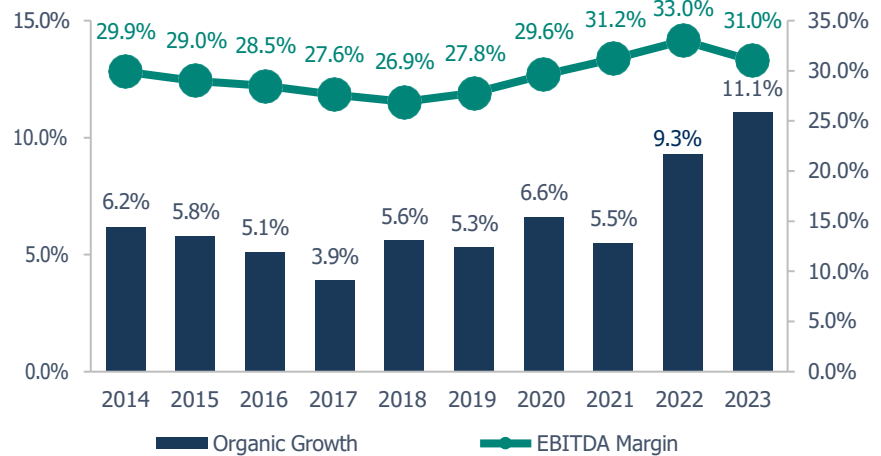




Q1 BROKER RESULTS

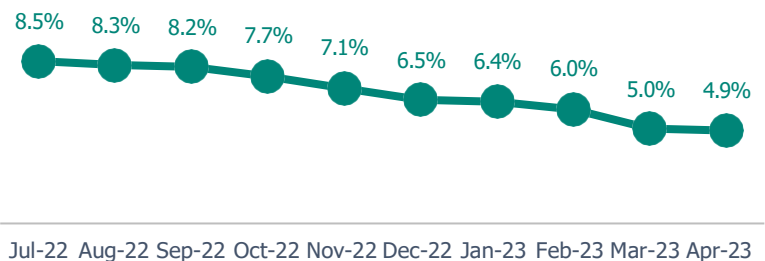
- Organic growth of 11.1% in Q1 2023 per the *Growth and Profitability Survey* ("GPS") was the highest quarterly growth ever recorded. In fact, it was almost a full percentage point higher than the previous high-water mark in Q4 2022. Top 25% performers posted stratospheric organic growth of over 17.5%.
- EBITDA margins in Q1 were 31.0%. While high by historical standards, it was the lowest level since 2020. The impacts of inflation and increased costs for talent are contributing to the margin compression versus the past two years. It is worth noting that Q1 results are inflated due to the timing of contingent payments and will decrease as the year progresses.
- Inflation continues to be the primary topic when discussing the economy. It appears that the Federal Reserve's program of increasing interest rates is having the desired impact, with inflation in April falling 160 basis points "bps" since December 2022. As a result, it is likely that the Federal Reserve will reduce the magnitude and frequency of interest rate hikes.
- Commercial P&C continued to lead the way in Q1 2023, posting organic growth of 11.7%, the highest Q1 results in GPS history. The continued hard market, inflation and a healthy economy all contributed to the Q1 results.
- The big surprise in Q1 and perhaps one of the biggest surprises in GPS history was that personal lines, posted 10.6% organic growth. Several factors contributed to the increase, including carriers aggressively increasing rates, inflation, increasing replacement values, CAT exposed properties and vehicle repair costs.
- It appears that the COVID-19 slowdown in Group Benefits organic growth is over. Group Benefits appears to be returning to historical levels. In fact, Group Benefits organic growth of 7.9% was also the highest on record during a first quarter.
- While the news was all positive in Q1, agents and brokers are expecting some slowdown during the remainder of 2023. The median projected organic growth for 2023 is 9.0% and the median projected EBITDA margin is 22.0%. While still very high levels from a historical perspective, both represent year over year decreases from 2022 when organic growth was 10.2% and EBITDA margins were 22.5%.

Q1 PRIVATE BROKER ORGANIC GROWTH RATE & EBITDA MARGIN



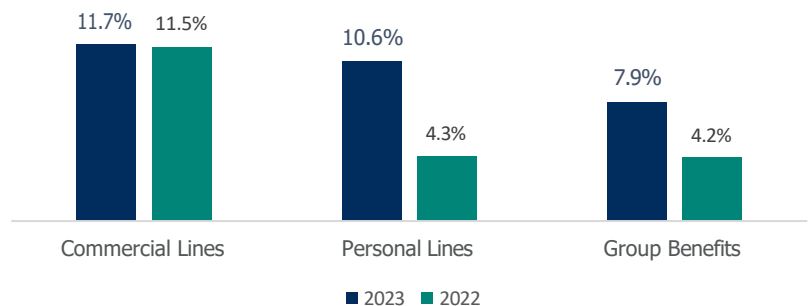
Source: Reagan's Growth & Profitability Survey ("GPS").

INFLATION BY MONTH (JUL-22 – APR-23)



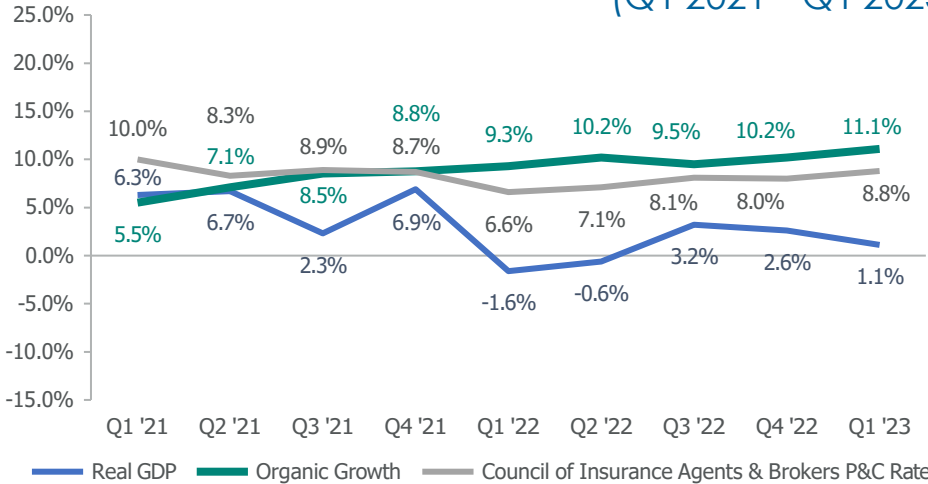
Source: U.S. Bureau of Labor Statistics

Q1 ORGANIC GROWTH BY PRODUCT LINE



Source: Reagan's Growth & Profitability Survey ("GPS").

REAL GDP GROWTH, COMMERCIAL P&C PRICING, GPS ORGANIC GROWTH (Q1 2021 – Q1 2023)

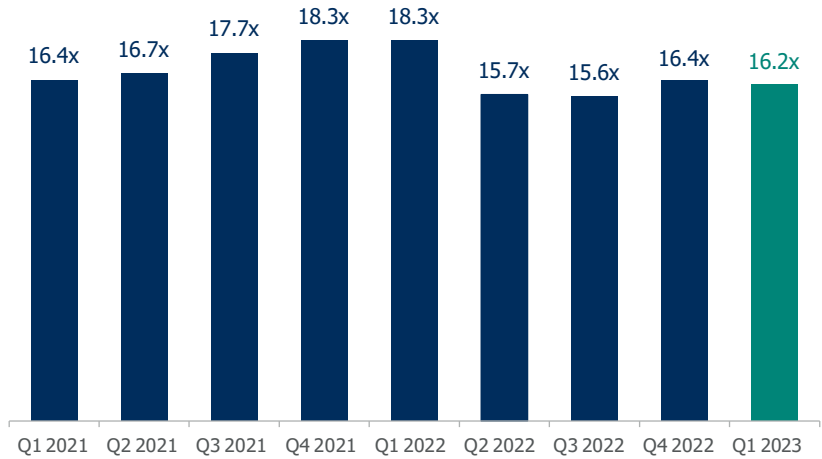


- Gross domestic product (GDP) increased by an annual rate of 1.1% in Q1 2023 after increasing by an annual rate of 2.6% in Q4 2022, indicating a slowing economy.
- On average, P&C rates increased 8.8% in Q1 2023.
- The negative effects of an economic downturn have historically impacted agents and brokers 6-9 months later. However, the decreases in early 2022 are being outpaced by the rate increases in the industry and the rebound of Group Benefits.
- Many economic prognosticators are projecting a further slowdown in the economy in the second half of 2023.

- Like the rest of the industry, the public brokers enjoyed historical organic growth in Q1 2023 of 9.7%.
- On average, public brokers stock prices were flat in Q1 2023 vs. YE 2022, with AON leading the pack with an increase of 5.1%.
- By comparison, the DJIA was also flat, the S&P 500 up 7.0% and the NASDAQ continued its recovery from a horrible 2022, up 16.8% in Q1.
- After weathering the storms of 2022, public broker valuation multiples have exceeded 16.0x for the past two quarters.
- While multiples for the public brokers have decreased, they have fared better than many other industries.
- GSHD, BRP and RYAN are excluded from this analysis given their relatively new public broker status.

PUBLIC BROKER VALUATIONS

Enterprise Value / LTM Pro Forma EBITDA



Source: Public Broker SEC Filings, market data. Includes AON, AJG, BRO, MMC, WLTW.

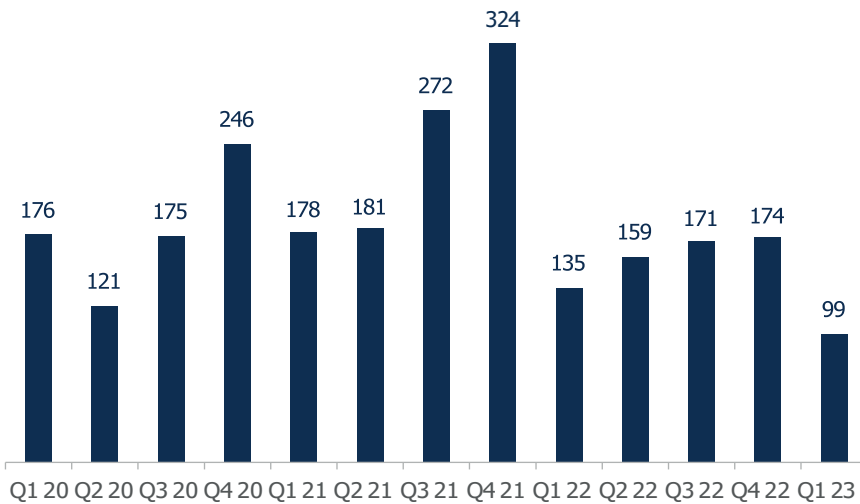
M&A VALUATIONS



- Despite the contraction of the public broker multiples, M&A multiples showed no change in Q1 2023.
- In fact, multiples for large, high-quality assets increased in Q1.
- The M&A market has not shown signs of a slowdown despite some of the macroeconomic challenges.
- The chart to the left details the typical guarantee and earn-out multiples being paid by strategic acquirers for a well-run agency with \$3M - \$10M in revenue.

Source: Reagan Consulting analysis.

RECENT DEAL ACTIVITY BY THE NUMBERS



Source: SNL Financial as of March 30, 2023 (based on Announcement Date). Includes whole company, franchise, and asset sales.

- Deal activity fell significantly in Q1 2023, falling from 174 transactions in Q4 2022 to 99.
- When compared to Q1 2022, activity was down 26.7%.
- Several of the most active buyers in the markets have experienced financial disruption as a result of the significant increases in interest rates since the middle of 2022.
- There are still a significant number of well-capitalized buyers in the market anxious to do deals. As a result, we expect robust deal activity to continue in 2023 and accelerate from the 99 transactions completed in Q1.
- We expect some consolidation amongst the acquirers in the market as the marketplace and firms continue to mature.

DEAL SPOTLIGHT



- Date:** On March 1, 2023, HUB International Limited (“HUB”) acquired Dwight W. Andrus Insurance, Inc. (together with its affiliates, “Dwight Andrus”).
 - Dwight Andrus, based in Lafayette, LA, was the largest independent insurance broker based in Louisiana prior to transaction with approximately 130 employees
 - Dwight Andrus provides commercial insurance, surety and bonding, captive and alternative risk insurance, personal insurance, and employee benefits services to clients across the Southeast U.S.
 - The partnership doubles HUB’s commercial insurance presence in the Gulf South region
 - HUB is the fifth largest global insurance broker according to *Business Insurance*

RECENT REAGAN TRANSACTIONS

Securities transactions offered through Reagan Securities, Inc., member of FINRA and SIPC.