

Second Quarter 2023 Results

July 24, 2023



Information Regarding Forward-Looking Statements

This presentation and the statements made during our earnings call may contain certain statements relating to future results which are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts, included in this document that address activities, events or developments that we expect or anticipate may occur in the future, including those relating to the Company's anticipated financial results for the second quarter of 2023, are forward-looking statements. These statements are not historical facts, but instead represent only the Company's current belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. It is possible that the Company's actual results, financial condition and achievements may differ, possibly materially, from the anticipated results, financial condition and achievements contemplated by these forward-looking statements. Also, when we use words such as “may,” “will,” “should,” “expect,” “anticipate,” “believe,” “intend,” “estimate,” “plan” and “continue” or similar words, we are making forward-looking statements. These risks and uncertainties include, but are not limited to, the Company's determination as it finalizes its financial results for the second quarter of 2023 that its financial results differ from the current preliminary unaudited numbers set forth herein; the inability to retain or hire qualified employees, as well as the loss of any of our executive officers or other key employees; acquisition-related risks that could negatively affect the success of our growth strategy, including the possibility that we may not be able to successfully identify suitable acquisition candidates, complete acquisitions, successfully integrate acquired businesses into our operations and expand into new markets; a cybersecurity attack or any other interruption in information technology and/or data security that may impact our operations or the operations of third parties that support us; risks related to our international operations, which may result in additional risks or require more management time and expense than our domestic operations to achieve or maintain profitability; the effects of inflation; the requirement for additional resources and time to adequately respond to dynamics resulting from rapid technological change; the loss of or significant change to any of our insurance company relationships, which could result in loss of capacity to write business, additional expense, loss of market share or material decrease in our commissions; the effect of natural disasters on our profit-sharing contingent commissions, insurer capacity and claims expenses from our capitalized captive insurance facilities; adverse economic conditions, natural disasters, or regulatory changes in states or countries where we have a concentration of our business; the inability to maintain our culture or a significant change in management, management philosophy or our business strategy; claims expense resulting from the limited underwriting risk associated with our participation in capitalized captive insurance facilities; risks associated with our automobile and recreational vehicle dealer services (“F&I”) businesses; risks facing us in our Services segment, including our third-party claims administration operations, that are distinct from those we face in our insurance intermediary operations; the limitations of our system of disclosure and internal controls and procedures in preventing errors or fraud, or in informing management of all material information in a timely manner; the significant control certain shareholders have over the Company; changes in data privacy and protection laws and regulations or any failure to comply with such laws and regulations; improper disclosure of confidential information; our ability to comply with non-U.S. laws, regulations and policies; the potential adverse effect of certain actual or potential claims, regulatory actions or proceedings on our businesses, results of operations, financial condition or liquidity; uncertainty in our business practices and compensation arrangements with insurance carriers due to potential changes in regulations; regulatory changes that could reduce our profitability or growth by increasing compliance costs, technology compliance, restricting the products or services we may sell, the markets we may enter, the methods by which we may sell our products and services, or the prices we may charge for our services and the form of compensation we may accept from our customers, carriers and third parties; increasing scrutiny and changing expectations from investors and customers with respect to our environmental, social and governance practices; a decrease in demand for liability insurance as a result of tort reform legislation; our failure to comply with any covenants contained in our debt agreements; the possibility that covenants in our debt agreements could prevent us from engaging in certain potentially beneficial activities; changes in the U.S.-based credit markets that might adversely affect our business, results of operations and financial condition; risks associated with the current interest rate environment, and to the extent we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income; changes in current U.S. or global economic conditions, including an extended slowdown in the markets in which we operate; disintermediation within the insurance industry, including increased competition from insurance companies, technology companies and the financial services industry, as well as the shift away from traditional insurance markets; conditions that result in reduced insurer capacity; quarterly and annual variations in our commissions that result from the timing of policy renewals and the net effect of new and lost business production; intangible asset risk, including the possibility that our goodwill may become impaired in the future; future pandemics, epidemics or outbreaks of infectious diseases, and the resulting governmental and societal responses; other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission (“SEC”) filings; and other factors that the Company may not have currently identified or quantified. All forward-looking statements made herein are made only as of the date of this document, and the Company does not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances that subsequently occur or of which the Company hereafter becomes aware.

| Information Regarding Non-GAAP Measures

This presentation contains references to "non-GAAP financial measures" as defined in SEC Regulation G, consisting of Total Revenues - Adjusted, Organic Revenue, EBITDAC, EBITDAC Margin, EBITDAC - Adjusted, EBITDAC Margin - Adjusted, Income Before Income Taxes - Adjusted, Income Before Income Taxes Margin - Adjusted, Net Income - Adjusted and Diluted Net Income Per Share - Adjusted. We present these measures because we believe such information is of interest to the investment community and because we believe it provides additional meaningful methods to evaluate the Company's operating performance from period to period on a basis that may not be otherwise apparent on a GAAP basis due to the impact of certain items that have a high degree of variability, that we believe are not indicative of ongoing performance and that are not easily comparable from period to period. This non-GAAP financial information should be considered in addition to, not in lieu of, the Company's consolidated income statements and balance sheets as of the relevant date. Consistent with Regulation G, a description of such information is provided below and a reconciliation of such items to GAAP information can be found within this press release as well as in our periodic filings with the SEC.

Information Regarding Non-GAAP Measures - Continued

Non-GAAP Revenue Measures

- **Total Revenues - Adjusted** is our total revenues, excluding Foreign Currency Translation.
- **Organic Revenue** is our core commissions and fees less: (i) the core commissions and fees earned for the first 12 months by newly acquired operations; (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period); and (iii) Foreign Currency Translation. The term “core commissions and fees” excludes profit-sharing contingent commissions and therefore represents the revenues earned directly from specific insurance policies sold and specific fee-based services rendered. Organic Revenue can be expressed as a dollar amount or a percentage rate when describing Organic Revenue growth.

Non-GAAP Earnings Measures

- **EBITDAC** is defined as income before interest, income taxes, depreciation, amortization and the change in estimated acquisition earn-out payables.
- **EBITDAC Margin** is defined as EBITDAC divided by total revenues.
- **EBITDAC - Adjusted** is defined as EBITDAC, excluding (i) (gain)/loss on disposal, (ii) Acquisition/Integration Costs (as defined below) and (iii) Foreign Currency Translation (as defined below).
- **EBITDAC Margin - Adjusted** is defined as EBITDAC - Adjusted divided by Total Revenues - Adjusted.
- **Income Before Income Taxes - Adjusted** is defined as income before income taxes, excluding the pre-tax (i) change in estimated acquisition earn-out payables, (ii) (gain)/loss on disposal, (iii) Acquisition/Integration Costs (as defined below) and (iv) the period-over-period impact of Foreign Currency Translation (as defined below).
- **Income Before Income Taxes Margin - Adjusted** is defined as Income Before Income Taxes - Adjusted divided by Total Revenues - Adjusted.
- **Net Income - Adjusted** is defined as net income, excluding the after-tax (i) change in estimated acquisition earn-out payables, (ii) (gain)/loss on disposal, (iii) Acquisition/Integration Costs (as defined below) and (iv) the period-over-period impact of Foreign Currency Translation (as defined below).
- **Diluted Net Income Per Share - Adjusted** is defined as diluted net income per share, excluding the after-tax impact of (i) the change in estimated acquisition earn-out payables, (ii) (gain)/loss on disposal, (iii) Acquisition/Integration Costs (as defined below) and (iv) Foreign Currency Translation (as defined below).

Definitions Related to Certain Components of Non-GAAP Measures

- **“Acquisition/Integration Costs,”** means the acquisition and integration costs (e.g., costs associated with regulatory filings, legal/accounting services, due diligence and the costs of integrating our information technology systems) arising out of our acquisitions of GRP (Jersey) Holdco Limited and its business, Orchid Underwriters Agency and CrossCover Insurance Services, and BdB Limited companies, which are not considered to be normal, recurring or part of the ongoing operations.
- **“Foreign Currency Translation”** means the period-over period impact of foreign currency translation, which is calculated by applying current-year foreign exchange rates to the various functional currencies in our business to our reporting currency of US dollars for the same period in the prior year.

Our industry peers may provide similar supplemental non-GAAP information with respect to one or more of these measures, although they may not use the same or comparable terminology and may not make identical adjustments and, therefore comparability may be limited. This supplemental non-GAAP financial information should be considered in addition to, and not in lieu of, the Company's condensed consolidated financial statements.

Second Quarter 2023 Results

(Unaudited)

\$1,047M

Total revenue
growth of
24.7%

11.2%

Organic
Revenue
growth

34.2%

EBITDAC
Margin - Adjusted
up 150bps from the
same quarter in the
prior year

\$0.67

Diluted net
income per
share increased
31.4%

\$0.68

Diluted Net
Income Per
Share - Adjusted
increased
33.3%

\$24M

Annual revenue
of six acquisitions
completed during
the quarter



See important disclosures regarding non-GAAP measures on pages 2-3 and non-GAAP reconciliations on pages 13-17.

Market & Business Overview – 2Q23



Many companies continued to grow during the quarter, with business leaders hiring and investing, but remaining cautious due to rising interest rates and inflation



Rate increases for most lines remained relatively consistent with prior quarters. Workers' compensation rates continued to decline, and E&S professional liability rates declined further



Q2 E&S commercial property placements remained very challenging due to losses and increasing values



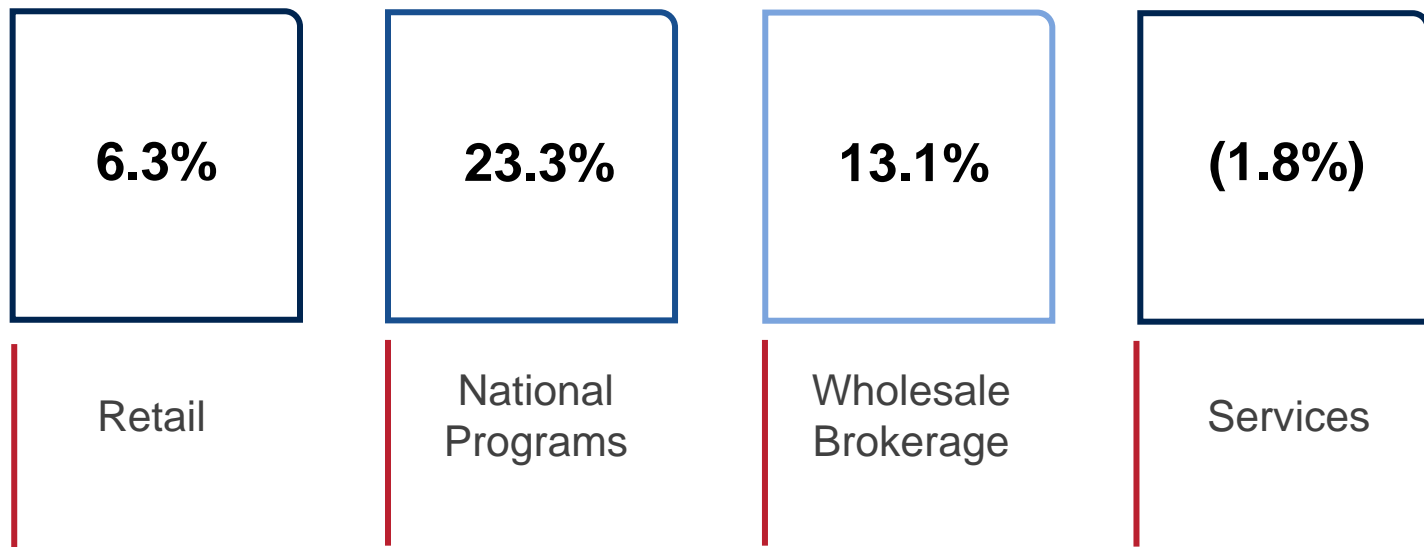
Personal lines in Florida, Texas and California continued to be challenging due to loss experience and lack of carrier appetite



We remained active on the M&A front, while industry-wide M&A volume continued to slow. The marketplace remains competitive for high-quality acquisitions

Segment Organic Revenue Growth 2Q23

(Unaudited)



Consolidated Financial Highlights - Adjusted

(\$ Millions, Except Per Share Data; Adjusted & Unaudited)		Second Quarter		
	2023	2022	\$ Change	% Change
Total Revenues - Adjusted	\$1,047.3	\$839.7	\$207.6	24.7%
<i>Organic Revenue</i>	\$894.3	\$804.5	\$89.8	11.2%
Income Before Income Taxes - Adjusted	\$259.1	\$196.2	\$62.9	32.1%
<i>Income Before Income Taxes Margin - Adjusted</i>	24.7%	23.4%		130bps
EBITDAC - Adjusted	\$358.4	\$274.7	\$83.7	30.5%
<i>EBITDAC Margin - Adjusted</i>	34.2%	32.7%		150bps
Net Income - Adjusted	\$193.9	\$143.3	\$50.6	35.3%
Diluted Net Income Per Share - Adjusted	\$0.68	\$0.51	\$0.17	33.3%
Weighted average number of shares outstanding – diluted	280.5	278.2	2.3	0.8%
Dividends declared per share	\$0.115	\$0.103	\$0.012	11.7%

Retail Segment

(\$ Millions; Unaudited)	Second Quarter			
	2023	2022	\$ Change	% Change
Total Revenues - Adjusted	\$574.5	\$457.9	\$116.6	25.5%
Organic Revenue	\$470.5	\$442.8	\$27.7	6.3%
EBITDAC - Adjusted	\$163.4	\$129.7	\$33.7	26.0%
EBITDAC Margin - Adjusted	28.4%	28.3%		10bps

Business & Market Commentary

Total Revenues - Adjusted grew due to acquisition activity and Organic Revenue with an increase in year-over-year profit-sharing contingent commissions. Organic Revenue was driven by solid new business and continued rate increases.

Commercial and employee benefits rates generally increased 4%-10% as compared to the prior year, with higher rates for CAT property. Growth rates for professional liability continued to moderate slightly.

EBITDAC - Adjusted grew faster than Total Revenues - Adjusted primarily due to increased profit-sharing contingent commissions, which were substantially offset by higher non-cash stock-based compensation costs.

National Programs Segment

(\$ Millions; Unaudited)		Second Quarter		
	2023	2022	\$ Change	% Change
Total Revenues - Adjusted	\$283.3	\$225.4	\$57.9	25.7%
<i>Organic Revenue</i>	<i>\$258.1</i>	<i>\$209.4</i>	<i>\$48.7</i>	<i>23.3%</i>
EBITDAC - Adjusted	\$140.4	\$100.2	\$40.2	40.1%
<i>EBITDAC Margin - Adjusted</i>	<i>49.6%</i>	<i>44.5%</i>		<i>510bps</i>

Business & Market Commentary

Total Revenues - Adjusted increased primarily due to strong Organic Revenue across most programs, net acquisition activity and to a lesser extent from higher profit-sharing contingent commissions.

Organic Revenue growth was driven by strong new business, good retention, modest exposure unit expansion, and continued rate increases, especially for CAT-exposed property.

EBITDAC - Adjusted grew by leveraging our expense base in connection with strong growth of Total Revenues - Adjusted.

| Wholesale Brokerage Segment

(\$ Millions; Unaudited)	Second Quarter			
	2023	2022	\$ Change	% Change
Total Revenues - Adjusted	\$139.1	\$112.4	\$26.7	23.8%
Organic Revenue	\$122.5	\$108.3	\$14.2	13.1%
EBITDAC - Adjusted	\$43.9	\$36.5	\$7.4	20.3%
EBITDAC Margin - Adjusted	31.6%	32.5%		(90bps)

Business & Market Commentary

Total Revenues - Adjusted increased primarily due to strong Organic Revenue and recent acquisitions. Organic Revenue growth was driven by good new business and retention, as well as rate increases for most lines of business.

Rates increased at similar levels to previous quarters. CAT property rates were up 30%-40%, depending on loss experience. Professional lines rates were flat to down 10%. Rate increases for casualty lines remained relatively consistent, in the range of down 10% to up 10%.

EBITDAC - Adjusted growth was slower than the increase in Total Revenues - Adjusted due to some nonrecurring costs, which more than offset good margin expansion resulting from strong operating performance.

| Services Segment

(\$ Millions; Unaudited)	Second Quarter			
	2023	2022	\$ Change	% Change
Total Revenues - Adjusted	\$43.2	\$44.0	(\$0.8)	(1.8%)
Organic Revenue	\$43.2	\$44.0	(\$0.8)	(1.8%)
EBITDAC - Adjusted	\$7.7	\$8.8	(\$1.1)	(12.5%)
EBITDAC Margin - Adjusted	17.8%	20.0%		(220bps)

Business & Market Commentary

Total Revenues - Adjusted and Organic Revenue declined due to continued external factors that impacted our advocacy businesses, which were partially offset by an increase in claims processing revenue for certain businesses.

The decline in EBITDAC - Adjusted was driven primarily by lower Organic Revenue and the impacts of inflation.

Closing Comments



Expect growth of the economy will continue to moderate to more normal levels



Anticipate CAT property rates will continue to increase at similar levels. Changes in premium rates for all other lines should remain relatively consistent with previous quarters



International operations are well positioned for continued profitable growth, both organically and via acquisitions



We continue to engage with a number of potential acquisition candidates



Team remains in a strong position and has great momentum to further deliver strong and profitable growth



Second Quarter 2023 Results Reconciliation of Non-GAAP Measures

| GAAP to Adjusted Reconciliation

(\$ Millions, Except Per Share Data; Unaudited)		Second Quarter 2023			
	As Reported	Change in Estimated Acquisition Earn-Out Payables	(Gain)/ Loss on Disposal	Acquisition /Integration Costs	Adjusted
Total revenues	\$1,047.3	-	-	-	\$1,047.3
Income before income taxes	\$254.4	\$1.8	(\$0.4)	\$3.3	\$259.1
<i>Income Before Income Taxes Margin</i>	<i>24.3%</i>				<i>24.7%</i>
EBITDAC	\$355.5	-	(\$0.4)	\$3.3	\$358.4
<i>EBITDAC Margin</i>	<i>33.9%</i>				<i>34.2%</i>
Net income	\$190.4	\$1.3	(\$0.3)	\$2.5	\$193.9
Diluted net income per share	\$0.67	-	-	\$0.01	\$0.68

GAAP to Adjusted Reconciliation

(\$ Millions, Except Per Share Data; Unaudited)

Second Quarter 2022

	As Reported	Change in Estimated Acquisition Earn-Out Payables	(Gain)/ Loss on Disposal	Acquisition/ Integration Costs	Foreign Currency Translation ⁽¹⁾	Adjusted
Total revenues	\$839.7	-	-	-	-	\$839.7
Income before income taxes	\$198.8	(\$3.0)	(\$0.7)	\$1.1	-	\$196.2
<i>Income Before Income Taxes Margin</i>	23.7%					23.4%
EBITDAC	\$274.3	-	(\$0.7)	\$1.1	-	\$274.7
<i>EBITDAC Margin</i>	32.7%					32.7%
Net income	\$145.2	(\$2.2)	(\$0.5)	\$0.8	-	\$143.3
Diluted net income per share	\$0.51	-	-	-	-	\$0.51



See important disclosures regarding non-GAAP measures on pages 2-3.
(1) Immaterial Foreign Currency Translation for the second quarter

Reconciliation of Total Revenues and Income Before Income Taxes to Total Revenues - Adjusted, EBITDAC, EBITDAC - Adjusted, EBITDAC Margin and EBITDAC Margin - Adjusted

(\$ Millions; Unaudited)

Second Quarter

	Retail		National Programs		Wholesale Brokerage		Services		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total revenues	\$574.5	\$457.6	\$283.3	\$225.7	\$139.1	\$112.4	\$43.2	\$44.0	\$7.2	\$0.0	\$1,047.3	\$839.7
Foreign Currency Translation	-	0.3	-	(0.3)	-	-	-	-	-	-	-	-
Total Revenues - Adjusted	\$574.5	\$457.9	\$283.3	\$225.4	\$139.1	\$112.4	\$43.2	\$44.0	\$7.2	\$0.0	\$1,047.3	\$839.7
Income before income taxes	\$105.1	\$82.5	\$118.9	\$76.5	\$37.5	\$33.8	\$5.7	\$6.6	(\$12.8)	(\$0.6)	\$254.4	\$198.8
Income Before Income Taxes Margin	18.3%	18.0%	42.0%	33.9%	27.0%	30.1%	13.2%	15.0%	NMF	NMF	24.3%	23.7%
Amortization	27.2	20.5	10.1	9.8	2.6	2.0	1.3	1.3	-	-	41.2	\$33.6
Depreciation	4.6	2.6	2.9	3.5	0.7	0.6	0.4	0.4	1.6	1.8	10.2	\$8.9
Interest	21.8	23.5	8.8	10.4	2.8	3.3	0.3	0.5	14.2	(1.7)	47.9	\$36.0
Change in estimated acquisition earn-out payables	1.6	0.6	-	0.1	0.2	(3.7)	-	-	-	-	1.8	(3.0)
EBITDAC	\$160.3	\$129.7	\$140.7	\$100.3	\$43.8	\$36.0	\$7.7	\$8.8	\$3.0	(\$0.5)	\$355.5	\$274.3
EBITDAC Margin	27.9%	28.3%	49.7%	44.4%	31.5%	32.0%	17.8%	20.0%	NMF	NMF	33.9%	32.7%
(Gain)/loss on disposal	-	(0.9)	(0.4)	-	-	0.2	-	-	-	-	(0.4)	(0.7)
Acquisition/Integration Costs	3.1	0.8	0.1	-	0.1	0.3	-	-	-	-	3.3	1.1
Foreign Currency Translation	-	0.1	-	(0.1)	-	-	-	-	-	-	-	-
EBITDAC - Adjusted	\$163.4	\$129.7	\$140.4	\$100.2	\$43.9	\$36.5	\$7.7	\$8.8	\$3.0	(\$0.5)	\$358.4	\$274.7
EBITDAC Margin - Adjusted	28.4%	28.3%	49.6%	44.5%	31.6%	32.5%	17.8%	20.0%	NMF	NMF	34.2%	32.7%



See important disclosures regarding non-GAAP measures on pages 2-3.
NMF = Not a meaningful figure

Reconciliation of Commissions and Fees to Organic Revenue

(\$ Millions; Unaudited)

Second Quarter

	Retail ⁽¹⁾		National Programs		Wholesale Brokerage		Services		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Commissions and fees	\$572.9	\$456.9	\$281.2	\$225.5	\$138.6	\$112.3	\$43.2	\$44.0	\$1,035.9	\$838.7
<i>Total change</i>	116.0		55.7		26.3		(0.8)		197.2	
<i>Total growth %</i>	25.4%		24.7%		23.4%		(1.8%)		23.5%	
Profit-sharing contingent commissions	(15.0)	(9.4)	(15.1)	(10.3)	(3.5)	(2.4)	-	-	(33.6)	(22.1)
Core commissions and fees ⁽²⁾	\$557.9	\$447.5	\$266.1	\$215.2	\$135.1	\$109.9	\$43.2	\$44.0	\$1,002.3	\$816.6
Acquisitions	(87.4)		(8.0)		(12.6)		-		(108.0)	
Dispositions		(4.9)		(5.5)		(1.6)		-		(12.0)
Foreign Currency Translation		0.2		(0.3)		-		-		(0.1)
Organic Revenue	\$470.5	\$442.8	\$258.1	\$209.4	\$122.5	\$108.3	\$43.2	\$44.0	\$894.3	\$804.5
<i>Organic Revenue growth</i>	\$27.7		\$48.7		\$14.2		(\$0.8)		\$89.8	
<i>Organic Revenue growth %</i>	6.3%		23.3%		13.1%		(1.8%)		11.2%	

(1) The Retail Segment includes commissions and fees that are reported in the "Other" column of the Segment Information in the Notes to the Consolidated Financial Statements in our SEC filings, which includes corporate and consolidation items.

(2) Core commissions and fees is defined as commissions and fees less profit-sharing contingent commissions (revenues from insurance companies based upon the profitability of the business placed with such companies during the prior year).



See important disclosures regarding non-GAAP measures on pages 2-3.



For additional information:

Andrew Watts

*Executive Vice President
& Chief Financial Officer*

(386) 239-5770 | awatts@bbins.com

***The Cheetah:** Since our beginning, we have known that doing what is best for our customers requires constant persistence and vision. The cheetah, which represents vision, swiftness, strength, and agility, embodies our company culture and has served as a symbol for Brown & Brown since the 1980s.*