



LEGACY ADVISORS

You have questions.
We have **answers.**

Today

- Who we are
- Who we work with
- What our process looks like



LEGACY ADVISORS

Insurance M&A Advisory Team

The Problem We Solve

Too many insurance agency owners go to market without proper representation. This can result in choosing the wrong buyer or underselling their value, leading to a regretful transaction.

We're here to fix that.

A partnership
that you can feel
confident in.

**We have a
unique team
dynamic.**

Our team is made up of
previous agency owners
and private equity investors
with financial expertise.

We have empathy for the
position *you* are in and we
understand the buyer
mindset.

**Your business is
our niche.**

- Insurance *only*
- Sell-side *only*
- Unique buyer groups

**Our clients
typically obtain
30%+ higher
offers.**

Going to market with
Legacy Advisors results in
more value for you and your
family.



Accelerate Growth

- Increase upward mobility
- Access more carriers & resources
- Reduce back-end involvement

De-risk + Continue

- De-risk your largest asset
- Maintain autonomy
- Improve your lifestyle

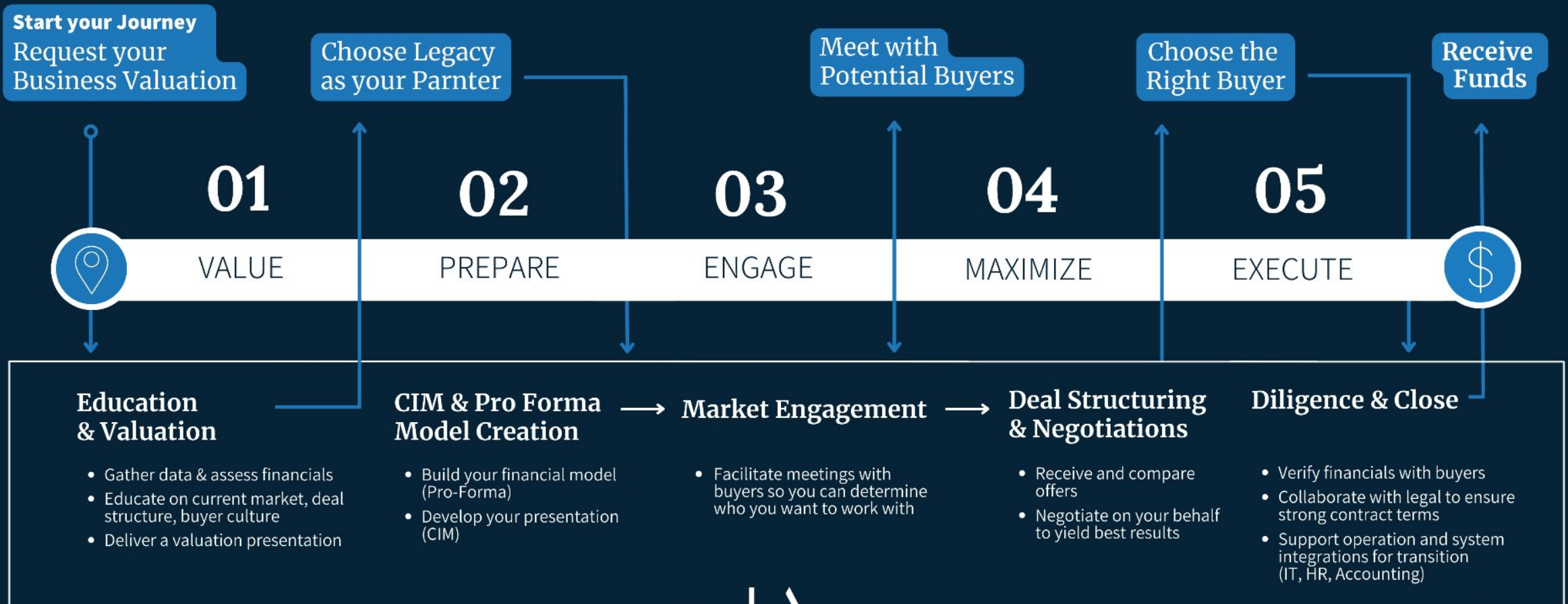
Exit the Industry

- Maximize business value
- Position your staff and clients for continued success
- Find new purpose

Success looks
different for
everyone.

Your Journey

Our Process



Your Journey

Our Process

01



VALUE

PREPARE

ENGAGE

MAXIMIZE

EXECUTE





Start Your Journey

Understand your business's value



Legacy Advisor's Role

Empowering you with information

Education & Valuation

Taking the first step is easier if you have the right data.

At the start of your journey, it is our goal to equip you with information on current market conditions, deal structures and buyer culture so that you can determine if selling is right for you.

We spend time learning about your business and provide an estimate of what we believe a **buyer would be willing to pay**.

01



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Ways you can make money.

Cash & Stock

Cash generally accounts for 70-100% of upfront value, and the rest of the value is in equity of the acquiring company

Earn Out

Performance based, usually over a 2-3 year period, paid annually or at a tail end based on either revenue or EBITDA growth

Salary & Commissions

Go forward salary is agreed upon by the principal and directly influences proceeds at closing

The value of your business is determined when a buyer applies a multiple to your agency's EBITDA. The multiple is influenced by revenue scale, pace of growth, leadership, team, location and book of business.



Decision Point

Choose Legacy Advisors as your Partner —————→

- ✓ Signed NDA
- ✓ Signed Engagement Letter

Your Journey

Our Process

02



VALUE

PREPARE

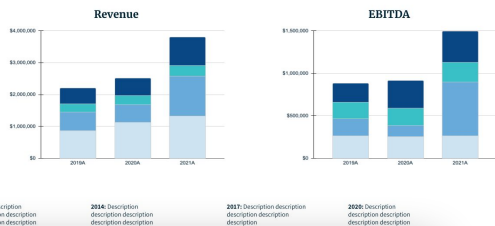
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Historical Timeline & Performance



John Smith Insurance Agency

Overview

John Smith Insurance Agency is based in Baltimore, Maryland. John started the business and has been operating it successfully for over 25 years. He has grown the agency both organically and through acquisitions over that time period.

He is now seeking a partner who can assist with the management of back-end operations as well as a partner who can provide the funding needed to make strategic acquisitions.

Proven Track Record of Success:

- Consistently above average organic revenue growth
- Strong margin profile, driven by the principal's disciplined expense management
- 3 agency acquisitions in the last 5 years and 1 pending acquisition

Opportunities for Growth:

- Hand off back office functions to focus more on production
- Opportunity to continue to acquire additional agencies

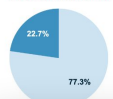
\$5mm
FF Revenue

30%+
CAGR '19-'21

\$2mm
FF EBITDA

17k+
Policies In Force

Premium Breakdown



Major Carrier Partners



Financial Model

- Revenue
 - Commission revenue assumptions include 2% organic growth, and a 2% lift from existing Nationwide PL renewal rates increasing from 12% to 12.5%
- Compensation
 - Owner will now be a salaried employee at 175k annually (to offset current Professional Fees)
- Advertising & Promotional
 - Owner will no longer be paid \$50k annually for advertising services (appearance on billboards, print content, etc.)
- Declarations & Contributions
 - \$50k no longer for sponsoring the 5K for 50th anniversary
- Professional Fees
 - Owner and Name no longer taking additional salary, and Pro forma removes the following expenses from Professional Fees
 - \$250k no longer receiving PAC commissions
 - \$225k no longer receiving personal L&E income
 - \$140k no longer receiving K1 income
- Occupancy
 - Name spent \$45,750 updating the building in '21 and will not need to do that again

Item	2020A	2020B	2021A	T10	Pro Forma Adjustments	Pro Forma 2021	% of Revenue
Revenue							
Commission Revenue	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	100%
Contingent Revenue	0	0	0	0	0	0	0%
Other Revenue	0	0	0	0	0	0	0%
Total Revenue	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	100%
Expenses							
Salaries & Wages	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	30%
Commission Expense	0	0	0	0	0	0	0%
Project Fee	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Retirement	0	0	0	0	0	0	0%
Benefits	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	10%
Project Salary Change	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	10%
Total Compensation	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	50%
Advertising & Promotions	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	2%
Advertising & Promotional	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	2%
Declarations & Contributions	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	2%
Professional Expense	0	0	0	0	0	0	0%
Taxes & Entertainment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	10%
Total Selling	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	62%
Computer	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Real Estate Service Charge	0	0	0	0	0	0	0%
Dues & Subscriptions	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Insurance	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Licenses, Permits, Fees	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Office Expense & Supplies	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Printing & Stationery	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Professional Fees	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Travel	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Other Admin Expense	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	0.1%
Total Administrative	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	1%
Total Expenses	\$1,575,000	\$1,575,000	\$1,575,000	\$1,575,000	\$1,575,000	\$1,575,000	63%
EBITDA	\$925,000	\$925,000	\$925,000	\$925,000	\$925,000	\$925,000	37%
EBITDA Margin	37%	37%	37%	37%	37%	37%	

Legacy Advisor's Role

Articulating your story

CIM & Pro Forma Model Creation

After choosing to partner with Legacy Advisors, we work together to craft your story, create a CIM (Confidential Information Memorandum) and build a Pro Forma (financial model).

These go-to-market materials are used to present your unique business value to buyers.

02



VALUE

PREPARE

ENGAGE

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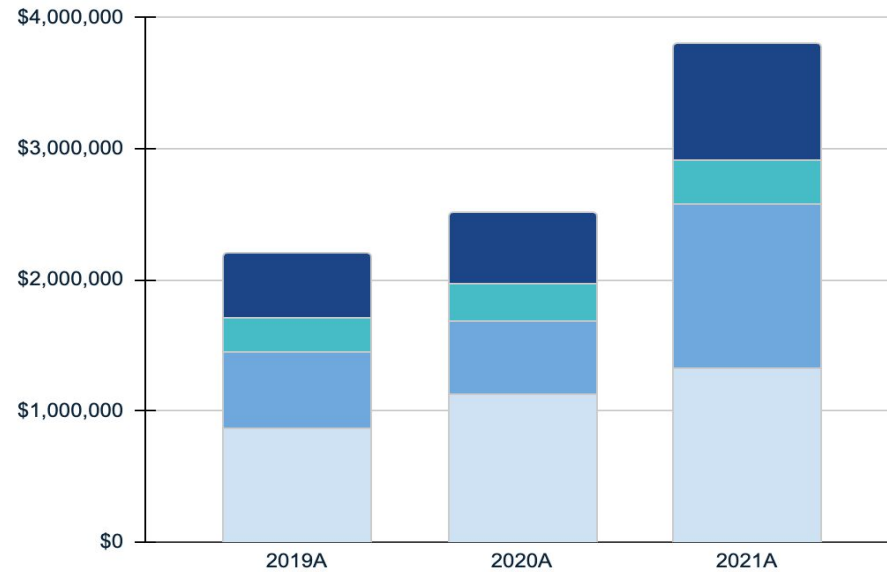
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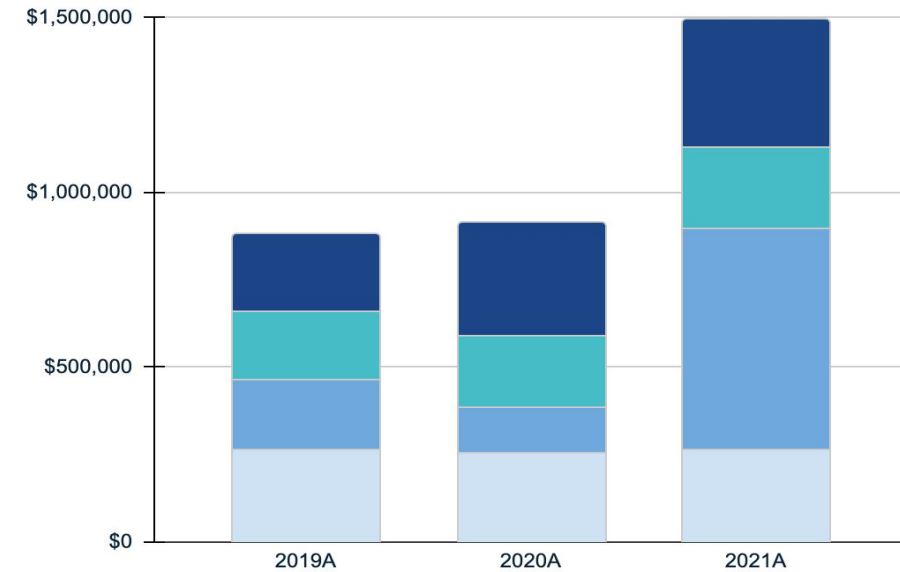
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Historical Timeline & Performance

Revenue



EBITDA



1998: Description
description description
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2014: Description
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description description

2017: Description description
description description
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2020: Description
description description
description description

2012: Description
description description
description description

2016: Description description
description description
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2017: Description description
description description
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2021: Description
description description
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Book of Business

Overview

The combined agency's book of business is predominantly personal lines, which comprises **72%** of the premium.

The remaining is **28%** commercial lines.

Total Premium: **\$31mm**

Top Accounts

Rank	Name	Revenue
1	Food Processing	100,182
2	Construction	89,591
3	Sand and Gravel Hauling	33,685
4	Feed Mill	28,985
5	Paving Contractor	27,001
6	Plumbing and Heating Distributor	19,460
7	Contractor	14,965
8	Homebuilder	12,481
9	Food Distributor	12,457
10	Contractor	10,509
Total for Top Accounts		349,316

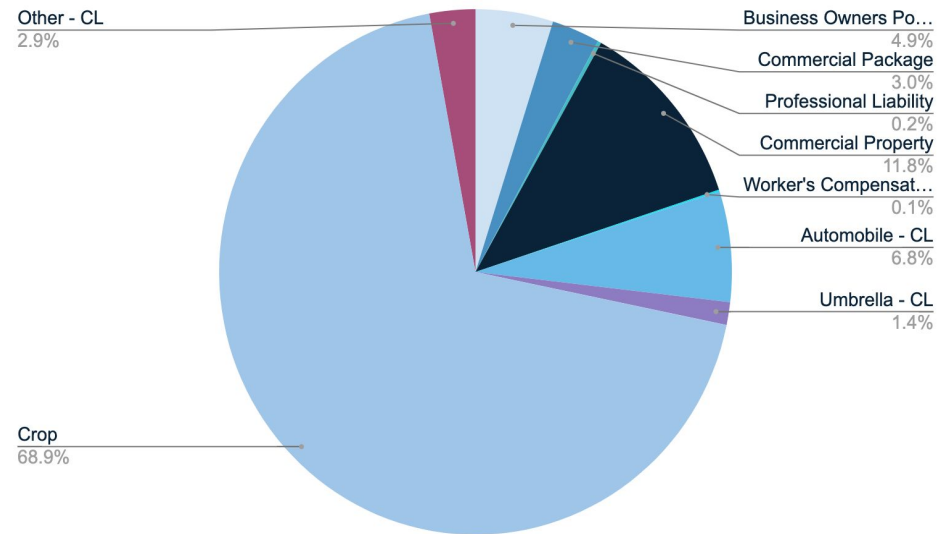
Business by Carrier

Name	Premium (\$mm)
Nationwide	13.2
NAU	8.0
Progressive	1.9
Western Reserve Group	1.5
Goodville Mutual Casualty Company	0.9
Rain and Hail	0.7
Donegal Insurance Group	0.7
Safeco	0.5
Wayne Insurance Group	0.4
Grange	0.4
Total Premium	28.8

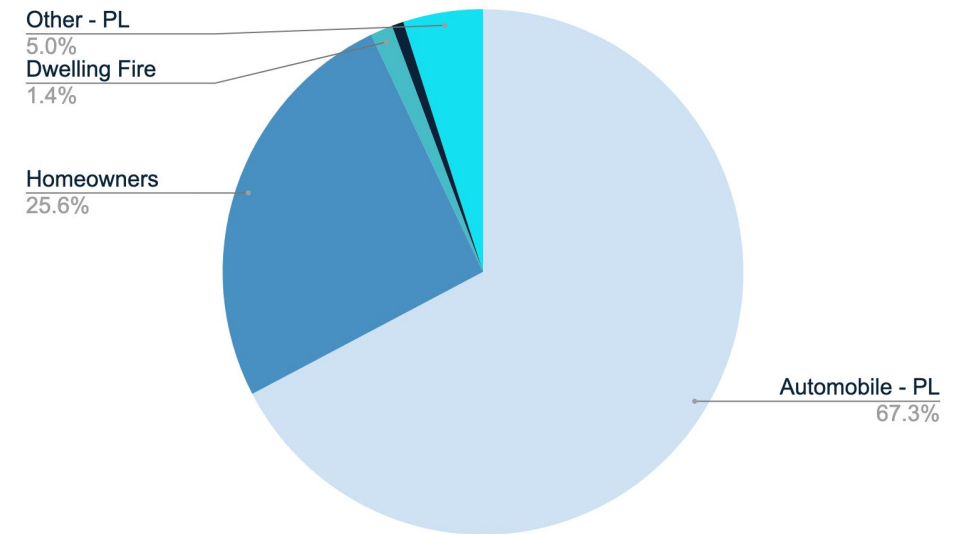


Summary Level Details

Commercial Lines by Coverage Type

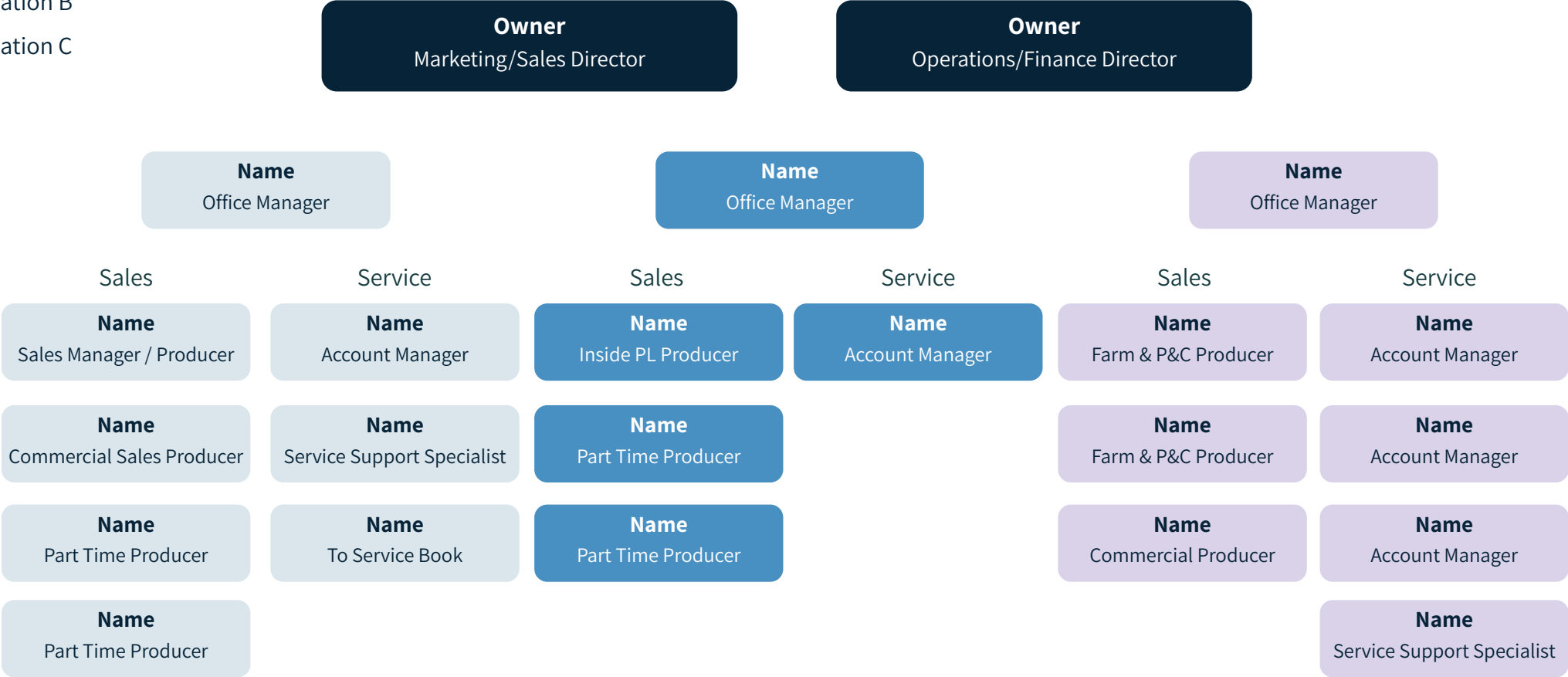


Personal Lines by Coverage Type



Team Structure

- Location A
- Location B
- Location C



Financial Model

Pro Forma Adjustments

- Revenue
 - Commission revenue assumptions include 5% organic growth, and a 3% lift from existing Nationwide PL renewal rates increasing from 12% to 15%
- Compensation
 - Name will be taking an additional \$100k salary, and Name will now be a salaried employee at \$70k annually (to offset current Professional Fees compensation)
- Advertising & Promotions
 - Name XXXX will no longer be paid \$36k annually for advertising services (appearances on billboards, print content etc.)
- Donations & Contributions
 - Will no longer be sponsoring the XX for \$15k annually
- Professional Fees
 - Name and Name now taking additional salary, and Pro forma removes the following expenses from Professional Fees
 - \$180k: no longer receiving P&C commissions
 - \$120k: no longer receiving personal XX income
 - \$140k: no longer receiving XX income
- Occupancy
 - Name spent \$49,738 updating his building in '21 and will not need to do that again

Name Here	2019A	2020A	2021A	TTM 6/30/2022	Pro Forma Adjustments	Pro Forma NTM	% of Revenue
Revenue							
Commission Revenue	\$869,091	\$1,135,685	\$1,246,515	\$1,315,301	\$114,422	\$1,360,936	94.0%
Contingent Revenue	0	0	86,450	86,450	0	86,450	6.0%
Other Revenue	0	2,298	330	22,031	0	330	0.0%
Total Revenue	\$869,091	\$1,137,984	\$1,333,295	\$1,423,782	\$114,422	\$1,447,716	100.0%
Expenses							
Salaries & Wages	\$253,461	\$261,758	\$294,664	\$308,974	\$170,000	\$464,664	32.1%
Commission Expense	0	0	0	0	0	0	0.0%
Payroll Tax	21,162	20,194	24,016	24,940	13,855	37,871	2.6%
Retirement	0	0	0	0	0	0	0.0%
Benefits	6,075	7,200	7,542	7,608	4,351	11,893	0.8%
Payroll Service Charge	1,556	2,050	2,431	2,240	1,402	3,833	0.3%
Total Compensation	\$282,254	\$291,203	\$328,652	\$343,762	\$189,609	\$518,261	35.8%
Advertising & Promotions	\$58,130	\$56,651	\$52,813	\$67,818	(\$36,000)	\$16,813	1.2%
Automobile	6,115	8,680	11,196	14,703	0	11,196	0.8%
Donations & Contributions	12,574	5,502	29,671	26,125	(15,000)	14,671	1.0%
Producer Expense	0	0	0	0	0	0	0.0%
Travel & Entertainment	4,268	7,656	18,996	23,703	0	18,996	1.3%
Total Selling	\$81,086	\$78,488	\$112,675	\$132,350	(\$51,000)	\$61,675	4.3%
Computer	\$2,198	\$7,599	\$4,697	\$4,482	\$0	\$4,697	0.3%
Bank Service Charge	0	78	100	100	0	100	0.0%
Dues & Subscriptions	8,578	12,768	15,051	15,379	0	15,051	1.0%
Insurance	11,487	14,158	11,729	12,167	0	11,729	0.8%
Licenses, Permits, Taxes	1,192	497	3,349	2,478	0	3,349	0.2%
Office Expense & Supplies	11,454	17,870	24,277	34,487	0	24,277	1.7%
Postage & Delivery	589	898	322	385	0	322	0.0%
Professional Fees	166,084	410,387	460,989	462,225	(440,000)	20,989	1.4%
Telecom	6,802	7,355	5,978	5,909	0	5,978	0.4%
Other Admin Expense	6,468	9,034	17,299	17,159	0	17,299	1.2%
Total Administrative	\$214,852	\$480,643	\$543,792	\$554,771	(\$440,000)	\$103,792	7.2%
Total Occupancy	\$22,043	\$28,466	\$78,773	\$53,095	(\$49,738)	\$29,035	2.0%
Total Expenses	\$600,234	\$878,800	\$1,063,892	\$1,083,978	(\$351,129)	\$712,762	49.2%
EBITDA	\$268,857	\$259,183	\$269,403	\$339,804	\$465,551	\$734,954	
<i>EBITDA Margin</i>	<i>30.9%</i>	<i>22.8%</i>	<i>20.2%</i>	<i>23.9%</i>		<i>50.8%</i>	

Project Name

Overview

The agency is based in Maryland. The agency principal started the business and has been operating it successfully for over 25 years. He has grown the agency both organically and through acquisitions over that time period.

He is now seeking a partner who can assist with the management of back-end operations as well as a partner who can provide the funding needed to make strategic acquisitions.

Breaks the Agency Mold

Energetic, youthful leadership

A Proven Track Record of Success

Organic growth and M&A experience

Established Teams

3 locations and 25 employees

Opportunities for Growth:

- 10 full and part-time producers to fuel additional organic growth
- Significant cross and up-sell opportunities
- Opportunities to acquire additional agencies in existing pipeline

Financial Highlights

\$5mm

PF Revenue

30%+

CAGR '19-'21

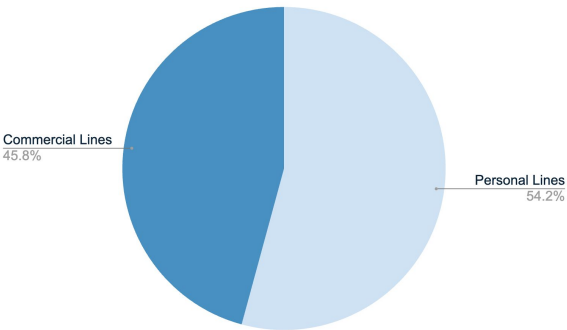
\$2mm

PF EBITDA

17k+

Policies in Force

Premium Breakdown



Business by Carrier

Name	Premium (\$mm)
Nationwide	13.2
NAU	8.0
Progressive	1.9
Western Reserve Group	1.5
Goodville Mutual Casualty Company	0.9
Rain and Hail	0.7
Donegal Insurance Group	0.7
Safeco	0.5
Wayne Insurance Group	0.4
Grange	0.4
Total Premium	28.8

This Confidential Information is intended only for the use of prospective buyers in determining whether to pursue a potential transaction. This information is believed to be accurate, but Legacy Advisors and its client expressly disclaim any and all liability for representations, expressed or implied, any communication in the evaluation of the client.



Your Journey

Our Process

03



John Smith Insurance Agency

Overview

John Smith Insurance Agency is based in Baltimore, Maryland. John started the business and has been operating for over 10 years. The agency has a strong track record of success and is looking for a buyer to take over the business.

\$5mm
FF Revenue
30%+
CAGR '19-'21

\$2mm
FF EBITDA
17k+
Policies in Force

Teaser

can provide the funding needed to make strategic acquisitions.

Proven Track Record of Success:

- Consistently above average organic revenue growth
- Strong margin profile, driven by the principal's disciplined expense management
- 3 agency acquisitions in the last 5 years and 1 pending acquisition

Opportunities for Growth:

- Hand off back office functions to focus more on production
- Opportunity to continue to acquire additional agencies

22.7%
77.3%

Personal Lines Commercial Lines

PROGRESSIVE
Nationwide
TRAVELERS
United

LA

LA

NDA

Financial Model

Pro Forma Adjustments

- Revenue
 - Commission revenue assumptions include 1% organic growth, and a 1% uplift from existing Nationwide PL revenue rates increasing from 12% to 13%
- Compensation
 - Owner will be taking an additional \$100K salary, and

CIM

Buyer will be taking an additional \$100K salary, and

Scenario	2024A	2024B	2025A	2025B	2026A	2026B	2027A	2027B
Revenue	\$5,000,000	\$5,100,000	\$5,200,000	\$5,300,000	\$5,400,000	\$5,500,000	\$5,600,000	\$5,700,000
Expenses	\$3,000,000	\$3,100,000	\$3,200,000	\$3,300,000	\$3,400,000	\$3,500,000	\$3,600,000	\$3,700,000
EBITDA	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000

LA

Legacy Advisor's Role

Bringing your business to market

Market Engagement

We engage with select buyers and share your go-to-market materials.

- Teaser:** We will share business highlights with buyers.
- NDA:** Interested buyers will sign an NDA to learn more.
- CIM:** Buyers will receive the CIM to develop a deep understanding of your business.

03



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Meet with buyers
most aligned with
your goals.



Legacy Advisor's Role

Facilitate Buyer Connections

Market Engagement

The buyers you choose to meet at this stage in the process will be intimately familiar with your business from your go-to-market materials and have already expressed interest.

We will prepare you with what to say and questions to ask.

The goal of these meetings is to meet a variety of potential partners, receive offers, and get a sense of who you want to work with.

03



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Your Journey

Our Process

04





Offer Comparison

Our clients typically receive **multiple** strong offers, and each buyer has different parameters to their deal. We help you analyze and make sense of each offer.

				
Valuation				
Closing Cash	\$17,711,000	\$16.9mm - \$19.5mm	\$16.9mm - \$19.5mm	15.02mm-17.33mm
Closing Stock	\$4,358,250	\$6.5mm - \$9.1mm	\$6.5mm - \$9.1mm	5.8mm-8.1mm
Total Purchase Price	\$21,791,250	\$26,037,349	\$18,500,000	\$20,400,000
True-Up	NA	NA	NA	NA
Earnout				
	Receives \$4 for every \$1 of EBITDA that (a) exceeds \$2,494,740 in year 1, and (b) in year 2, the greater of (i) \$2,569,580 or (ii) 103% of Year 1 EBITDA. 50/50 Cash Stock	Year 1. 5x EBITDA growth over 3%	Year 1. 5x EBITDA growth over 3%	TBD, But revenue growth based
	1. If Year 3 EBITDA Exceeds 6% CAGR, Buyer would pay seller \$606,000 split 50/50 cash/stock	Year 2. 5x EBITDA growth over 3% (catch up from year 1)	Year 2. 5x EBITDA growth over 3% (catch up from year 1)	
	2. If Year 3 EBITDA Exceeds 9% CAGR, Buyer would pay seller \$1,211,000 split 50/50 cash/stock	Year 3. 5x EBITDA growth over 3% (catch up from years 1 and 2)	Year 3. 5x EBITDA growth over 3% (catch up from years 1 and 2)	
Additional				
	1.The Agency would continue to be managed by the existing management 2. 8% dividend on company stock 3. Not contingent on financing	1. All members of the agency will be an owner in PCF and all employees are able to invest directly in PCF 2. 3 year employment agreement 3. Not contingent on financing 4. 60 day close	1.The Agency would continue to be managed by the existing management 2. 3 year employment agreement 3. Not contingent on financing	1.The Agency would continue to be managed by the existing management 2. 3 year employment agreement
Ownership/ PE Sponsor				
	Guggenheim Investments, Abu Dhabi Investment Authority, Oak Hill Advisors, Auldbrass Partners, BDT & Company	GTCR	HGCC, Owl Rock Capital	Hellman and Friedman

04



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Legacy Advisor's Role

Getting you a signed offer that you **love**.

Deal Structure & Negotiations

At this stage in the journey, we will evaluate offers and negotiate on your behalf with your top choices to yield the best results.

You should only move forward with a buyer if their offer meets your financial goals and they have the right day 2 culture.



VALUE

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ENGAGE

04

MAXIMIZE

EXECUTE





Continue Your Journey

Sign the offer
that you *love*.

A white horizontal arrow pointing to the right, positioned to the right of the text "Sign the offer that you love."

Your Journey

Our Process

05





Legacy Advisor's Role

We've got your back.

Diligence & Close

The diligence period is when the buyer reviews and confirms financial details. During diligence, our team manages the entire process to ensure a successful close.

- Control communication with the buyer
- Validate financials and employee information
- Manage buyer's data room
- Work with legal and accounting representation
- Assist with planning for the transition



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05

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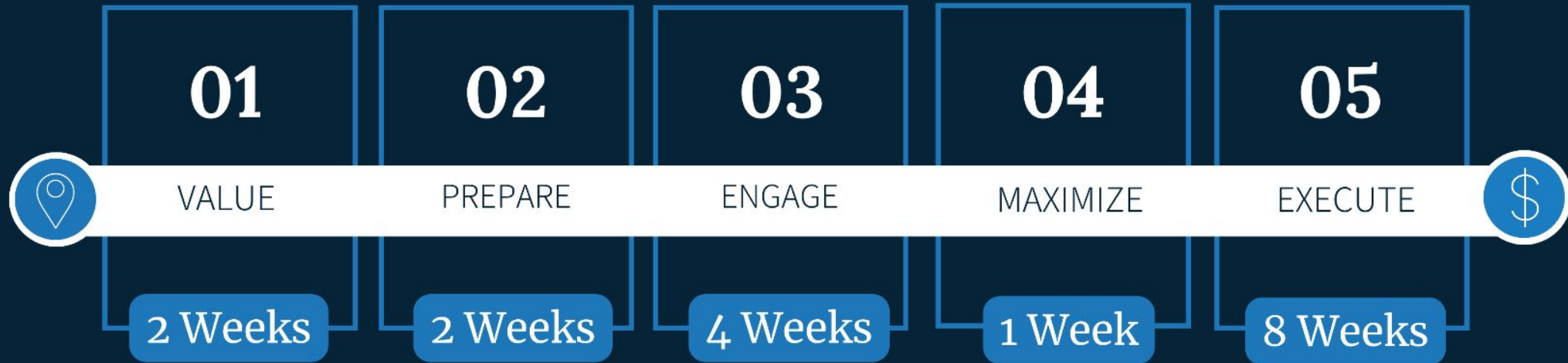


Successfully Complete Your Journey

Close with confidence.

Your Journey

Timeline



Average time to complete each phase, timing will vary



Next Steps:
Request a Valuation