

SUMMER 2023 REAGAN QUARTERLY

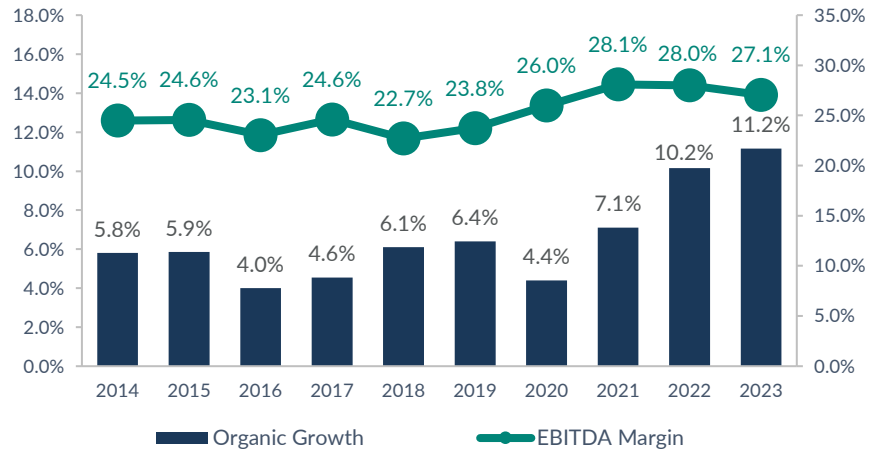
REAGAN'S MARKET UPDATE



Q2 BROKER RESULTS

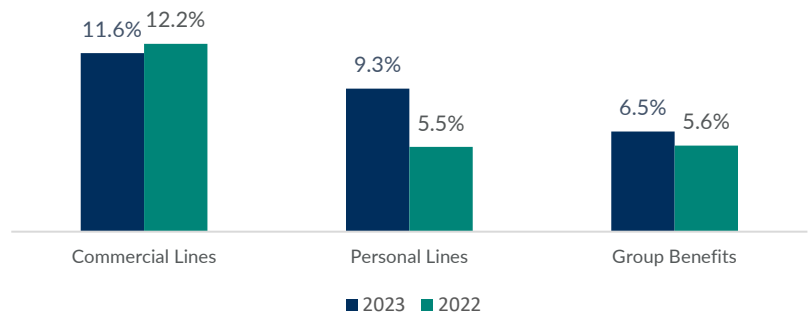
- Organic growth of 11.2% in Q2 2023 per the *Growth and Profitability Survey* ("GPS") was the highest quarterly growth ever recorded. In fact, it was almost a full percentage point higher than the previous Q2 high-water mark set in 2022. Top 25% performers posted organic growth of over 15.3%.
- EBITDA margins in Q2 were 27.1%. While high by historical standards, it was the lowest level since 2021. 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 Q2 results are inflated due to the timing of contingent payments and will decrease as the year progresses.
- Commercial P&C continued to lead the way in Q2 2023, posting organic growth of 11.6%, the second highest Q2 result in GPS history. The continued hard market, inflation and a healthy economy all contributed to the Q2 results.
- Following up on strong Q1 2023 performance, a continued surprise in Q2 was that personal lines posted 9.3% organic growth. This was 70.6% higher than the previous Q2 high of 5.5% set in 2022. Several factors contributed to the increase, including carriers aggressively increasing rates, inflation, increasing replacement values, CAT exposed properties, vehicle repair costs, and litigation expense.
- It appears that the COVID-19 slowdown in Group Benefits organic growth is over. Q2 2023 growth of 6.5% represents the third highest rate ever recorded in GPS history.
- Inflation continues to be a 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 July 2023 falling 530 basis points "bps" since July 2022. As a result, it is likely that the Federal Reserve will reduce the magnitude and frequency of future interest rate hikes.
- While the news was all positive in Q1 and Q2, agents and brokers are expecting some slowdown during the remainder of 2023. The median projected organic growth for 2023 is 10.0% and the median projected EBITDA margin is 23.0%. Brokers are encouraged to focus on new business as client retention, rate, and other exposures are bolstering organic growth.

Q2 PRIVATE BROKER ORGANIC GROWTH RATE & EBITDA MARGIN



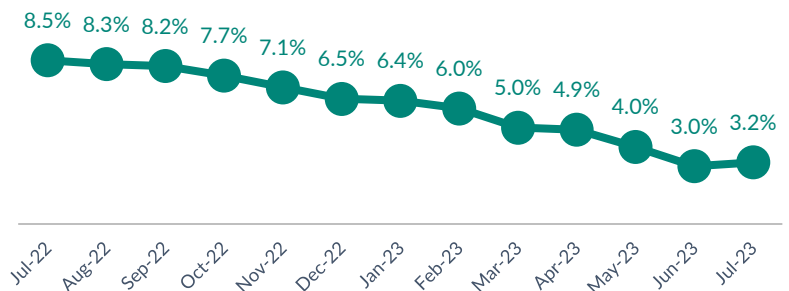
Source: Reagan's Growth & Profitability Survey ("GPS").

Q2 ORGANIC GROWTH BY PRODUCT LINE



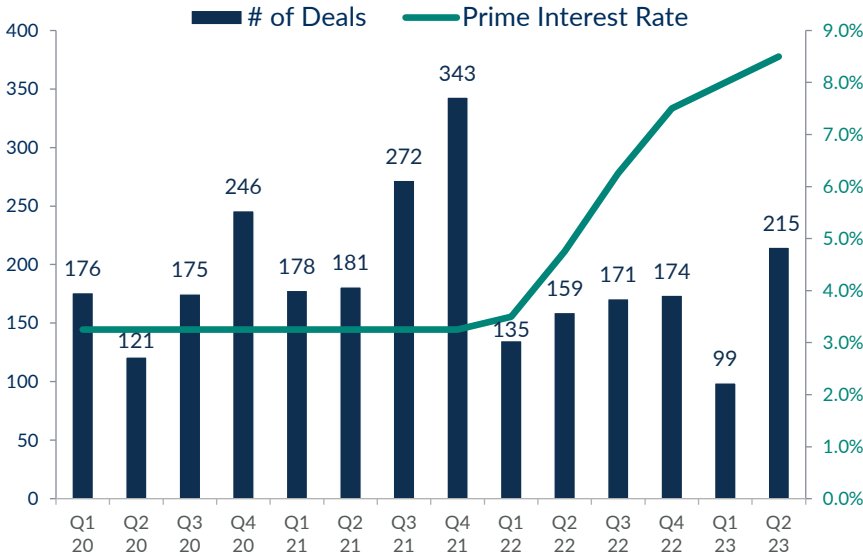
Source: Reagan's Growth & Profitability Survey ("GPS").

INFLATION BY MONTH (JUL-22 – JUL-23)



Source: U.S. Bureau of Labor Statistics.

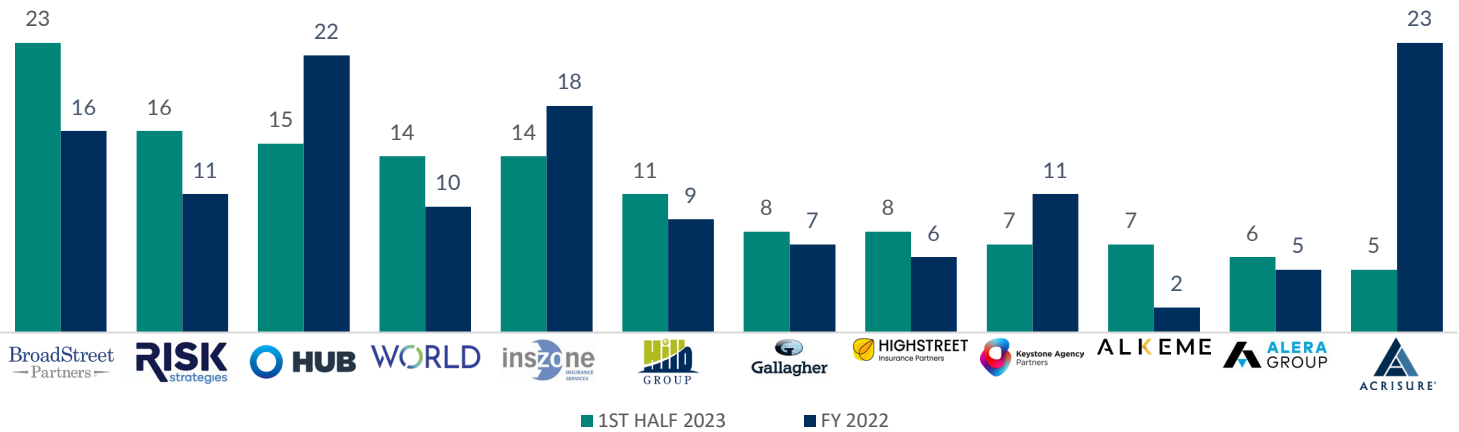
RECENT DEAL ACTIVITY BY THE NUMBERS



Source: jpmorganchase.com/about/our-business/historical-prime-rate; SNL Financial.

- Deal activity rose significantly in Q2 2023, rising from 99 transactions in Q1 2023 to 215 in Q2 2023.
- When compared to Q2 2022, activity was up 35.2%.
- Several buyers have meaningfully reengaged the market following the general financial disruption that occurred over the past year as a result of the significant increases in interest rates since the middle of 2022.
- There are also select historical acquirors who have had to take a step back in 2023 due to the current interest rate and market environments.
- While some acquirors have slowed down, there continue to be 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.
- We expect some consolidation amongst the acquirors in the market as the marketplace and firms continue to mature.

YTD 2023 DEALS FOR MOST ACTIVE ACQUIRORS (1ST HALF 2023 vs. FY 2022)

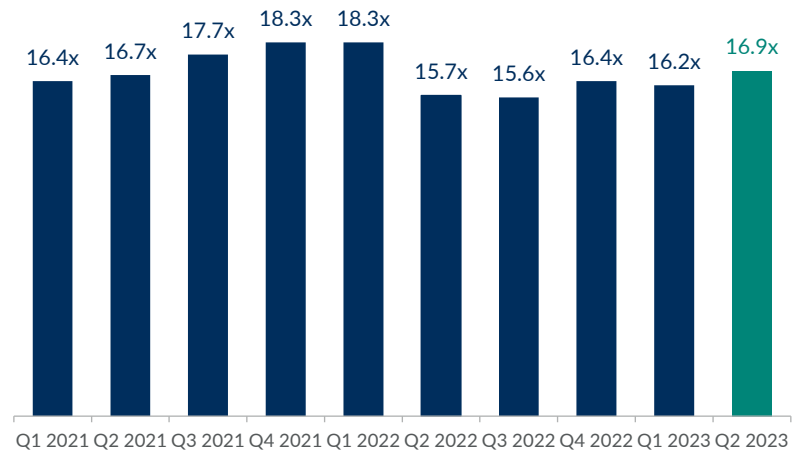


Source: SNL Financial.

- Like the rest of the industry, the public brokers enjoyed historically high organic growth in Q2 2023 of 9.4%.
- On average, public brokers stock prices were up in Q2 2023 vs. Q1 2023, with BRO leading the pack with an increase of 19.9%.
- By comparison, the DJIA was up 3.4%, the S&P 500 up 8.3%, and the NASDAQ continued its recovery from a horrible 2022, up 12.8% in Q2.
- After weathering the storms of 2022, public broker valuation multiples have exceeded 16.0x for the past three 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.

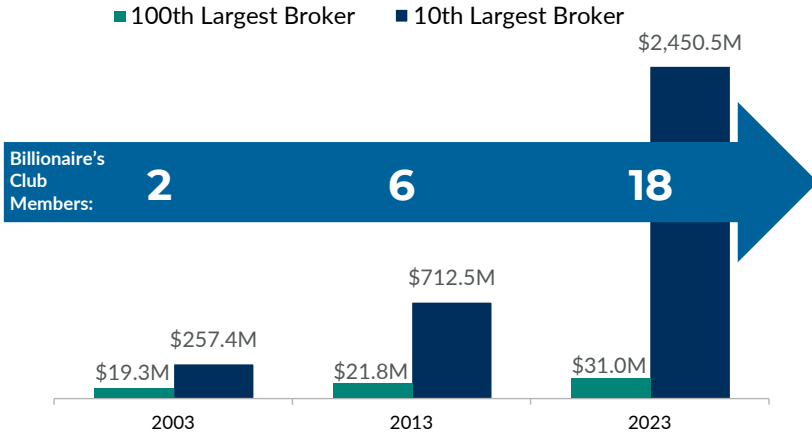
PUBLIC BROKER VALUATIONS

Enterprise Value / LTM Pro Forma EBITDA



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

BROKERS BUILDING SCALE



Source: Business Insurance Magazine.

- Over 2,500 completed deals in the insurance brokerage industry since 2020 have led to 18 firms with over \$1B in annual revenue.
- Consolidation continues to drive the top end of the insurance brokerage space higher, with the 10th largest firm being ~3.4x larger than it was in 2013.
- Despite this explosive growth at the top of the market, as of Q2 2023, the 100th largest broker in the industry generates ~\$31.0M in annual revenue; this is only ~1.6x larger than it was 20 years ago in 2003.
- The 18 “Billionaire’s Club Members” – with others – are anticipated to continue to drive consolidation and M&A activity in the industry through the remainder of 2023.

DEAL SPOTLIGHT #1: NSI



- Date:** On June 20, 2023, Unison Risk Advisors (“URA”) acquired Miami-based NSi Insurance group (together with its affiliates, “NSi”).
 - NSi, based in Miami, FL, represents the third platform partner of URA, joining Cleveland-based Oswald Companies and Baltimore-based RCM&D.
 - This strategic addition of NSi materially expands Unison’s geographic presence down the East Coast.
 - The now three platform companies of URA are longtime Assurex members who have banded together using minority equity to fuel growth.



DEAL SPOTLIGHT #2: PROJECT MOTOWN



- Date:** On June 1, 2023, HUB International Limited (“HUB”) acquired seven greater-Detroit area firms under Project Motown Holding Co., which included Johnston Lewis Associates Inc., Business Benefits Resource LLC, Joseph Aiello & Associates Inc., T. Souphis Insurance Consulting LLC, Custom Results Corporate Consulting, Creative Benefit Solutions and Health Insurance Consultants (together with its affiliates, “Project Motown”).
 - Project Motown represents the merger of seven greater-Detroit area firms that were acquired by HUB.
 - Project Motown provides commercial insurance, personal insurance, employee benefits, Medicare, and wealth management services to clients across the Midwestern U.S.
 - The partnership materially expands HUB’s commercial insurance presence in Southeast MI.
 - HUB is the fifth largest global insurance broker according to Business Insurance.

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

OTHER RECENT REAGAN TRANSACTIONS

REAGAN SECURITIES
served as financial advisor to

NSI INSURANCE GROUP
Miami, FL

in its sale to

UNISON
RISK ADVISORS

2023

REAGAN SECURITIES
served as financial advisor to

"Project Motown"

IBS INSURANCE GROUP
IBEX INSURANCE AGENCY
CREATIVE BENEFIT SOLUTIONS
BBR
JA&A JOSEPH AIELLO & ASSOCIATES, INC.
Custom Results Corporate Consulting
HC HEALTH INSURANCE CONSULTANTS
Detroit, MI

in its sale to

HUB

2023

REAGAN SECURITIES
served as financial advisor to

ECM SOLUTIONS
Charlotte, NC

in its sale to

IMA

2023

REAGAN SECURITIES
served as financial advisor to

IZALE FINANCIAL GROUP
Elgin, IL

in its sale to

RISK strategies

2023

REAGAN SECURITIES
served as financial advisor to

EMERUS INSURANCE
Lafayette, LA

in its sale to

HUB

2023

REAGAN SECURITIES
served as financial advisor to

PG IB PURDUM GRAY INGLEDE BECK
Insurance & Investments
Macomb, IL

in its sale to

First Mid INSURANCE GROUP

2023

REAGAN SECURITIES
served as financial advisor to

ab ANDERSON BENSON
INSURANCE & RISK MANAGEMENT
Nashville, TN

in its sale to

Gallagher

2023

REAGAN SECURITIES
served as financial advisor to

b BARNEY INSURANCE GROUP
Kearney, NE

in its sale to

HIGHSTREET Insurance Partners

2023

REAGAN SECURITIES
served as financial advisor to both firms

WRM THE WRM GROUP
Jasper, AL

merged with

FLOWERS Insurance Agency
ESTABLISHED 1953
Dothan, AL

2023

REAGAN SECURITIES
served as financial advisor to

IBKB INSURANCE BY KEN BROWN, INC.
Altamonte Springs, FL

in its sale to

Gallagher

2023

REAGAN SECURITIES
served as financial advisor to

DOHERTY, DUGGAN, HART & TIERNAN INSURORS
Albany, GA

in its sale to

Higginbotham

2022

REAGAN SECURITIES
served as financial advisor to both firms

HMS INSURANCE ASSOCIATES, INC.
Hunt Valley, MD

in its sale to

MarshMcLennan Agency

2022

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