

KANBRICK

April 15, 2026

Dear Partners and Friends,

Running a midsize company has never been easy. What feels different today is the pace keeps accelerating. Technology is moving quickly, policy conditions are changing, and geopolitical tensions can alter costs, supply chains, and planning assumptions with little warning.

Part of this is real as multiple forces are converging simultaneously. But part of it is what we think of as the Acceleration Flywheel. The American economy has grown at roughly 3% per year over the last 75 years. What has changed is the base. Three percent of the current \$24 trillion economy produces \$720 billion of absolute change per year. Three percent of a \$2.3 trillion economy, the United States in 1950, produced \$70 billion.¹ The rate is the same; the magnitude is ten times larger. And human capacity to process change has not grown in proportion. This is one reason every generation of business leaders feels the pace is unprecedented – and in absolute terms, they are right.

Our companies, like the many family businesses in America, are policy takers not policy makers. They must operate and react in an environment where planning is hard, agility is an imperative, and leadership is key. In periods like this, businesses that adapt faster than their environment, stay grounded in what does not change, and invest for the long-term win. That is the lens through which we view both our companies and Kanbrick itself.

Every few decades, a foundational technology emerges that changes what is possible. Railroads dramatically reduced the cost of distance. Electricity reshaped the factory and American life by making energy reliable, affordable, and readily available. The internet made information instant and ubiquitous. AI appears to be the next such shift. It has the potential to reshape companies and moats by making intelligence more abundant.

We think a key question is not whether AI is real, but how quickly it diffuses from Silicon Valley to Main Street.² And the natural corollary of how should companies navigate this change.

Ofentimes the end state is visible before the path to get there is clear. Electricity took around 70 years to reach 90% of American households, while we continue the journey toward fully autonomous vehicles that began in earnest in the 1980s. AI has undergone a similar journey beginning in the 1950s, progressing to machine learning in the 1990s, and then entering the GPU and scaling era over the last decade.

Diffusion of AI at scale is not simply a better model problem, just like railroad growth wasn't only about the steam engine. It requires a broader system coming together including: infrastructure (e.g., power, chips, and data centers), regulatory and legal frameworks, talent and know-how, capital investment, and adoption across firms (e.g., workflow redesign, training, change management, etc.). Technological progress is not the same as deployment.

"We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run."
– Roy Amara (Amara's Law)

As business builders, we care about company adoption. In 1987, Nobel Prize winning economist Robert Solow famously observed "you can see the computer age everywhere but in the productivity statistics". This still feels

¹ These data sets show real (inflation adjusted) data using 2017 dollars from the FRED (Federal Reserve of St. Louis) data Real Gross Domestic Product

² We also recognize how quickly the AI space is evolving – it feels like there is a major update weekly in 2026 – and there is a good chance our views in this letter will change materially as the world evolves

relevant today. New technologies have historically arrived in headlines long before they show up in productivity statistics, and the impact is also uneven across businesses and types of work. As William Gibson put it, “the future is already here – it’s just not evenly distributed”.

The widely cited paper “Firm Data on AI” surveyed 6,000 firms on AI and found 69% are using AI and 80% reported no productivity growth to date.³ The “productivity j-curve” hypothesis attempts to explain this disconnect. It argues that general-purpose technologies such as AI often require significant complementary investments in process redesign, business models, products, and human capital before the gains become visible in reported results.⁴

For example, when electricity first arrived in factories in the 1890s, most owners did the obvious thing: they ripped out the steam engine and dropped in an electric motor. It took a generation before manufacturers realized the real opportunity was redesigning the factory. Electric motors could be distributed to individual machines, which meant you could rearrange the floor based on workflow.

We see that dynamic in our own work. It takes time to define new workflows, test and refine, and drive adoption. The process is often uneven and the “last mile” from working prototype to a validated enterprise ready process takes time. Yet, we are in the early innings, and we expect the impact to be profound.

It is clear many things will change including cost curves, risks, speed and depth of analysis, and the cost of building digital tools. Some moats will also wither – think of what the internet did to the mighty local newspaper – creating new opportunities for builders to challenge incumbents. The impact of these changes is uncertain (and will vary greatly by company); however, industries with lower entry barriers, lower switching costs, and less certain cash flows should see valuations decline. Software valuations reflect this dynamic today.

Yet, predicting changes in a complex adaptive system is fraught, and we are skeptical of anyone who claims to have a crystal ball. History suggests new technologies are often overhyped in the near-term and underestimated over time. Layer on government responses, societal reactions, and geopolitical events and there are many potential roads to the future.

Bezos and Buffett often focus on what won’t change, and we think Charlie Munger’s principle of inverting is particularly helpful in this case. At the first principles level, we think that a few examples include:

- Customers will still prefer better, cheaper, and faster
- Incentives will still drive behavior
- Moats and capital allocation will drive enduring success

Perhaps most importantly, leadership still matters – and matters most in dynamic environments.

We are often asked what leaders should do about AI today. The playbook is changing quickly and uncertainty abounds, but below is what we are doing now at Kanbrick. First, we are using the tools across our team. Reading about AI is not the same as building. We’ve moved from chatbots to using Claude Code and Cowork across Kanbrick. Second, we are empowering individuals to build with AI while also directing resources toward key companywide priorities (e.g., improving service levels or finding new customers). Third, we are going on the journey together. We’ve found it helpful to share what is expected, encourage experimentation, and celebrate wins. Fourth, we are thinking through how AI could impact our businesses strategically. Call centers are already being reshaped by AI, software will have lower barriers to entry and switching costs, and other businesses like airplane parts will change more gradually. Understanding where a business sits on this spectrum matters and

³ By Yotzov, Barrero, Bloom, Davis, et al.

⁴ Brynjolfsson, Rock, and Syverson in “The Productivity J-Curve: How Intangibles Complement General Purpose Technologies”.

drives where we invest our time and resources. We expect our thinking to continue to evolve as we build and learn.

Evolution and capitalism have many parallels, and we are big believers that the best enduring companies evolve faster than their outside environments. This becomes especially important in a time of disruptive change where AI is accelerating decision loops. Kanbrick's patient stewardship and hands-on partnership are well suited for this moment.

Over the last year, Kanbrick continued to grow across our team, companies, and Community. Today, we have 14 team members, 6 Kanbrick companies with over 1,400 teammates, more than 3,700 owners and executives in the Kanbrick Community.

Running a midsize company is hard. We created the Kanbrick Community to be the resource we wanted for ourselves during our tenure as CEO and CFO – focused on building better businesses together. A few of the highlights over the last year include:

- The CEO Circle, our exclusive offering for CEOs of midsize companies, has grown to over 2,100 members
- Build with Kanbrick, our flagship accelerator program, has had 67 participants to date with an NPS of 94. The program covers our Kanbrick Business System and each company does 1:1 focused discussions with the Kanbrick team on topics critical to their business
- We launched our Business Builders Masterclass, a new multi-series deep dive on critical topics like strategy, hiring, and talent development.
- Our national events, CEO & Owners Summit (NPS of 88) and Business Builders (NPS of 90), brought together growth-focused CEOs and owners to connect and learn

What inspires us most is not the count of members or events – it is the real impact we are having on companies. One owner shared that after implementing the hiring framework from the Kanbrick Business System, his company made eleven consecutive hires that fully met expectations at 30, 60, and 90 days – a success rate they had never come close to before. Another keeps her printed Build with Kanbrick materials tabbed by section on her desk, revisiting them each quarter as her processes improve. If you are interested in joining or learning more visit <https://kanbrick.com/community/>.

Traditional private equity was not built with most business owners in mind. For many years, however, it was often the default option for owners facing succession or growth challenges. We built Kanbrick to offer something different: the kind of partner we would want for our own family businesses. To us, true partnership means more than providing capital or attending quarterly board meetings. We think in decades, not quarters. We focus on building businesses, not flipping them. And we know enduring companies are built by people, not spreadsheets.

While we advise owners to keep their businesses as long as possible, at some point many businesses go through an ownership transition for various reasons. Our aspiration is to be the partner of choice for a select group of these business owners. Over the last year, we were humbled to form partnerships with three such companies:

- **Laboratory Testing Inc (LTI)** is a 40+ year old family-owned metals testing business focused on the aerospace, defense, space, and power generation markets. The 3rd generation family was at a crossroads – some members were ready to step back and others including CEO Brandon McVaugh wanted a partner to help accelerate growth. We partnered in April 2025 and are proud that our work helps ensure the integrity of America's most critical aerospace and defense systems.
- **Keep Supply** is an industrial refrigeration parts distributor. We got to know CEO and Owner, Josh Burch, through Build with Kanbrick and stayed in touch after the program ended. Last fall he reached out to us about supporting the next phase of growth, and we partnered together in January 2026. Keep Supply has built something rare – a fast-growing, customer-obsessed business with a 62% three-year revenue CAGR – and we are helping the team build on that momentum while supporting mission critical supply chains.

- **Depatie** is a leading manufacturer and distributor of fluid power components and automation systems. We originally met Ryan Thomas, the owner and CEO, a few years ago and got to know him and his family through several Kanbrick Community events. Depatie has built a strong business with deep customer relationships, and we see real opportunity to grow through new market entry and continued acquisitions.

An investment is only the beginning of a partnership. We are especially proud of what our teams accomplished across our companies in 2025 – improving customer experience, building stronger teams, creating clearer paths for growth, and rewarding great performance. Combined revenue across Kanbrick's companies crossed \$350 million with record earnings in 2025.⁵ Financial results are an output, but they reflect the daily work happening inside each business.

Kanbrick itself also continues to grow. We are adding roles across our investing, KBS, Community, and operations teams. We are looking for people who want to build something different and find joy in striving for excellence.

In a faster-changing world, partnership, execution, and shared learning matter more, not less. If you are building a business, thinking about what comes next, or looking for thoughtful people to learn alongside, we would love to connect. Many of our best relationships begin with a referral, and often an email or phone introduction is all it takes. Reach us at build@kanbrick.com.

Closing

Earlier we shared the story of factories and electric motors. The companies that thrived didn't just install the best motor – they redesigned the floor. That work was hard and took time, but the companies that did it captured real advantages while their competitors were still catching up. Eventually, redesigning became necessary to compete.

We see the same opportunity today. Across Kanbrick and our companies, we consistently find businesses with more ideas than resources, and the Acceleration Paradox means each year feels faster than the last. The winners, we believe, will be the ones who embrace change, adapt faster than their environment, and keep building brick by brick. That is what we intend to do.

Finally, in keeping with our tradition, a few of our favorite books over the last year:

- Leading Change by John Kotter
- The Origins of Efficiency by Brina Potter
- Co-Intelligence: Living and Working with AI by Ethan Mollick

We are grateful for the trust of our partners, the engagement of our Community, and the work of our teams across Kanbrick. We are excited about what we are building together and grateful to have the opportunity to build in America.

Thank you for your support and partnership.

Best,



Brian Humphrey



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⁵ This is calculated on a combined basis across all Kanbrick companies as of 12/31/2025 and includes Kanbrick Holdings LP and related entities. Data is proprietary Kanbrick data

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