firm targeting high potential businesses in Minnesota and neighboring states. Our Focus Fund II strives to continue capitalizing by investing 'smart' capital in early-stage companies and acquiring lower market growth companies stuck in the 'capital gap'.

At Traction Capital, we believe that investing both financial capital and our experience as entrepreneurs, combined with a proven business management process during this critical stage, can provide faster growth, higher valuations and ultimately stronger returns on investment.



Fund I and Fund II Investment Thesis

- Investing in and acquiring promising businesses that are in the "capital gap" between early and middle market stages.
- More than just financial capital, most companies in this stage lack the intellectual and human capital required to reach their full potential. Traction Capital provides mentorship, resources, EOS implementation, a network of experienced entrepreneurs and more to portfolio companies.
- Traction Capital focuses on companies with a clear path to profitability, and seeks to invest in founders building \$15-50M business, not billion dollar unicorns.



Fund I Size

\$16.6m

Target Fund II Size

\$40m (range of \$15-60m)

Fund II Raise

Q1 2025 (targeted)

Fund II Structure

Minimum Investment

\$250,000

Capital Contributions

20% upfront, followed by a series of capital calls projected to be \$50,000 annually on a \$250,000 commitment (see graphic on bottom of page)

Investment Period and Term

New investments made during the initial 5-year period; Exits and cash distributions are projected during a subsequent 5-year period; Projected 10-year total fund duration

Target Return on Investment

3x-5x return on \$250,000 investment, 20%-35% internal rate of return (see graphic on bottom of page)

Fund's Targeted Allocation

50% of fund invested in early-stage deals (venture capital)

50% of fund allocated for acquisitions of profitable companies (private equity)

Manager Fees

2% of committed capital; Manager will also charge consulting fees to portfolio companies

Manager Carry

20% of profits after investors have been returned 100% of their capital contributions

Distributions

Distributions are projected to begin in Year 6 with a final liquidation of cash made upon the Fund's 10-year anniversary (see adjacent graphic)

Proven Process

Traction Capital has an 8-step approach for identifying, qualifying, analyzing, valuing, negotiating, structuring, developing, optimizing and exiting businesses that is inspired by the Traction® EOS® (Entrepreneurial Operating System).



Investor Mentors

More than just their financial capital, 75% of our Fund I investors are entrepreneurs. This dynamic team of investor mentors provides intellectual and human capital to our portfolio companies with a breadth of experience and expertise that spans multiple industries. As Traction Capital investors, these mentors have a vested interest in the success of our portfolio companies. Hear what our investors have to say!



Fund I Progress

- Fund I: \$16.6M
- Additional \$5M+ raised in sidecars
- 12 portfolio companies, including one exit
- On track for 3-5x return

Portfolio Highlights

Kwikly: 

- On-demand dental staffing platform that connects professionals to dental offices
- Date of Investment: January 2021
- 32x revenue growth since investment
- Inc 500 List in 2022 (#491), 2023 (#169) and 2024 (#185)
- Inc 5000 fastest growing company in Minnesota 2024

GoRout:

- Digital communication devices for players and coaches. Recently approved for in-game use in baseball, and a test in 2024 for in-game football.
- Date of Investment: December 2021
- \$4.6M+ in new signed contracts in the last year
- Notable university customers include: Alabama, LSU, Vanderbilt, UNC, Villanova, Stanford, Notre Dame, Ohio State, Tennessee, Auburn, and more

Saltbox:

- Provides industry-leading expertise with a singular focus on Salesforce & B2B
- Date of Investment: June 2022
- 5.6x revenue growth since investment

Interested in Learning More?

- Join our email list to be notified of upcoming events, fund updates and sidecar opportunities
- Meet with a partner to learn more about Fund II
- Accept your allocation or join the waitlist

Investment Criteria

Targeted Industries:

Business-to-consumer and business-to-business, technology and information services, mobile software and systems, SAAS, business services, distribution, niche manufacturing, consumer products, and technology-enabled solutions

Company Size and Characteristics:

Minority (venture capital) deals have market viability (proof of concept) with market leadership potential, \$250K-\$5M annual revenue, founder dependent, scalable and sustainable growth

Majority (private equity) deals have established market position with \$500K-\$3M EBITDA, upside based upon unmet market opportunity

Investment Size:

Minority (venture capital) investments: \$500K-\$1M

Majority (private equity) acquisitions: \$2M to \$4M with 50% leverage from banks and other sources

Founder and Managing Partner

Shane Erickson

Shane is the former Chief Executive Officer and Founder of IMC. He is an experienced investor with notable success as a venture capitalist including investments in Mentormate (20x return, 51% IRR) and UltraloX (29x return, 182% IRR). Shane holds a bachelor's degree in Accounting from St. Cloud State University.

(612) 865-4624

Shane.Erickson@TractionCapital.com

Legal Disclosure

An investment in Traction Capital *Focus Fund II* is speculative and involves a high degree of risk. Projected returns are not a guarantee of future success and the actual performance of *Focus Fund II* may differ significantly from the projections described herein. Prospective investors must review the risk factors and other information set forth in the Fund's Private Placement Memorandum prior to subscribing for Interests. Investors must be willing and able to bear the risk of this investment, including the possible loss of all or a substantial portion of their investment.

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