

HAGERTY



SUMMARY OF HAGERTY SPAC TRANSACTION

August 2021

Specialized investment bankers at the intersection of finance and technology

Hagerty SPAC – Executive Summary

SPAC Overview – August 2021



Transaction Summary

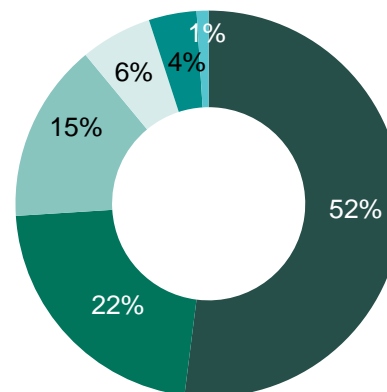
- On August 18, 2021, Hagerty, a classic car insurance company, and Aldel Financial (NYSE: ADF), a special purpose acquisition company, entered into a definitive business combination agreement
 - Pro-Forma enterprise value: \$3,134 million
 - Hagerty's valuation implied pro-forma multiple of 2.8x 2023E Revenue and 18.3x 2023E EBITDA⁽¹⁾
 - Transaction included commitments for a \$704 million in a PIPE supported by State Farm and Markel Corp
- The transaction is expected to deliver \$820 million of gross proceeds to the combined company
- On December 2, 2021, Hagerty completed the acquisition of Aldel Financial from Aldel Investors LLC, Aldel LLC, FG Financial Group and others in a reverse merger transaction
- On December 03, 2021, its common stock and warrants have started trading on the New York Stock Exchange under the ticker HGTY and HGTY.WS, respectively



Sources & Uses

Sources		Uses	
Aldel Financial - cash in trust	\$116 million	Equity consideration to Hagerty stockholders	\$2,500 million
PIPE proceeds	\$704 million	Cash consideration to Hagerty stockholders	\$500 million
Hagerty stockholders rollover	\$2,500 million	Cash to Hagerty balance sheet	\$275 million
		Transaction expenses	\$45 million
Total	\$3,320 million	Total	\$3,320 million

Post-Closing Ownership



- Hagerty family
- Markel
- State Farm
- PIPE investors excl. State Farm
- Aldel sponsor
- Aldel public shareholders

Hagerty SPAC – Executive Summary

SPAC Overview – August 2021 (cont'd)

Transaction Key Stats

Transaction Ann. Date	8/18/2021
Transaction Closed Date	12/2/2021
De-SPAC Listing Date	12/3/2021
Target EV	\$3,134 million
Target 2023E Revenue	\$1,114 million
Target 2023E EBITDA	\$172 million
EV / 2023E ⁽¹⁾ Revenue	2.8x
EV / 2023E ⁽¹⁾ Adj. EBITDA	18.3x

Investment Thesis

- Hagerty is addressing a large and growing Total Addressable Market (TAM) with ~43 million US collectable vehicles, representing a \$12-to-\$15 billion-dollar total addressable insurance premium market
- The Company has invested over \$100 million over the past three years to build its partners, agency, DTC and membership platforms (out of a planned ~\$250 – 300 million targeted spend)
- Has an impressive financial performance and potential growth beyond base plan fueled by organic growth, innovation and acquisitions

Massive and Growing Total Addressable Market (TAM)

Collectible vehicles by year⁽²⁾

Type	Total Market (cars)	Hagerty Penetration
Pre-1981 Classics	10.8 million	11.9%
Post-1980 Collectibles	32.2 million	1.3%
Total	~43.0 million	3.9%

Collectible vehicles by sub-category⁽²⁾

Type	Total Market (cars)	Hagerty Penetration
Supercars / Exotics	>0.1 million	12.9%
4x4 / Off-road	3.5 million	2.3%
Modified	8.6 million	2.8%

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Company Overview

Business Overview

- Hagerty operates as a leading specialty insurance provider focused on the automotive enthusiast market
- It offers distribution and insurance service, subscription and membership and reinsurance services
- The Company's automotive experts offer customers insurance for collector cars, motorcycles, and motorcycle safety equipment, tractors, automotive tools, and spare parts
- Hagerty has built an **automotive enthusiast platform** that engages, entertains, and connects with their members at every stage of their journey – digitally, on the track, in the garage, at an event or on the road. The components of their platform include:
 - Innovative Hagerty Drivers Club membership program
 - Ownership of immersive automotive events
 - A thriving and rapidly growing automotive media content platform
 - Market-leading valuation tools
- The Company has a vast portfolio that includes Hagerty Drivers Club, Hagerty DriveShare, Hagerty Valuation Tools, Hagerty Media, Hagerty Drivers Club magazine, MotorsportReg, Hagerty Garage + Social, the Amelia Island Concours d'Elegance, the Concours d'Elegance of America, the Greenwich Concours d'Elegance, the California Mille, and the Motorworks Revival, among others
- The Company derives a large portion of their revenue from commissions and quota share reinsurance on the sale of personal lines insurance products issued under an exclusive relationship with a single carrier in the U.S., Canada, and the U.K.

Key Statistics



Has **1.8 million members** as of December 31, 2020, which is expected to grow at a **CAGR of 18%** to reach **4.2 million by 2025**



Over **2 million** vehicles insured across the world



Has an exceptional **Net Promoter Score (NPS) of 84**, which is approximately twice the industry average (39)



Partners with **9 of the top 10** U.S. automotive insurers



Has sales agents in **25 states** and **3 countries**



Hagerty operates through offices across the **U.S., Canada, and the U.K.** with **headquarters in Traverse City, Michigan**

Hagerty SPAC – Executive Summary

Key Performance Metrics

Key Performance Indicators (KPIs)

Scale

\$626
million
2021E Revenue

\$64
billion
Total Insured
Accounts⁽¹⁾

Growth and Profitability

29%
2018A-2020A
Revenue CAGR

27%
2020A-2025E
Revenue CAGR

41%
2018A-2020A
Average Loss Ratio

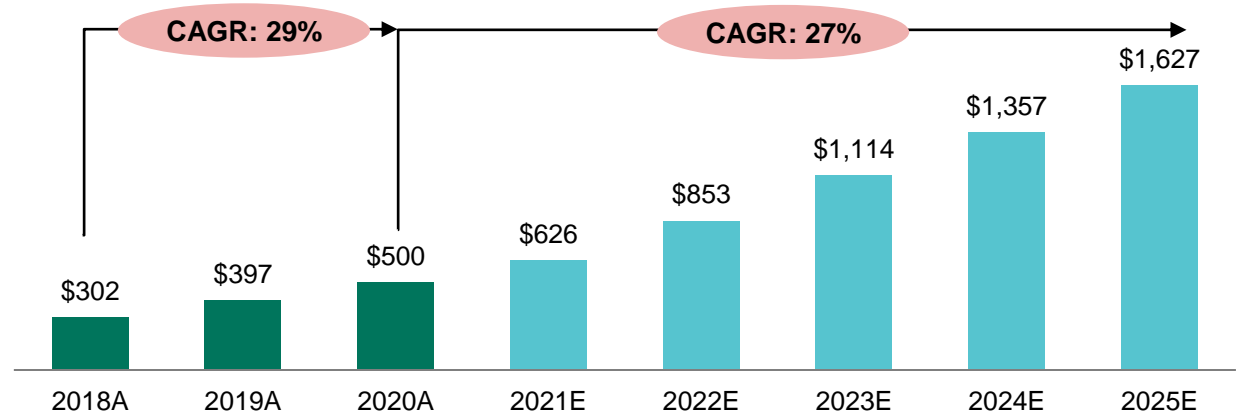
42%
2020A-2025E
Projected Loss Ratio

Brand Loyalty

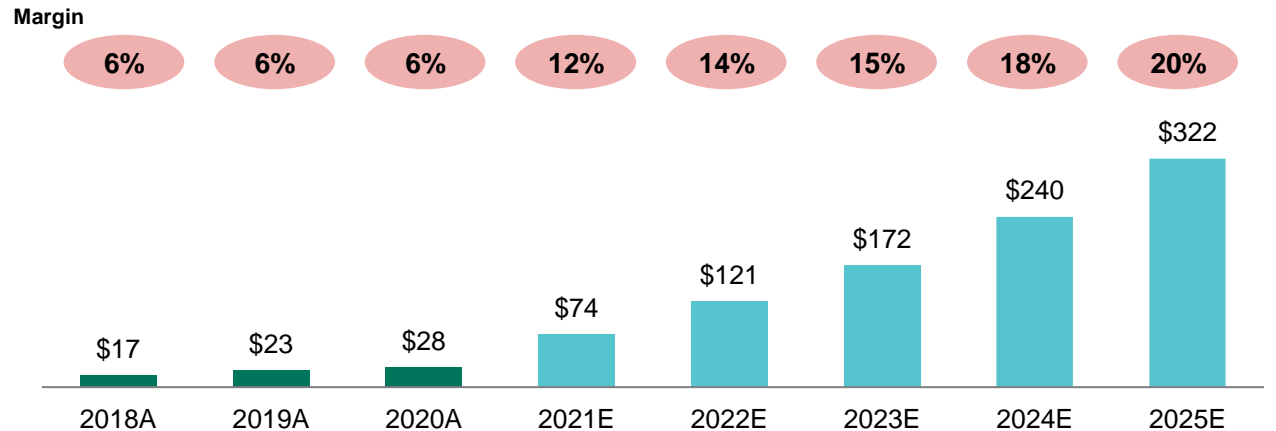
90%
Retention⁽²⁾

1.8
Members⁽²⁾

Total Revenue (FYE Dec; \$mm)



Adjusted EBITDA (\$mm)

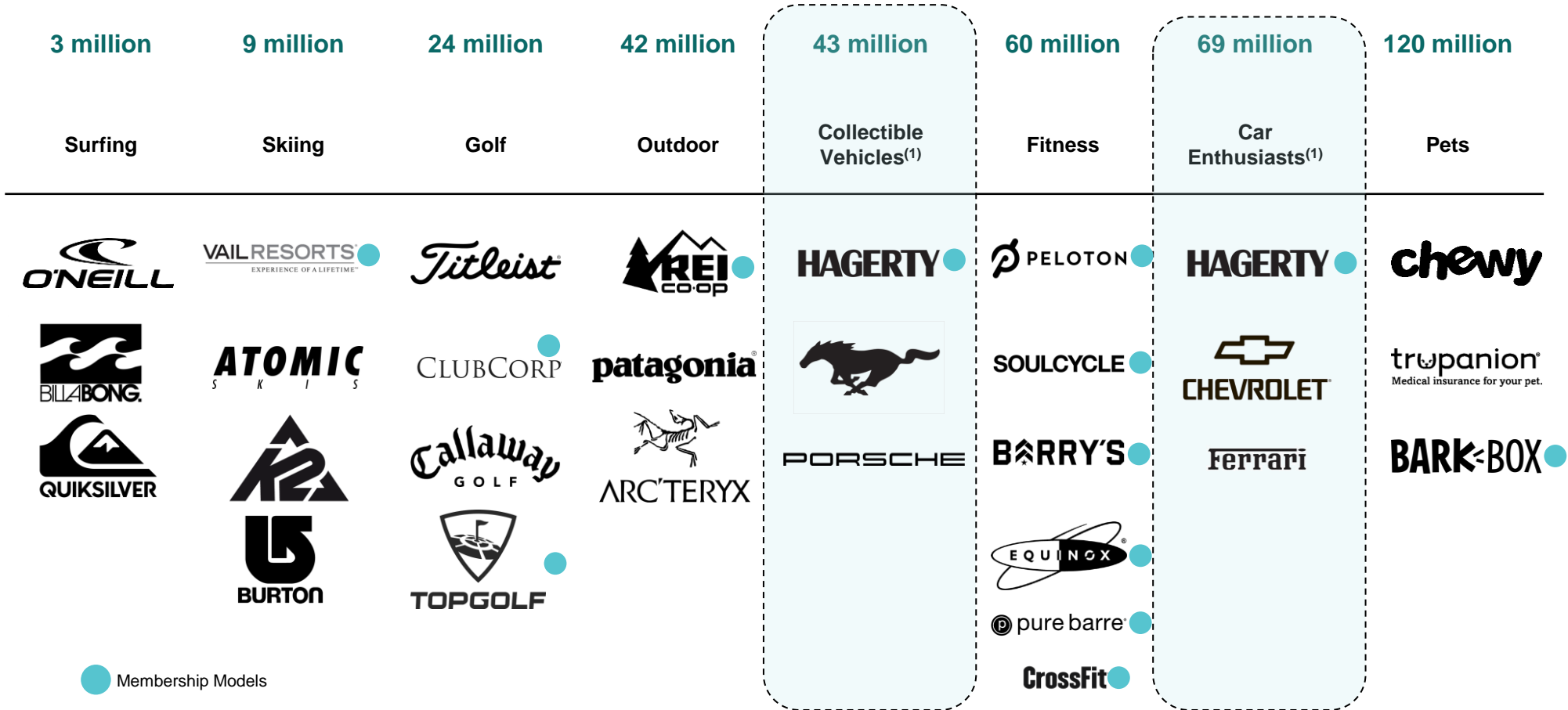


Hagerty SPAC – Executive Summary

Hagerty Ecosystem (Membership Model)

Opportunity to Disrupt Collectibles Market

Collectible vehicles are a sleeping giant, representing a differentiated approach to serving a massive TAM

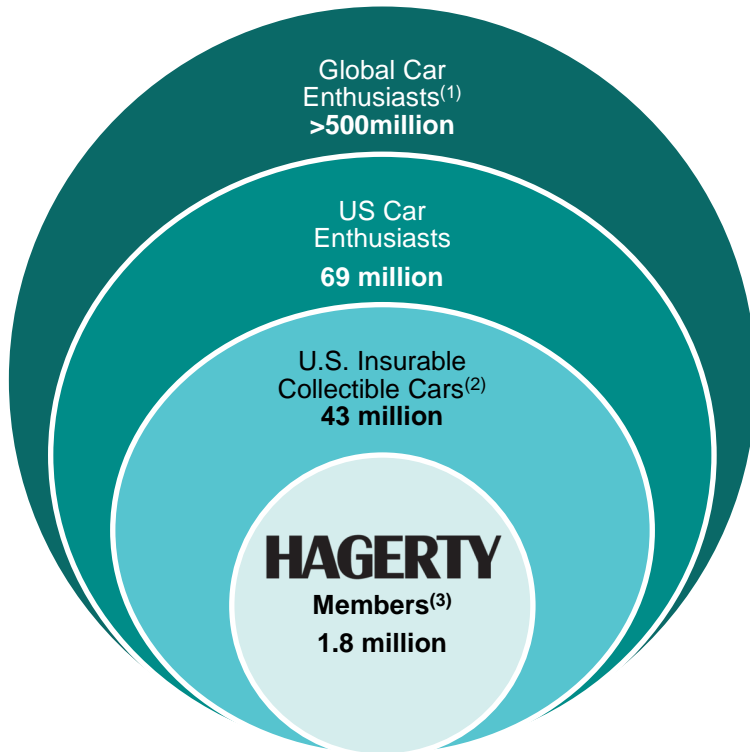


Hagerty SPAC – Executive Summary

Hagerty Market and Member Ecosystem

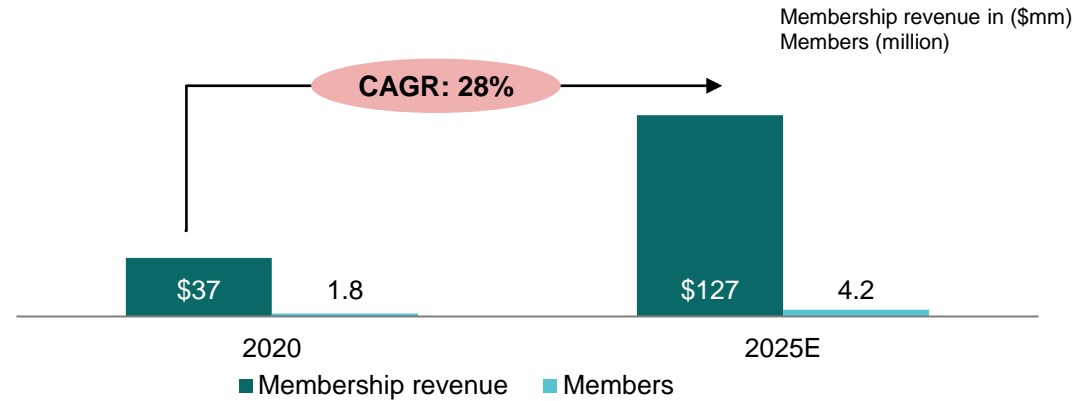
Hagerty Market

Hagerty is a scaled player in a fragmented market

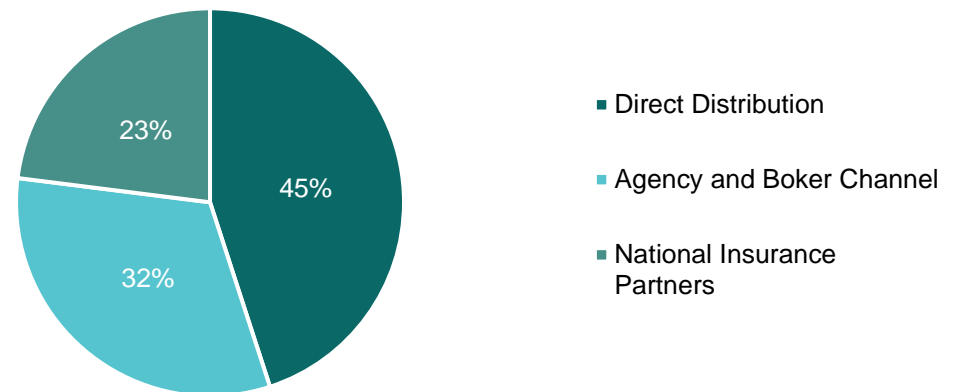


Hagerty caters to customers from several age groups & demographics from Late Teens to Industry Professionals

Membership Revenue and Member Count



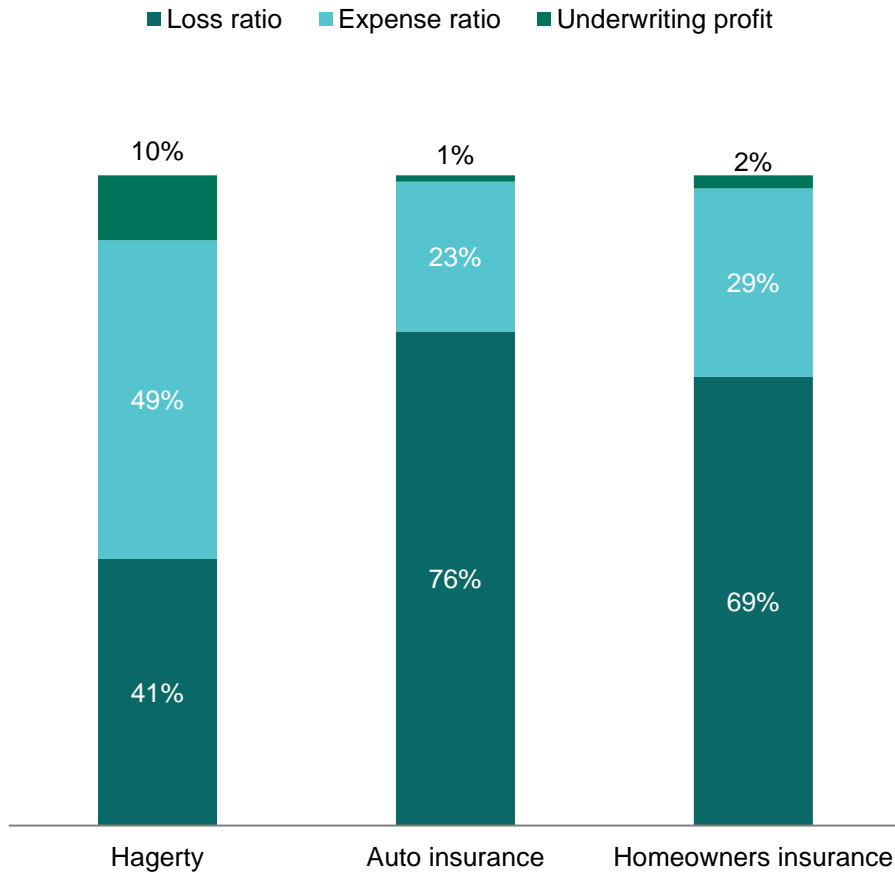
Omni-channel Distribution



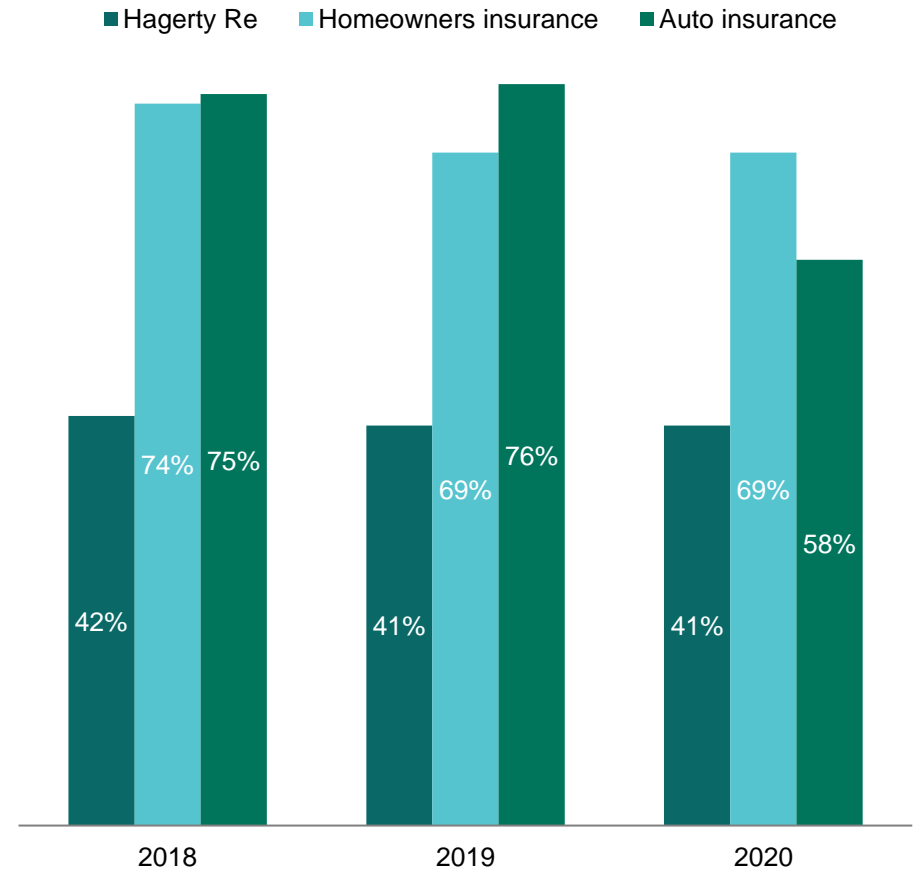
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Strong Economic Model

Illustrative Insurance Economic Model⁽¹⁾



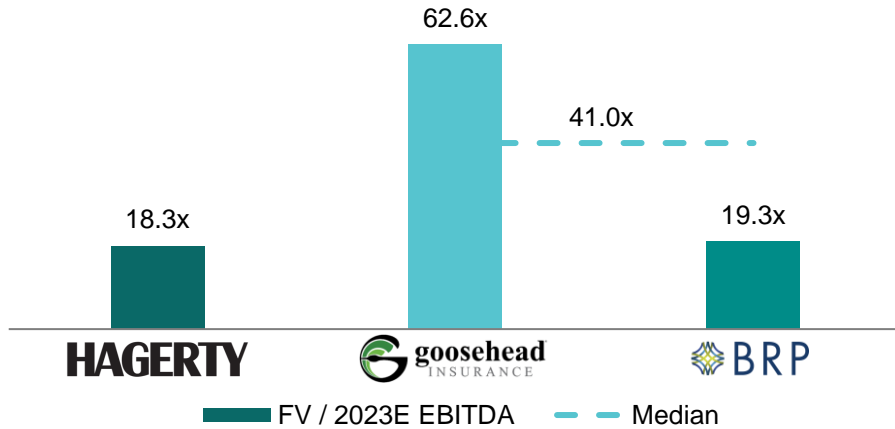
Loss Ratios



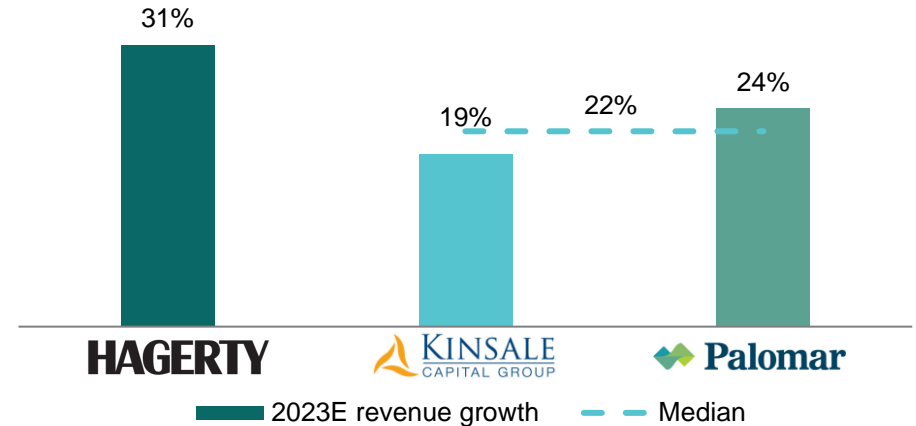
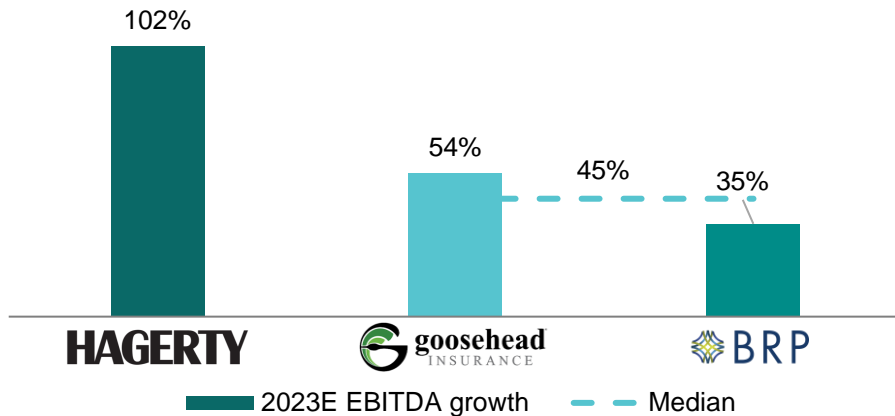
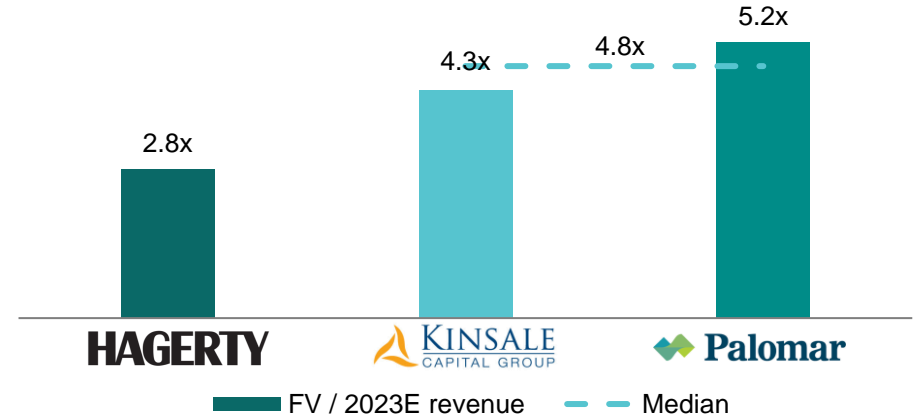
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Operating Benchmarking and Comparable

High Growth Distribution



High Growth Carriers



Hagerty SPAC – Executive Summary

Management Team



McKeel Hagerty
Director and Chief Executive Officer

- McKeel joined Hagerty in 1987 and has been serving as the Chief Executive Officer
- He served as Partner at Grand Ventures Fund from January 2017 to December 2021
- Additionally, McKeel was elected by his CEO peers in 2016-2017 to serve as the international board chair for YPO, the global leadership organization with 28,000 chief executives in more than 130 countries
- Holds a B.A Degree in English and Philosophy from Pepperdine University and a M.A Degree in Theology from Saint Vladimir's Seminary



Collette Champagne
Chief Operating Officer

- Collette joined Hagerty as Senior Vice President & Chief People Officer in 1999 and has been serving as the Chief Operating Officer since September 2018
- Currently, she serves on the Board at Goodwill of Northern Michigan
- Prior to this, served as Loan Officer at Chase from 1992 to 1999
- Holds a Bachelor's Degree in Communications and Agriculture & Natural Resources from Michigan State University and has pursued Executive HR Program from University of Michigan



Frederick Turcotte
Chief Financial Officer

- Fred has been serving as the Chief Financial Officer since 2008
- He previously served as Senior Vice President, Treasurer, Investor Relations Officer and Tax Director at OneBeacon Insurance Group
- Prior to OneBeacon, he served as Chief Financial Officer and Senior Vice President in the asset management industry and held senior positions in the tax, investment, portfolio management and treasury functions at Travelers Insurance
- Holds a B.A Degree in Accounting and Finance from the University of Massachusetts Amherst

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