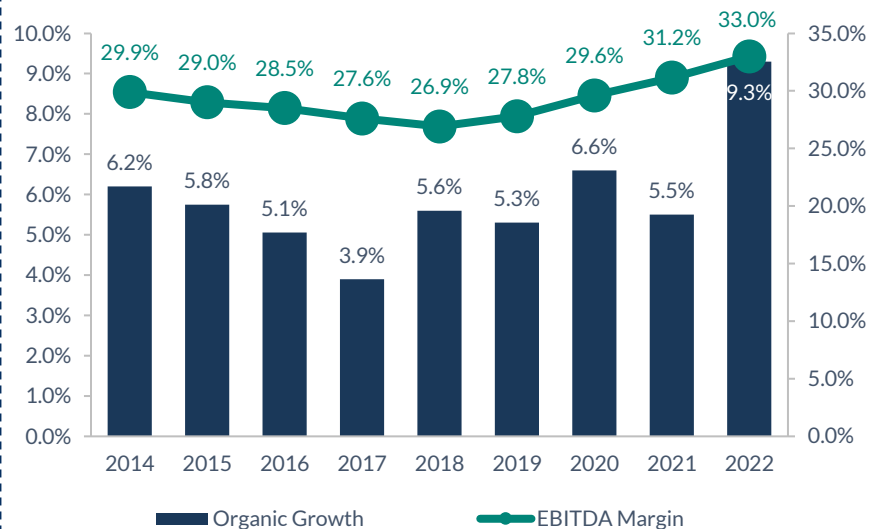




Q1 BROKER RESULTS

- The private broker growth and profitability train continues to roll. Q1's organic growth result of 9.3% was an all-time high - new Reagan GPS growth records have now been notched in each of the past four quarters. Organic growth has been positive now for 48 consecutive quarters - the last negative growth quarter was Q1 2010, as the US climbed out of the sub-prime mortgage crisis.
- Despite growing headwinds in the form of declining GDP, the Ukraine conflict and record inflation, private brokers remain bullish with their organic growth projections for 2022 (8%).
- Profitability also hit an all-time high in Q1 (33.0%). Much of the almost 200 basis point increase from this time last year appears to be from significantly improved contingent results. Since contingent income is generally booked early in the year, expect these profit margin results to moderate as the year progresses.
- Public broker growth and profitability is also tracking in record territory - at 9.0%, organic growth is up 370 basis points versus the same time last year.

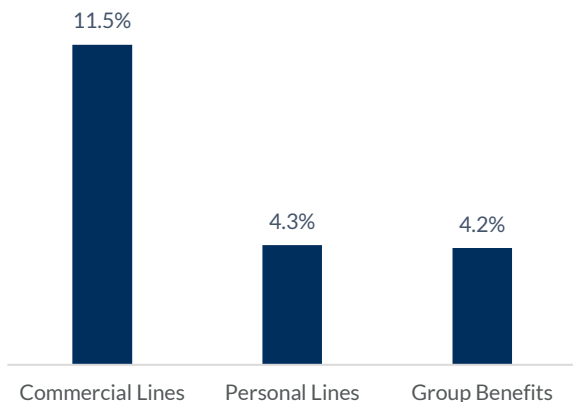
Q1 PRIVATE BROKER ORGANIC GROWTH RATE & EBITDA MARGIN



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

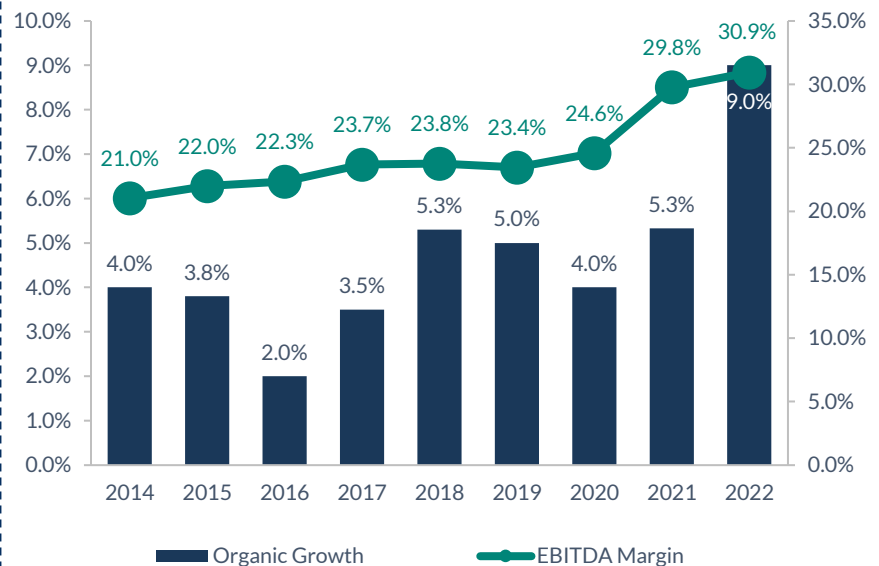
Q1 ORGANIC GROWTH BY PRODUCT LINE

- Commercial P&C organic growth continues to be the typical broker's growth star. Not only was Q1's 11.5% growth total the highest ever achieved in the GPS, it was also more than 2.5x the growth results delivered by Personal P&C and Group Benefits.
- That said, Q1's 4.3% growth result for Personal Lines represented the highest Q1 rate ever achieved in the GPS.
- At 4.2%, Group Benefits growth continues to lag the pack, but it was twice the 2021 Q1 result. The post-Covid return to work appears to be helping.



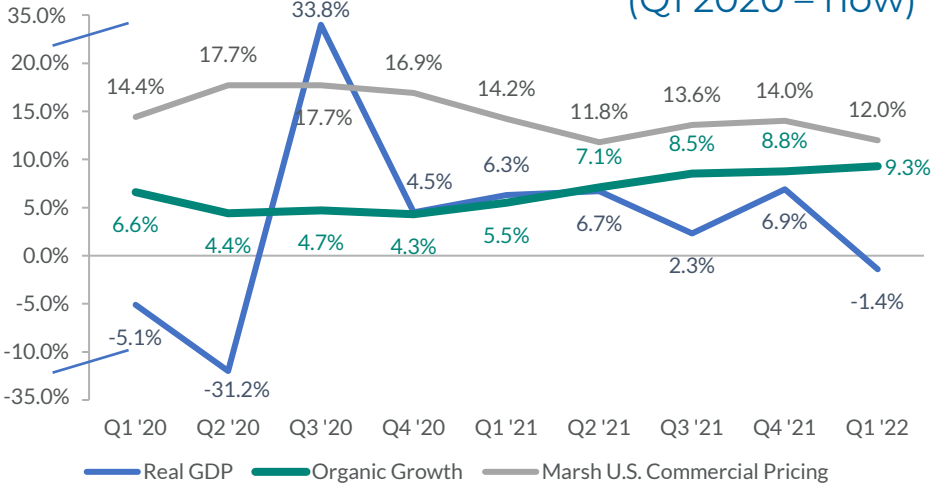
Source: Reagan's Growth & Profitability Survey ("GPS").

Q1 PUBLIC BROKER ORGANIC GROWTH RATE & EBITDA MARGIN



Source: Public filings and press releases.
Note: Public broker margins reflect TTM results.

REAL GDP GROWTH, COMMERCIAL P&C PRICING, GPS ORGANIC GROWTH (Q1 2020 – now)

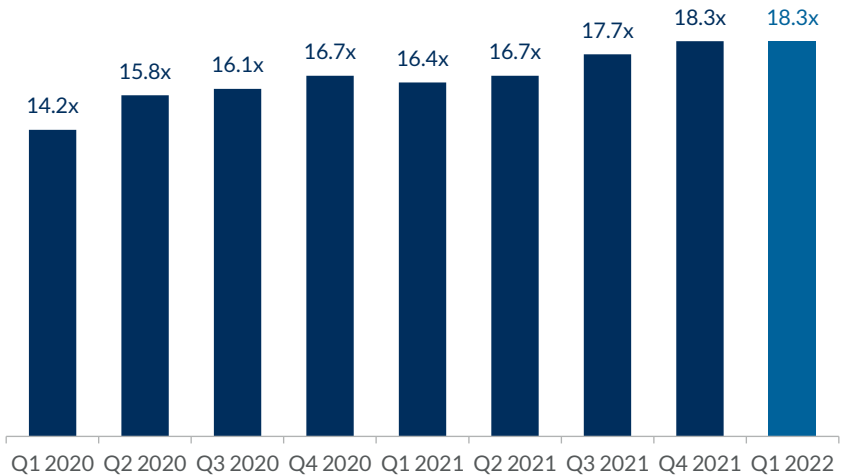


- There are a number of economic headwinds that may mute the growth and profitability party as we move through 2022.
- While rate increases are persisting, P&C pricing is increasing at a decreasing rate. Rate is down 200 basis points versus Q4 2021. A continued decreasing rate environment would certainly impact organic growth.
- Organic growth tends to trail GDP directionally by six months. Another tough GDP quarter would indicate a recession, which also would impair organic growth.

- Valuations for both private and public brokers are materially impacted by growth and profitability. In Q1 2022, the public brokers' strong growth and profitability results helped maintain record valuations from Q4 2021 (18.3x EBITDA).
- These record-high valuations continue to serve as jet fuel to the ongoing M&A frenzy. Agency purchases done at elevated EBITDA multiples relative to historical levels remain accretive to public buyers.
- This is true, too, for private equity-backed buyers, whose valuations are generally pegged to the public brokers' valuations, less a nominal discount.
- It is worth noting that GSHD and BRP are excluded from this analysis given their relatively-new public broker status.

PUBLIC BROKER VALUATIONS

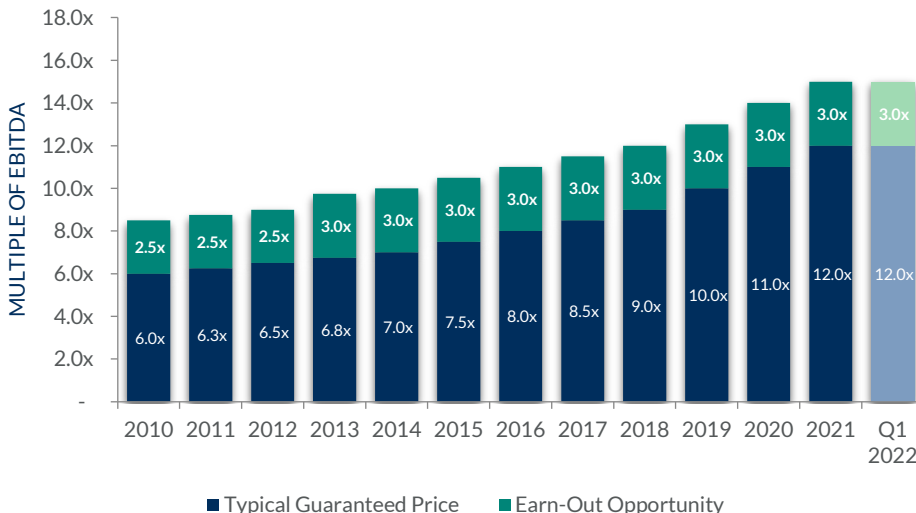
Enterprise Value / LTM Pro Forma EBITDA



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



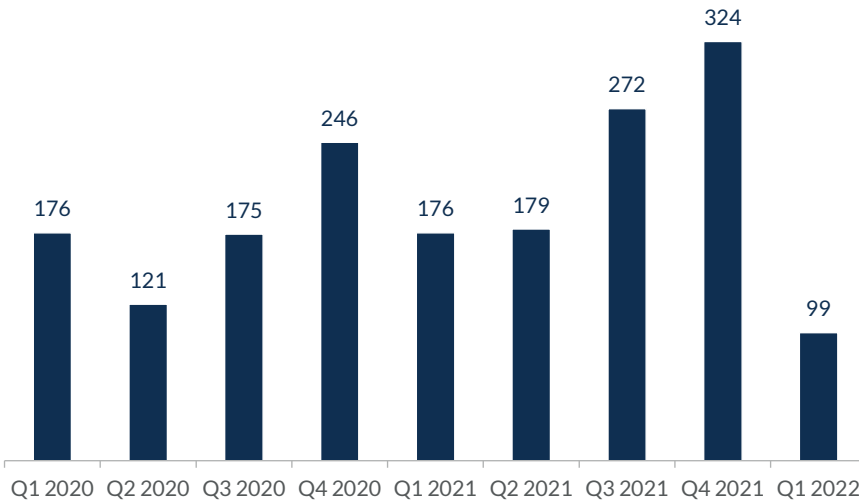
M&A VALUATIONS



- Private broker valuations hit all-time highs in 2021 and appear to be holding tight as we head into 2022.
- The chart to the left details the guarantee and earn out multiples that could be expected for a well-run agency with \$3M - \$10M in revenue.
- At 12.0x EBITDA, guaranteed multiples are now 100% higher than they were in 2010.
- Supply and demand continues to support these record high valuations - there are now in excess of 50 buyers nationally competing for a finite number of deals.
- Stay tuned ... if the economy continues to stall in a higher interest rate environment with record inflation, might we see valuation multiples decline for the first time in over a decade?

Source: Reagan Consulting analysis.

RECENT DEAL ACTIVITY BY THE NUMBERS



Source: SNL Financial as of March 31, 2022 (based on Announcement Date). Includes whole company, franchise, and asset sales.

- Deal activity through Q1 2022 (99) is significantly lower than Q1 2021 (178). However, this decline is likely due to a Q4 2021 deal rush to avoid the feared Biden capital gains rate increases, rather than a cooling of the M&A market.
- At present, we see nothing that indicates M&A interest is diminished on the part of either buyers or sellers.
- The rush to scale on the part of buyers, especially newer players, combined with the sheer numbers of buyers (over 50 nationally) likely points to yet another very active M&A year in 2022.
- That said, if agency valuations do moderate, we may see sellers begin to tap the brakes to wait out the worst of the storm. A shrinking pool of available brokers would likely slow the recent M&A wave.

DEAL SPOTLIGHT



- **Date:** On March 3, 2022, Hub International Limited (“Hub”) acquired Taylor Advisors, Inc. (“TA”).
- TA, headquartered in Louisville, KY, specializes in financial consulting and investment advisory services for financial institutions (e.g. community banks, credit unions) across the U.S.
- TA offers three primary services to its institutional client base: (i) balance sheet management consulting, (ii) investment advisory, and (iii) municipal advisory.
- The deal helps Hub expand its retirement and private wealth advisory practice.
- Including TA, Hub’s retirement and private wealth advisory client base has over \$105 billion in assets under management.
- The transaction underscores a new trend in the market – retail brokers expanding into tangential product lines through strategic M&A.

RECENT REAGAN TRANSACTIONS

REAGAN SECURITIES served as financial advisor to TAYLOR ADVISORS Louisville, KY in its sale to HUB 2022

REAGAN SECURITIES served as financial advisor to THE DE HAYES GROUP Ft. Wayne, IN in its sale to Keystone Agency Partners 2021

REAGAN SECURITIES served as financial advisor to THE Safeguard GROUP, INC. Media, PA in its sale to PATRIOT GROWTH INSURANCE SERVICES 2021

REAGAN SECURITIES served as financial advisor to MJ Indianapolis, IN in its acquisition of ProCourse Regulatory Advisors 2021

REAGAN SECURITIES served as financial advisor to CATTO & CATTO, San Antonio, TX in its sale to HUB 2021

REAGAN SECURITIES served as financial advisor to abd Insurance & Financial Services San Mateo, CA in its merger with Newfront Insurance 2021

REAGAN SECURITIES served as financial advisor to PARKER | SMITH | FEEK Seattle, WA in its sale to IMA 2021

REAGAN SECURITIES served as financial advisor to Heritage RISK MANAGEMENT Lubbock, TX and Amarillo, TX in its sale to ALERA GROUP 2021

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