

COMPENSATION PLAN FOR HIRING YOUR EXIT

Only plug in numbers on colored/shaded cells.

<i>\$400k sales price 12 units/year/agent</i>									
	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Agent Count	5	15	25	50	65	80	100	124	148
Gross Annual Agents Recruited per year	20	24	36	48	48	48	48	48	48
Total Annual Units (12 units/agent)	60	180	300	600	780	960	1200	1488	1776
Average Price	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Average Commission (2.5%)	\$10,000	\$9,600	\$9,600	\$9,600	\$9,600	\$9,600	\$9,600	\$9,600	\$9,600
Total Volume	\$24,000,000	\$72,000,000	\$120,000,000	\$240,000,000	\$312,000,000	\$384,000,000	\$480,000,000	\$595,200,000	\$710,400,000
Gross Commission Income	\$600,000	\$1,728,000	\$2,880,000	\$5,760,000	\$7,488,000	\$9,216,000	\$11,520,000	\$14,284,800	\$17,049,600
COS (45%)	\$270,000	\$570,240	\$950,400	\$1,900,800	\$2,471,040	\$3,041,280	\$3,801,600	\$4,713,984	\$5,626,368
Approx Expenses (33%)	\$148,500.00	\$570,240.00	\$950,400.00	\$1,900,800.00	\$2,471,040.00	\$3,041,280.00	\$3,801,600.00	\$4,713,984.00	\$5,626,368.00
Profit (25%)	\$121,500.00	\$587,520.00	\$979,200.00	\$1,958,400.00	\$2,545,920.00	\$3,133,440.00	\$3,916,800.00	\$4,856,832.00	\$5,796,864.00
Annual GCI Growth as a Percentage		288%	167%	200%	130%	123%	125%	124%	119%
Locations (agent count/8):	1	2	2	4	6	8	10	12	15

THE EBITDA CALCULATION

Description	Taxable Entity	Pass-Through Entity
Total Revenue		
Cost of Sales (-)		
Gross Profit		
Expenses		
Income Before Taxes		
Income Taxes (Fed & State)		
Income After Taxes		
EBITDA Calculation		
• Income After Taxes (from above)		
• Interest Expense		
• Income Taxes		
• Depreciation Expense		
• Amortization Expenses		
EBITDA Adjusted		

EBITDA ADJUSTMENT EXAMPLE

For an EBITDA to be most useful, adjustments must be identified. These are usually items that might be considered distortions to the EBITDA calculation by prospects. Our transition advisors, a business broker or accountant familiar with the process, need to spend time reviewing and discussing any possible adjustment to EBITDA long before any discussion with prospects.

Description	Amount
ADJUSTED EBITDA	\$795,000
Add backs:	
Expenses related to hiring of experts in anticipation of the sale - Legal, audits, appraisals etc.	\$45,000
Removal of Bonuses	\$75,000
Removal of one-time, non recurring transactions	\$150,000
Vehicle and Insurance	\$36,000
Country Clubs, sporting club dues	\$50,000
Personal entertainment and food	\$24,000
Other:	
Total add backs:	\$380,000
Increased cost of dual roles during transition	\$(50,000)
Adjusted EBITDA	\$1,125,000
Multiplier	3x
Estimated value of ABC Example Company, Inc.	\$3,375,000