LevelFunded
HEALTH
Small businesses save
$50,000 to $500,000 per year
We make CFOs smile

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This document contains both historical and forward-looking statements. Forward-looking statements are not based on historical facts but instead reflect our expectations, estimates or projections concerning future results or events. These statements generally can be identified by the use of forward-looking words or phrases such as “believe”, “expect”, “anticipate”, “may”, “could”, “intend”, “intent”, “belief”, “estimate”, “plan”, “foresee”, “likely”, “will,” “should” or other similar words or phrases. These statements are not guarantees of performance and are inherently subject to known and unknown risks, uncertainties and assumptions that are difficult to predict and could cause our actual results, performance or achievements to differ materially from those expressed in or indicated by those statements. We cannot assure you that any of our expectations, estimates or projections will be achieved.

The forward-looking statements included in this document are only made as of the date of this document and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances.

Building an efficient national distribution and service platform to the SMB

We have built a national channel to SMB CFOs, selling Level Funded health programs to start

- ✓ Level Funded plans save SMBs 10% - 40% on their 2nd largest expense (and #1 employee benefit)
- ✓ Currently generating $80K - $200K per Client in lifetime revenue for a marketing expense of ~$2,000 (60x ROI)
- ✓ Industry structure insulates our business from competition by incumbents

The trust we build with our CFO clientele, and our national scale are big opportunities

- ✓ To provide an insurance and benefits advisory service more efficiently than others can
- ✓ To upsell a suite of related products (401K, Compliance, Workers Comp Insurance)
- ✓ To use automation and workflow technology to make our sales and service on demand, scalable and low cost

We are creating a valuable business with $100 million in Recurring Revenue by 2020

- ✓ $700 million book of business at market value
- ✓ Anticipate total 2-year capital requirements of $6 - $8 million
- ✓ Completing first $1M bridge to $5 million Series A to generate $1.5 - $2 million in ARR

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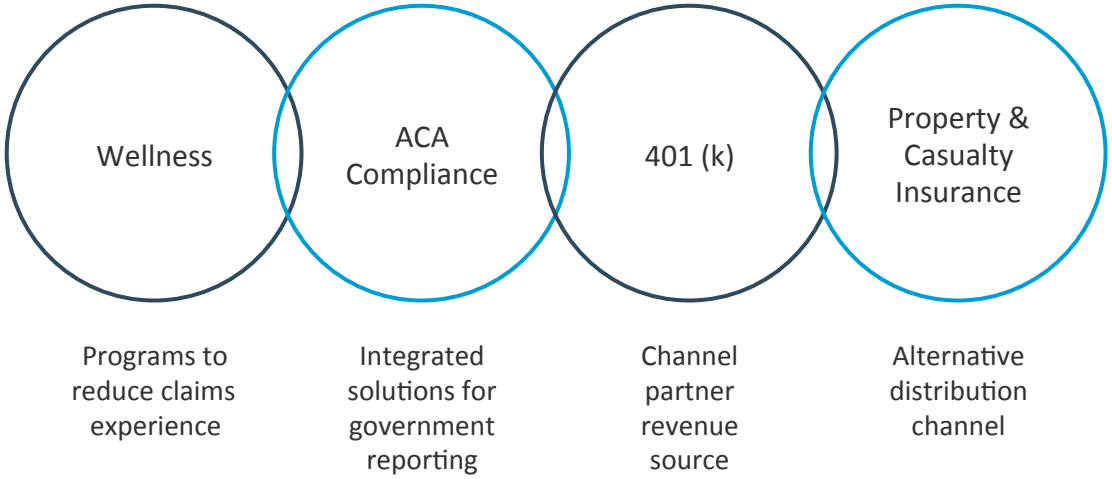
Company vision: the CFOs trusted resource

- ✓ Making the CFO smile with savings and service, direct on a national scale
- ✓ Because they trust us, our client CFOs are helping us define their areas of greatest need
- ✓ We see the potential for national distribution of a range of related services
- ✓ We are building a technology platform for internal processes and for client facing activities
- ✓ Opportunity to build the *Progressive* or *e-Health* type ***platform*** for the SMB CFO



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A Large market facing a big problem

Large Market

1.2 million SMBs with 10 - 500 employees.

Health insurance is # 1 sought after benefit.

Health insurance is 2nd largest corp. expense for most SMBs.

+

Challenged Businesses

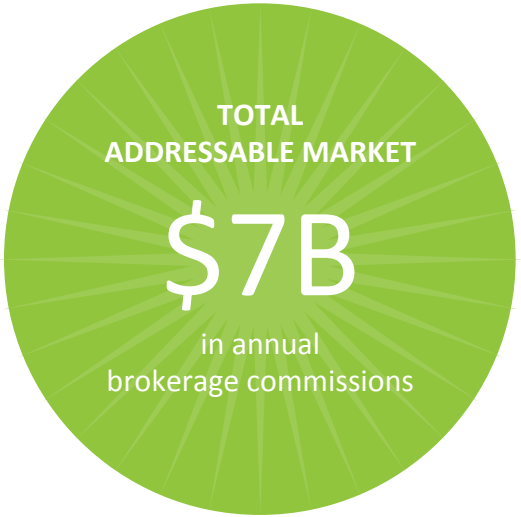
SMBs are under fire on many fronts.

Higher expenses, regulatory mandates and reporting obligations.

Health insurance premiums up 10-200%.

=

Rewarding Opportunity



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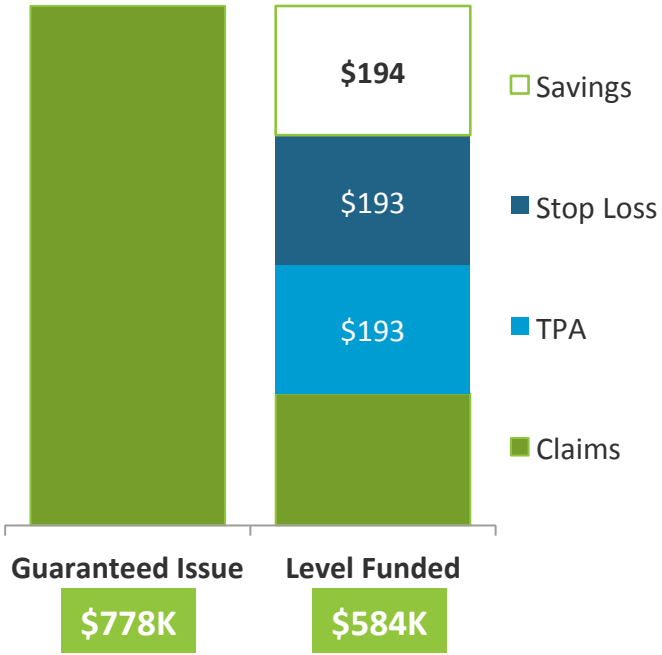
Level Funded Programs – A better deal for SMBs, and the same (or better) experience

Actual Case: KT N.A.

(88 Employees)

Traditional Guaranteed Issue Plans

- ✓ Traditional, ACA governed
- ✓ Premiums rising by up to 200%
- ✓ Priced on Community Risk
- ✓ Traditional distribution
- ✓ 80% on Blue Cross



*Employees save 53% on their max out-of-pocket

Level Funded Health Plans

- ✓ New to SMBs, ERISA governed
- ✓ Premiums up to 40% lower
- ✓ Priced on Company Risk
- ✓ Almost no retail distribution
- ✓ 20+ manufacturers

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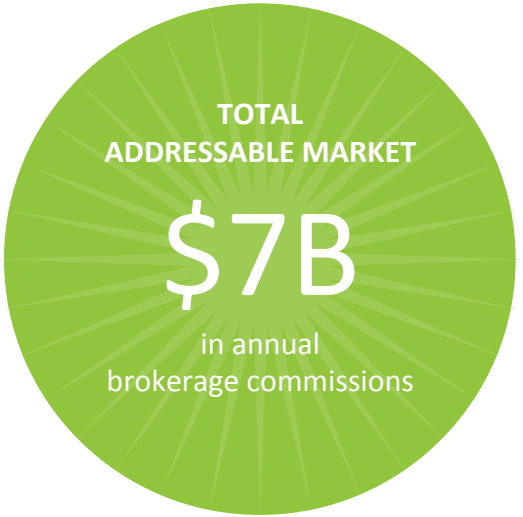
Why is it a $7 billion opportunity?

475,000
of 1.2 million
businesses*

X

$15,000
Average
Commission

=



* Businesses qualifying for level funded plans; LFH expects to generate $23,000 per avg. client relationship

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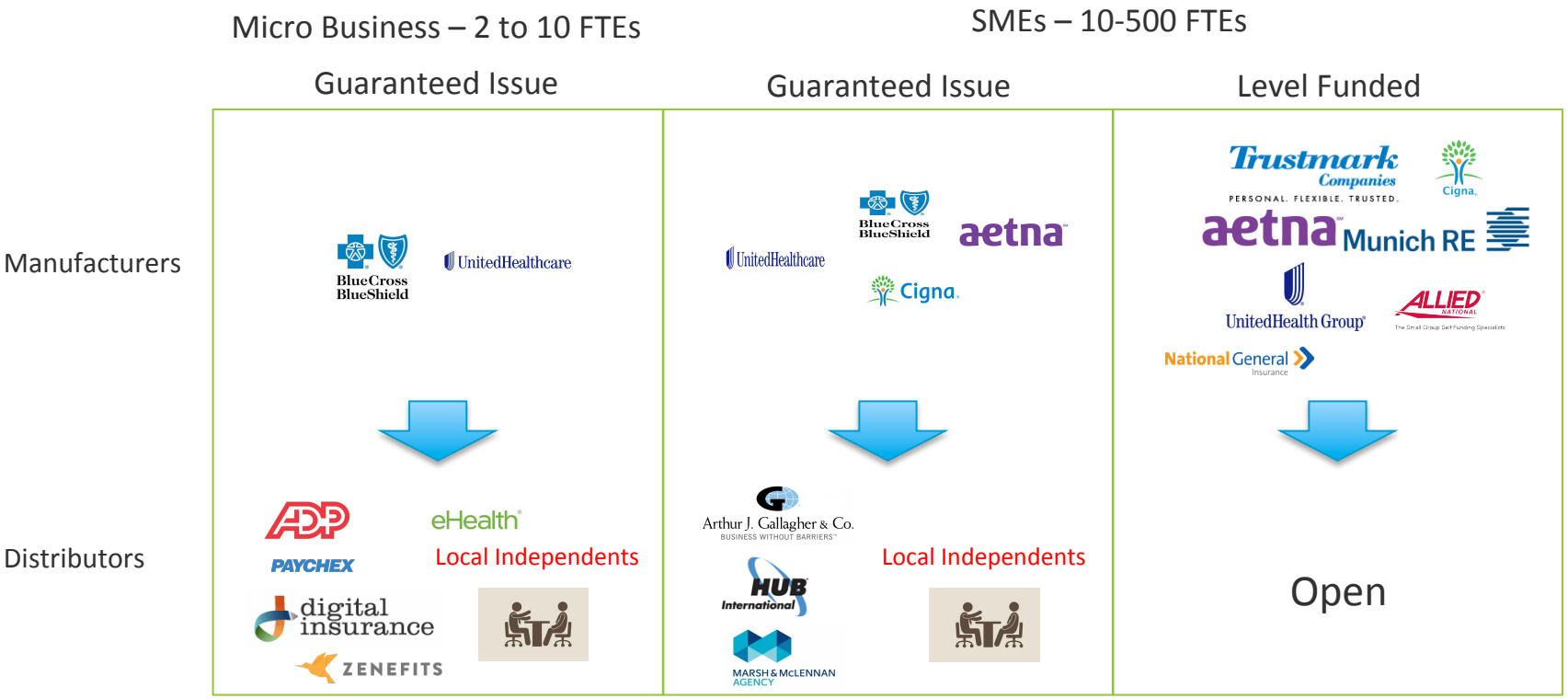
Small Group Health Market Landscape



New distribution model to tap the opportunity

National, Direct Distribution Platform

Trustmark Companies — PERSONAL. FLEXIBLE. TRUSTED.
aetna
Cigna
UnitedHealth Group
ALLIED NATIONAL — The Small Group Self-Funding Specialists
National General Insurance
Munich RE

→ LevelFunded HEALTH →

MODERN NATIONAL EFFICIENT = GOOD DEAL

80 Prospective Client Presentations Per Advisor Per month

Local Independent agent distribution

BlueCross BlueShield

→

Guaranteed Issue Plans

→

OLD-FASHIONED LOCAL INEFFICIENT = BAD DEAL

4-5 Prospective Client Pitches per Broker per Month

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Other actual clients

33% annual savings
versus traditional small group health coverage

Total potential refund
Claims fund of 27%
of total premium

$84K in immediate annual savings
versus traditional small group health coverage

Total potential refund
claims fund of $117K

Employee out-of-pocket
expenses reduced 40%

$194K immediate annual savings
versus traditional small group health coverage

Total potential refund
claims fund of $189K

Employee out-of-pocket
expenses reduced 53%

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Why is a national, direct platform better?

Level Funded National, Direct	Traditional Brokerage
✓ National and broad targeting	✓ Local and limited clients per market
✓ Digital leads nurtured through multiple marketing strategies	✓ Time consuming cold calling and networking
✓ Many virtual consultations per day	✓ Fewer in-person meetings per day
✓ Digital processes	✓ Manual paper and fax methods
✓ Efficient servicing	✓ Inefficient servicing

Level Funded can scale with 5x+ efficiency of traditional broker methods

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Client cost of acquisition generates 60*x* ROI – more than 5x traditional brokers

Cost per Virtual Presentation	$ 102
Conversion Rate	7.0%
Marketing Acquisition Cost	**$ (1,457)**
Average Number of Employees per Client	57
Employee Per Month Commission Rate	$ 33
Annual Commission	$22,572
Lifetime Value	**$90,288**

Expected lifetime for client is ~4 years

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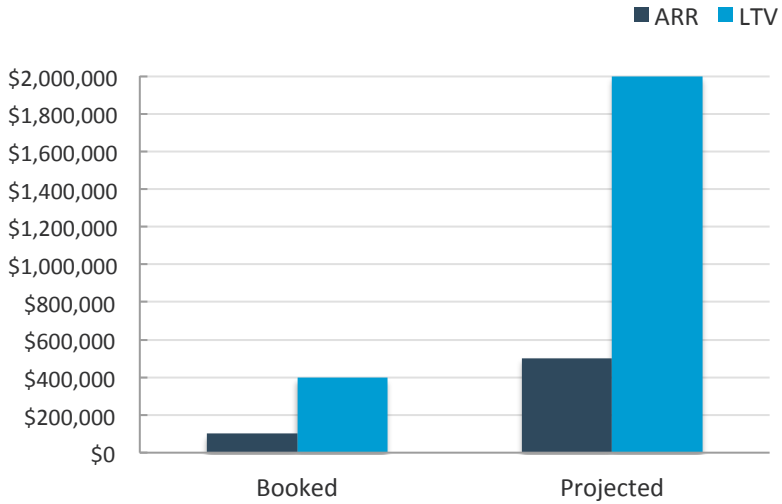
Highly efficient distribution

2016 YTD

$40,000 in marketing has already yielded $400,000 in lifetime revenue, with $12 million LTV in the pipeline, expected to yield at least $500K in additional ARR



YTD Marketing ($40K) Yielding Strong Results

- ✓ $100,000 in Annual Recurring Revenue booked 2016 YTD or $400,000 in lifetime revenue
- ✓ Project $2.2M in ARR within 12 months
- ✓ Avg. cost to acquire each new client of $1,000 to $2,000
- ✓ 5 year projection of $100 million from 5,000 clients
- ✓ Level Funded's acquisition costs are 1/3 of traditional brokers' acquisition costs
- ✓ Level Funded's sales process allows its Benefits Advisors to pitch up to 5x the number of clients a traditional broker can

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Company vision: the CFO's trusted resource

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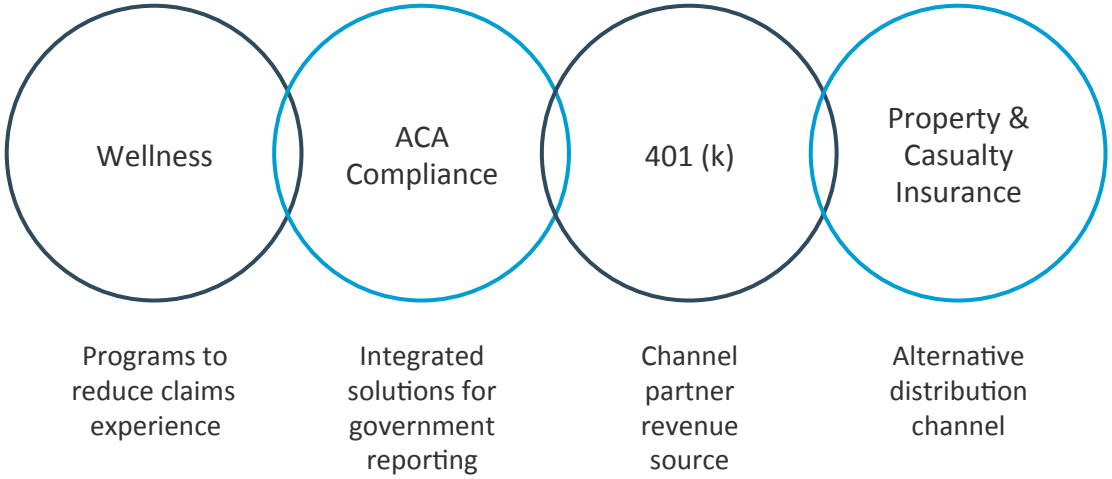

Company vision: building platform systems to scale and serve

Internal Use to Maximize Volume, Velocity and labor efficiency

- ✓ Identifying and qualifying candidates in-market candidates from 1.2 million segment – achieve sell through to 5,000
- ✓ Scheduling 5-7 pitches per adviser per day
- ✓ Nurturing cycle of 2 – 4 weeks
- ✓ Achieving and maintaining 80 – 100 clients per adviser
- ✓ Process employee data to underwriters with <1 day turnaround
- ✓ Online account onboarding
- ✓ Updates automatically to clients for ACA reporting requirements
- ✓ Maximizing renewal process

Client Facing base on what they say they need – not what we think they should have

- ✓ Simplifying quoting and application collection
- ✓ User-friendly onboarding and support
- ✓ ACA tools to decrease compliance work
- ✓ Wellness offerings to decrease claims

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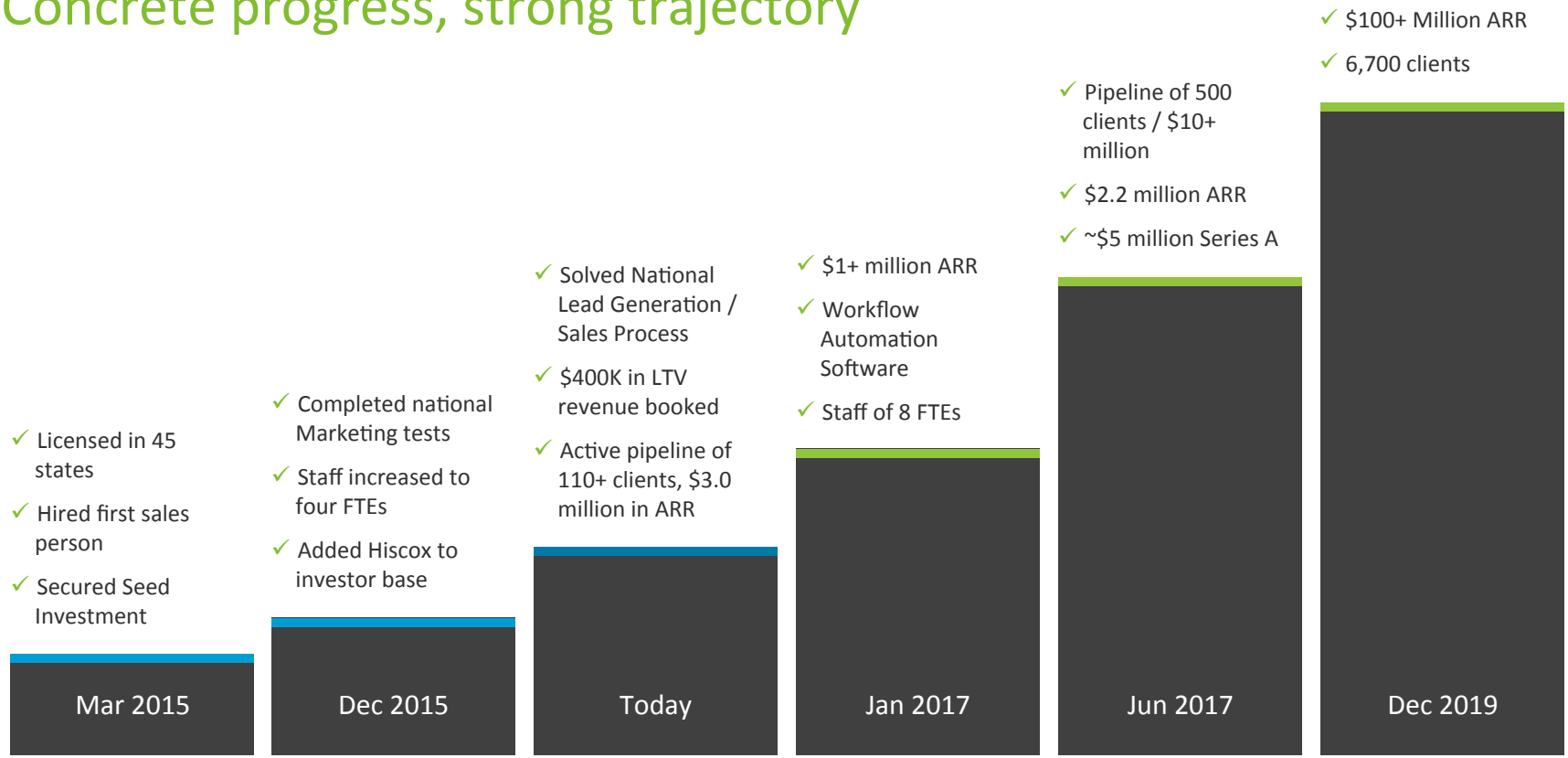
Ancillary services / Partnerships in progress

Category	Opportunity	Partner	Status/Potential
Small business insurance partner	One stop shop for solutions for P&C insurance	insureon	5,000 SMBs with $120M in annual commissions
HR solutions with onboarding LFH's health plans	Allows LFH's clients to onboard health insurance and service HR needs	EMPOWER HR	300 SMBs to target. HR value add-on
401k Partner	Cross selling.	William Blair	1000 SMBs representing $24M in commissions
401k Partner	Cross selling.	FISHER INVESTMENTS®	100 SMBs
Wellness Solution	$2 billion market growing at 9.4%	Teladoc fitbit	Current partners to offer services to reduce claims costs to LFH's clients
ACA Compliance	Costs small businesses 13 hours or $1,274 monthly to comply* $18 billion market for businesses 50-499	CliftonLarsonAllen	Value add and additional revenue
Outsourced Accounting and Finance Solutions	Cross selling opportunity with firm providing expert solutions to SMBs	NOW CFO	2,500 SMBs

Concrete progress, strong trajectory



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Financial Profile — 5 Year goal to reach 5,000 SMB clients

	2016	2017	2018	2019	2020
Gross Sales	$483,041	$3,809,973	$20,961,262	$44,436,142	$79,027,281
New Accounts Revenue	161,316	2,396,496	16,053,050	38,024,547	73,854,369
Renewing Accounts Revenue	-	131,095	2,020,705	14,427,906	41,930,281
Total Net Revenue	161,316	2,527,592	18,073,755	52,452,453	115,784,650
Cost of sales	21,322	325,893	2,320,279	6,733,761	14,864,246
Gross Margin	139,993	2,201,699	15,753,476	45,718,692	100,920,404
Marketing/Demand Gen	141,028	637,751	1,741,111	3,843,127	5,691,950
Software Development	8,289	510,780	120,000	168,000	186,000
Personnel	497,681	1,540,592	4,809,709	9,700,628	16,659,563
G&A	320,194	901,701	2,500,087	4,535,419	7,526,819
Total Expenses	967,193	3,590,824	9,170,908	18,247,174	30,064,332
Cash Flow From Operations	($821,108)	($1,389,125)	$6,582,568	$27,471,519	$70,856,073

While all revenue is contracted annually, revenue is recognized monthly – when cash is received.

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Key people

Russ Carpel

CEO + CO-FOUNDER

15 + years B2B sales management, national advertising, marketing, public relations experience
Crain, Economist, ForeverCar

BA, Bradley Univ.

Rich Corbin

CFO + CO-FOUNDER

15 + years of corporate finance, capital markets experience
Daybreak Special Situations Fund, ForeverCar

BA, Notre Dame,
MBA, DePaul

Key Investors / Advisors

★ **Ben Walter**
CEO, Hiscox USA
Nontraditional P&C Insurer

★ **Carl Hermmann, Jr.**
Chairman WNC First Insurance Services
Experienced Insurance investor

★ **Chad Nitschke**
Partner, Insure.VC
Investor in Insurance innovation

★ **Dan Cilley**
CEO, Telemaximum
CRM and Contact Center Support

★ **Scott Fogarty**
Managing Partner, RFM
Total of $1.2B private equity and venture transactions

★ **Raj Kulkarni**
Managing Partner, Inovez
Multiple Enterprise Software Exits

★ **Chad Collier**
CEO CarSaver and AutoAmigo
Start-up leader

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Transaction

Terms, Current Offering

- ✓ $1.0M convertible notes
- ✓ 15% discount to next round
- ✓ $10M cap

Future Financing

- ✓ $4-6M in growth equity
- ✓ By June, 2017

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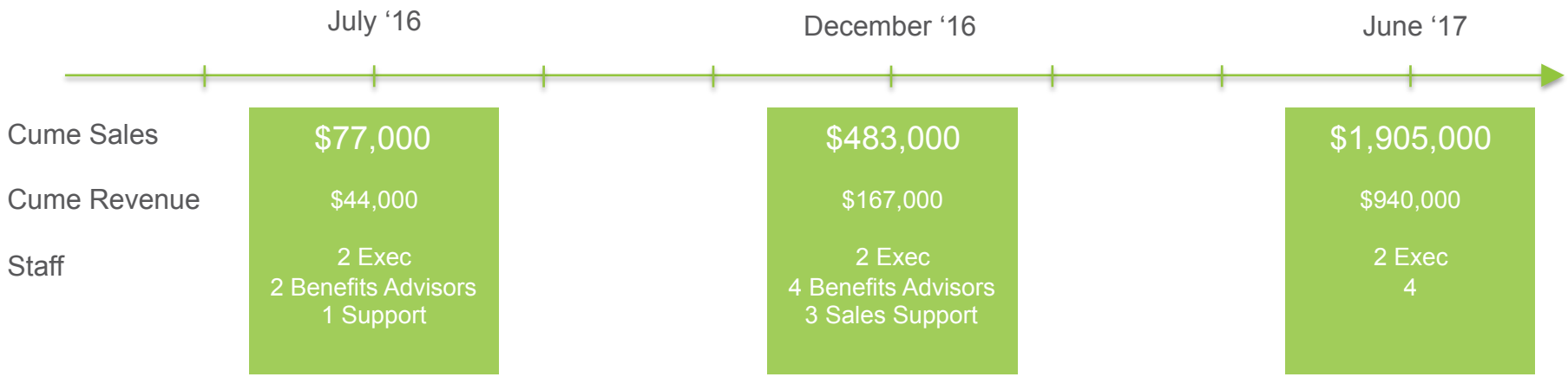
Milestones & Uses of Proceeds



12 month P&L – Sales of $1,828K, revenue of $904K, Income of ($566,000)

- Cost of Sales (variable expense) – $118K
- Marketing expense – $244K
- Personnel Expense – $703K
- G&A – $405K
- Current burn of $55K per month

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Investment considerations

- ✓ Clear window into a huge market
- ✓ High ROI distribution model
- ✓ Recurring revenue business
- ✓ Incumbents are stuck
- ✓ Service advantage
- ✓ Efficient to scale

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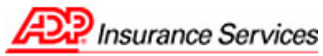
Potential exits



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Let’s get started.
1-800-280-0517

Company vision: building systems to scale and serve

Internal Use to Maximize Volume, Velocity and Compress time

Process Activity	Goal	Tool
Lead Development • Filtering unlikely candidates for LF	• Identifying and qualifying candidates in-market candidates from 1.2 million segment – achieve sell through to 5,000	• Data analytics to target relevant SMBs that is efficient due to national scale
Lead nurturing • Increasing speed during sales cycle	• Managing 2 – 4 week education cycle	• Marketing automation to nurture leads and move them efficiently through funnel
Sales Labor • Maximizing sales pitches and reducing back office work • Increasing clients per advisor vs. competition	• Scheduling 5-7 pitches per adviser per day • Achieving and maintaining 80 – 100 clients per adviser	• Typical competitor is hosting events and using cold calls to funnel sales • Software allowing virtual appointment settings on a national level
Order Processing • Quoting, Closing and Binding	• Acquire and process EE data – from company to underwriters in [1 day turnaround] • Online onboarding	• Traditional broker is physically meeting client
Service Inquiries • Automated	• Achieve on demand response times for Client inquiries through online tools. • Updates automatically to clients for ACA reporting requirements	• Traditional broker has to track and respond to inquires manually with client base
Renewal Process • Client data ready to re-quote to multiple carriers with little to no work by client	• Increase retention minimizing work for client and LF • Maximizing renewal quotes to minimize client costs	• Software allowing onboarding/renewals • Traditional broker can't quote as many carriers as efficiently without software

Company vision: building systems to scale and serve

- ✓ Client Facing base on what they say they need – not what we think they should have
  - SMBs are not early adopters of technology
  - Trust relationship allows sourcing ‘best ideas’ direct from clientele
  - 5 regional events / 50 CFOs each event – education forums, paid for by CFOs as lead gen and focus group
  - Current Options for Client facing
    - Simplifying quoting and application collection
    - User friendly onboarding and support
    - ACA tools to decrease compliance work
    - Wellness offerings to decrease claims

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