The Baldwin Group

2025

February 26, 2026

In the midst of sitting down to write this letter, public market sentiment turned violently against insurance brokers — in a matter of days, nearly $40B of market capitalization was eviscerated across our public broker peers, the most dramatic sell-off in nearly two decades. This was prompted by fears that AI is going to meaningfully disrupt, if not disintermediate, the brokerage business model.

Today, the critical question being debated is whether AI is going to be a true competitor to brokers or an enabler for them. I have my views, but I also thought it was appropriate, given the circumstances, to let Anthropic's Claude AI weigh in...

CLAUDE AI'S EXECUTIVE SUMMARY:

The insurance brokerage industry is entering a period of paradoxical transformation: it will almost certainly be bigger in revenue and more valuable in aggregate five years from now, yet the composition, competitive dynamics, and workforce shape of the industry will look dramatically different. The global insurance brokerage market, valued at roughly $328 billion in 2025, is forecast to reach $480–525 billion by 2030. But that top-line growth masks a tectonic redistribution of value — away from routine intermediation and toward data-driven advisory, specialty risk placement, and AI-augmented consulting. The brokerages that thrive will be those that use AI as an accelerant; those that don't will face existential margin pressure.

You can read Claude AI's full report *here*.

At The Baldwin Group, automation and AI are not new, we've been working with and leveraging these technologies for years. Ultimately, we believe AI will be both a competitor/disruptor for some and a force multiplier/enabler for those who harness its power. If you are simply a middleman or conduit for commoditized insurance products, you should likely be worried. Given the combination of our end markets and the way we go to market, we expect AI to provide significant gains in productivity and organizational speed and agility, a true force multiplier. Since our founding, we have been building a technology-enabled business with an eye toward this moment. Put quite simply, The Baldwin Group is purpose-built for this era. Let's get into the details.

We have a thriving personal lines business that we are extremely proud of. In total, personal insurance represents approximately 38% of overall pro forma revenues. Of that, roughly 90% is habitational (home, renters, real estate investor); the remainder is auto, umbrella, jewelry, golf cart, and other items linked primarily to high-net worth clients with more complex needs as homes are typically higher in value and more often catastrophe (CAT) exposed. Most importantly, approximately 85% of Baldwin's habitational product revenue is generated through embedded channel partnerships.

From that perspective, we believe recent AI and technology developments bolster our long held thesis: Embedded insurance is the ultimate moat. While the market worries about consumers asking a chatbot for insurance, we are focused on being the solution of convenience coupled with the primary transaction and through a trusted partner — buying a home, securing a mortgage, or renting an apartment.

We don’t wait for the client to search; we are already there.

Some more specifics:

- **Westwood, our embedded home insurance platform for new home builders** ($160M 2025 revenue, $190M pro forma including Hippo transaction), seamlessly embeds directly into the buying experience through our proprietary technology platform, Advantage+, for 20 of the top 25 homebuilders in the U.S. who sold 57% of all new homes sold in the country in 2024. As the insurance solution at point of home sale, Westwood binds a policy with over 55% of its new home buyer prospects and 85% of those policies are escrowed into the mortgage payment.
- **Our National Mortgage and Real Estate (“NMRE”) platform** ($20M+ 2025 revenue), serves as an extension of our partners’ client experiences, efficiently bringing protection directly into end consumers’ moments of home purchase and financing through digitally enabled, embedded offerings powered by our proprietary technology platform, Coverage Navigator. In 2025, NMRE onboarded 12 mortgage and real estate partners who collectively facilitate 145K home and mortgage transactions per year. This includes New American Funding, a top 20 mortgage originator in the U.S., which moved to our platform from a competitor and has seen dramatic increases in conversion rates from the seamless way Coverage Navigator embeds into the mortgage process.
- **Our MGA Renters platform** ($280M+ FY2025 premium), embeds directly into property management software, allowing a renter to purchase an insurance policy at point of lease in under 60 seconds. 100% of the premium throughput from this channel flows to proprietary products built and managed by our MGA platform.

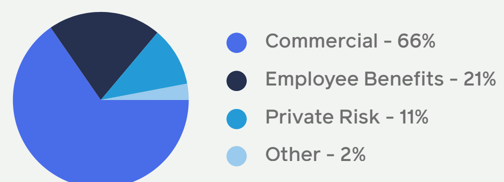
In all of these examples, in addition to third-party insurance offerings, we sell our own proprietary insurance products built and managed through our MGA platform, MSI. These products are purpose-built for the end channels we embed into, driving better value and tailored coverage to policyholders, and better underwriting results for our capacity partners. The proprietary flow of our products through these channels is an important part of the value proposition we offer our partners and, we believe, helps further insulate us from perceived risks of disintermediation. It is our product and access runs through our platform.

We have been investing heavily in embedded as a direct strategy to transform how personal insurance is bought and sold. We believe we are doing everything to ensure we are the disruptor in this marketplace. Our embedded solutions are easier, more intuitive, and more seamless than initiating a separate process with an AI agent outside the primary transaction (home purchase, refinance, etc.). Automation and AI-fueled capabilities are enhancing our embedded offerings. Since early 2024, we have been building AI into our platforms and are seeing the expected productivity gains including digital agents taking phone calls and binding policies when coverage discussions are not required under applicable law.

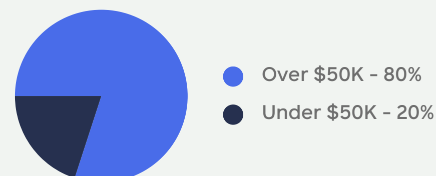
The Expertise Advantage for Complex Businesses

Turning to our Insurance Advisory Solutions (IAS) segment, which represents 58% of our total revenues, we have intentionally constructed a retail brokerage and advisory business that skews toward clients with both scale and complexity where deep product and sector experience are critical factors in the choice of an insurance advisor. The addition of CAC Group only amplifies that strategy, bringing substantial expertise in complex industry sectors and risk products. Of our roughly $1B of IAS revenues inclusive of CAC, approximately 70% is commercial insurance for mid-size to large clients, approximately 20% is employee benefits brokerage and consulting for similarly sized businesses, and the remainder is personal insurance for high-net-worth families and individuals. To put a finer point on the scale and complexity of the clients we serve, approximately 80% of IAS revenue comes from clients who generate at least $50K of revenue for Baldwin, meaning they are generally spending more than $500K in insurance premiums. By comparison, among scaled brokerage platforms similar to ours, this cohort of clients represents approximately 65% of their business according to industry best practices data.

IAS revenue - inclusive of CAC (by business segment)



Revenue from IAS clients who generate at least $50K



In addition to serving larger, more complex clients than many of our traditional middle market peers, we have organized the business around industry and product specialties enhancing the value we bring to clients. This positions us to lean into emerging trends, capitalize on growing pockets of the economy, and serve as a true trusted advisor. One of several examples is how we are organizing cross-functional teams of experts from construction and natural resources, real estate, cyber and complex property to serve clients involved in data center development. We have already made big headway with key clients in all phases of the lifecycle, including project sponsors and owners, developers of solar/wind, geothermal, natural gas, nuclear and energy storage projects, power producers and energy off-takers. If you have not seen our ***Data Center white paper***, I suggest you take a look to get a sense of the depth of expertise we have been able to assemble. This convergence of traditionally siloed practices allows us to move at speed with rapidly changing markets and sets the stage for our support of emerging technologies and markets ranging from nuclear power to critical mineral mining and processing.

Specific to small property and casualty (P&C) and benefits clients, all brokers have this business; few serve it effectively. At The Baldwin Group, we define small commercial accounts as those generating less than $10K of annual firm revenue or generally those spending less than $100K per year in premiums. Today, we have approximately $50M of revenue from roughly 28K clients in this category.

This overstates the stand-alone small business base as some of these smaller accounts are linked to larger clients, affiliates, or commonly managed but legally separate businesses. Those are handled by the account team that manages the broader client relationship.

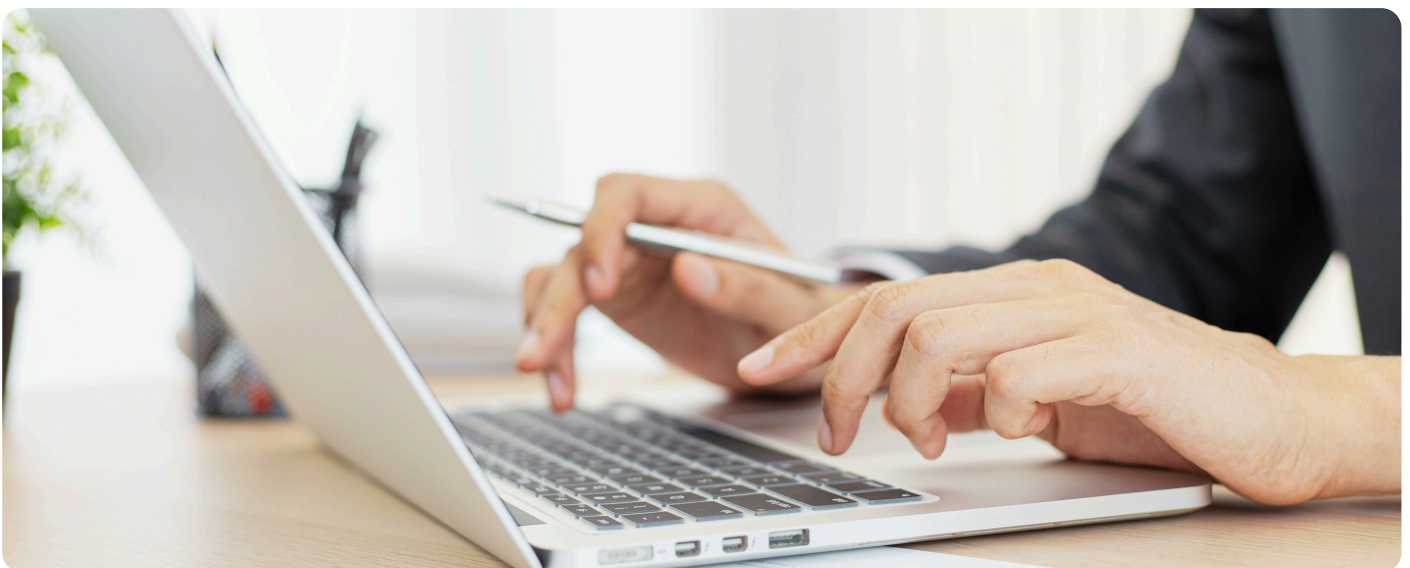
Transforming Ourselves in Small Commercial

AI is particularly well suited to accelerate our small business strategy, an area where we have been proactively transforming ourselves.

Traditional brokerage economics for small accounts are broken: high labor costs, low retention, and often low to negative margins. We didn't ignore this; we attacked it. Using our **Founder Shield** digital platform, we are migrating small business clients to a digitally-guided experience. The results are significant as we move business from our middle market regions to this platform:

- Retention has increased from 82% to 92%
- Margins have grown by 40%+
- Growth accelerated to 25% as the digitally-guided buying experience led to cross-sell and up-sell

We are not waiting for an AI agent to disintermediate this business. We are using a digital-first platform to serve it better and more profitably than any human-intensive model could. As AI is further infused into this platform, the experience for our small business clients will only improve.



We ended 2025 with $17M of retail brokerage revenue on this digital platform. This platform is also designed to serve affinity and embedded partners providing automated and digital small business insurance solutions across a range of potential ecosystem partners.

*If you have a small business, or know someone who does, I would encourage you to give us a try. Get started **here**.*

Proprietary Products and Capacity

Our Underwriting, Capacity, and Technology Solutions (UCTS) business wraps a strategic moat around the broader Baldwin platform. UCTS is a product business; we build and manage proprietary insurance products, we price and analyze risk, adjudicate claims, and facilitate the formation and management of third-party risk capital to stand behind those products. These proprietary products serve as value enhancers to our embedded and retail brokerage businesses, allowing us to bring purpose-built, tailored solutions to clients. We have long held the view that the broker of the future, indeed, the broker for an AI world, integrates across the value chain end-to-end: owning the client relationship, where appropriate building and managing the risk transfer products and solutions, and arranging the formation and management of risk capital.

Over the past few years, we have made significant progress toward maturing our capabilities across this value chain — forming our reinsurance brokerage platform Juniper Re, acquiring Multi-Strat, our insurance-linked securities (ILS) platform, growing our captive management business, and forming our inaugural reciprocal exchange this past year. We still have much to do, but we are well positioned for the transformation and innovation that AI will catalyze across the insurance landscape. We do not fear this change; we welcome it because from the beginning we set out to create the broker of the future with a forward-looking approach, embracing technology such as AI to benefit our stakeholders and accelerate business success. Our firm is built to embrace and thrive in this rapidly evolving environment.

The Baldwin Group

Year in Review

The insurance market in 2025 was shaped by a convergence of interconnected risks and structural change. While global CAT activity once again exceeded the $100B annual insured-loss baseline, this was primarily driven by elevated secondary peril losses such as wildfires and severe convective storms (SCS). An overall light wind season, coupled with an abundance of CAT property insurance capacity, facilitated a dramatic shift in the pricing environment, leading to meaningful and broad-based property rate declines and a much-needed reprieve for clients after several years of a historically hard pricing environment. This is juxtaposed with a casualty market that continues to be pressured by social inflation, third-party litigation funding, and evolving regulatory dynamics that supported continued, albeit in many areas ebbing, rate increases.

The healthcare marketplace across employer-sponsored, government funded, managed care, and individual medical plans saw growing loss cost and utilization trend. Frustration among constituents is palpable, with opacity of cost drivers and the influence of entrenched market participants leaving many clients and consumers yearning for clarity among the complexity and direction on taking back more control over cost and outcomes.

Beyond the insurance markets, the macroeconomic environment remained uneven, with moderating but still persistent inflation, tariff-driven cost uncertainty, and elevated interest rates influencing business investment and operating decisions. Against this complexity, the essential role of insurance as an enabler of economic activity was unmistakable. Equally clear was the importance of trusted advisors to cut through that complexity, protect what matters most, and enable businesses, individuals, and families to pursue what is possible.

The structure of our industry also continued to evolve. Consolidation among large intermediaries created disruption and opportunity, increasing demand from clients and industry professionals for integrated, analytics-forward and specialty-oriented advisory platforms capable of navigating a more complex risk landscape. Against this backdrop, competition to attract, develop and engage the industry's leading talent is at an all-time high.

I am proud of the way our colleagues navigated this environment with disciplined execution and a laser focus on bringing the best of our firm to clients and partners. Without question, 2025 brought uneven performance across our business that we are not satisfied with. At the consolidated level, however, we posted our sixth consecutive year of top-of-industry organic growth despite a number of near-term idiosyncratic headwinds. And through continued focus on execution and expense discipline, we delivered 20 basis points (bps) of adjusted EBITDA margin expansion for the year. We exited 2025 with a meaningfully bolstered balance sheet, growing cash flow from operations, and a significant opportunity for ongoing margin accretion. Coupled with strong underlying fundamentals and building momentum across all three operating segments, I remain confident in our ability to outperform and deliver meaningful value for all stakeholders in the years ahead.

2025 Highlights

Financial Benchmarks

	2025	2024	2023	2022	2021	2025 YOY Growth (%)
Pro Forma Revenue ($mm)	$1,523.3	$1,382.8	$1,183.4	$1,014.5	$719.3	10%
Pro Forma Adjusted EBITDA ($mm)	$352.5	$310.9	$244.0	$202.9	$175.0	13%
Adjusted EBITDA ($mm)	$341.5	$312.5	$250.2	$196.5	$112.9	9%
Adjusted EBITDA Margin	23%	22%	21%	20%	20%	
Adjusted Net Income ($mm)	$198.9	$176.9	$131.1	$119.0	$80.6	12%
Adjusted Diluted Earnings Per Share	$1.67	$1.50	$1.12	$1.03	$0.80	11%
Adjusted Free Cash Flow ($mm)	$87.2	$92.0	$24.4	$57.1	$54.3	-5%
Organic Revenue Growth	7%	17%	19%	23%	22%	
Total Revenue Growth	8%	14%	24%	73%	135%	
Pro Forma Revenue Growth	10%	17%	17%	41%	69%	
Annualized Revenue of New Partner Firms ($mm)	$36.4	-	-	$96.3	$206.2	
Enterprise Value ($bn)	$4.4	$5.8	$4.0	$4.1	$4.9	-24%
Price Per Share	$24.03	$38.76	$24.02	$25.14	$36.11	-38%

The Baldwin Group in 2025 – Innovate, Execute, Excel

For The Baldwin Group, 2025 will be remembered as a pivotal year in the firm's evolution. It tested execution in a challenging environment, showcased the value and durability of our vertically-integrated, diversified insurance distribution platform, and created the conditions to accelerate long-term value creation. The actions we took strengthened our foundation, sharpened our operating model, and positioned us to enter our next phase of growth with clarity and confidence.

Our theme for 2025 was "Innovate, Execute, and Excel." Despite uneven headline financial performance, this was evident across each of our three operating groups, which all saw meaningful achievements against our core objectives for the year.

In our **Mainstreet Insurance Solutions** (MIS) segment, we dramatically advanced our embedded strategy by cementing our leading position in the new home builder market via the acquisition of Hippo's embedded homebuilder business into Westwood. We are now the embedded home insurance partner for 20 of the top 25 U.S. homebuilders who sold 57% of all new homes sold in the country in 2024. We also launched proprietary embedded home insurance technology platform, Coverage Navigator, for the mortgage industry and onboarded 12 new mortgage and real estate partners, including a top 20 originator. Our digitally-enabled embedded offerings serve as extensions of our partners' client experiences, bringing protection directly into end consumers' moments of home purchase and financing. We take this responsibility seriously and it is gratifying to see our technology and platform investments bearing meaningful results.

In our **Underwriting, Capacity, and Technology Solutions** (UCTS) segment, we executed on initiatives to support durable, sustainable outsized growth and furthered our vertical integration strategy. In our multi-family business, we partnered with our largest channel partner to build a new group renters product suite launching in 2026. In our homeowners business, we launched our first reciprocal exchange focused on the new home builder channel to support the book's transition from QBE. We also signed an agreement with Hippo to support a second builder product expected to go live in 2026 and further our capture of Westwood's client base into proprietary MSI programs. We continued to scale Juniper Re which grew 120% in 2025 and closed our partnership (our term for M&A) with MultiStrat, a Bermuda-based ILS platform, expanding access to alternative capital for cedant clients and MGA platforms. Within MSI, we continued to deliver on our product expansion and diversification strategy with the launch of Cyber and Commercial General Liability programs among others, and several new programs in the pipeline for 2026.

Within **Insurance Advisory Solutions** (IAS), headline financial results were meaningfully disconnected from underlying momentum given an uneven insurance rate and exposure environment (headwind of 380bps for the year, a 410bps rate-of-change from 2024, a direct corollary to organic growth impact) compounded by a procedural change to revenue recognition timing (headwind of 140bps). Despite these headwinds, we delivered strong new business growth, with sales velocity at 19%, top decile for our industry, particularly at scale. Capitalizing on this momentum, we increased our investments in new advisor talent by 44%, growing our net unvalidated producer payroll (NUPP) from 1.6% to 2.3% of commissions and fee revenue over last year. Client retention improved by over 300bps in the fourth quarter, reflecting emphasis on client stewardship execution, collaboration across our footprint to deliver the best of Baldwin, and innovation across the risk and health landscape to keep clients on the vanguard.

We prepared the organization for the next phase of growth, by strengthening a single operating platform — systems, data standards, workflows, and governance — to facilitate adoption of AI and role transformation solutions that elevate colleague impact, improve platform efficiency and effectiveness, and enhance the client experience. And while not in our 2025 results, on January 1, 2026, we closed a significant partnership with CAC, bringing talent, up-market capabilities, and deep specialization that, combined with our IAS footprint, should drive durable organic growth for years to come.

Finally, we made meaningful strides across the business from a people, talent, and culture perspective. We completed our transition to The Baldwin Group brand; we were once again recognized as a Best Place to Work by Business Insurance — our 16th consecutive year — and received additional recognition from Fortune Magazine. Our firmwide internal engagement survey results reflected strong colleague connectivity and deep pride in our culture, underscoring that The Baldwin Group is an exceptional place to build a long-term career, while many of our competitors are experiencing disruption, consolidation, leadership turnover, and uncertainty. This environment only serves to highlight the stability, cohesion, and future-readiness of our platform, and reinforces the opportunity we have to attract and develop the industry's most elite professionals.

Well Positioned for a Shifting Tide

Looking back, it is increasingly clear that the last decade was a “Goldilocks era” for insurance intermediaries: widespread consolidation, constructive insurance rate and macro tailwinds, low interest rates, ample debt market capacity and robust equity multiples supported strong returns. I suspect 2025 will be remembered as the year the tide turned — we saw uneven insurance and economic markets, valuation resets for large platform deals, and for many firms the dearth of M&A-fueled growth and arbitrage opportunities spurred the most competitive market for talent in years.

Against this backdrop, several consolidators are carrying varying degrees of integration and operational-related deferred maintenance. Facing the reality of a less constructive operating environment, stalled, if not retreating platform valuation multiples, and internal equity valuation marks that may not reflect economic realities, some of these firms may resort to more unnatural tactics for liquidity and returns. In this environment, The Baldwin Group will continue to distinguish itself, differentiated through results and our growing reputation as the destination for our industry’s top professionals and home for the most discerning clients.

Our decision to do the hard work to truly integrate businesses as they joined us leaves us well positioned to drive growth in a dynamic, and less constructive market backdrop by more seamlessly deploying industry and product specialization, go-to-market strategies and cross sell into the field. This work is difficult, (if not impossible) without the cohesion of a single, integrated, operating platform. Our entrepreneurial culture, reputation as a destination for top talent, and growing capital flexibility position us to capitalize on talent dislocation as it accelerates.

Ultimately, we relish the opportunity that a market of this nature presents to showcase the power, durability, and stability of our platform for all stakeholders going forward.

Capital Allocation and the CAC Partnership

While the initial public market reaction to our recent partnership with CAC has been less constructive, we remain confident in the strategic value the CAC team brings to the Baldwin platform and the shareholder value it will deliver.

Consistent with our commentary in previous shareholder letters and investor forums, our capital allocation priorities remain unchanged — in rank order:

1. Invest internally to sustainably grow and scale
2. Partnerships that add expertise and capabilities and make good financial sense
3. Opportunistic share repurchases when they accelerate shareholder value
4. Dividends

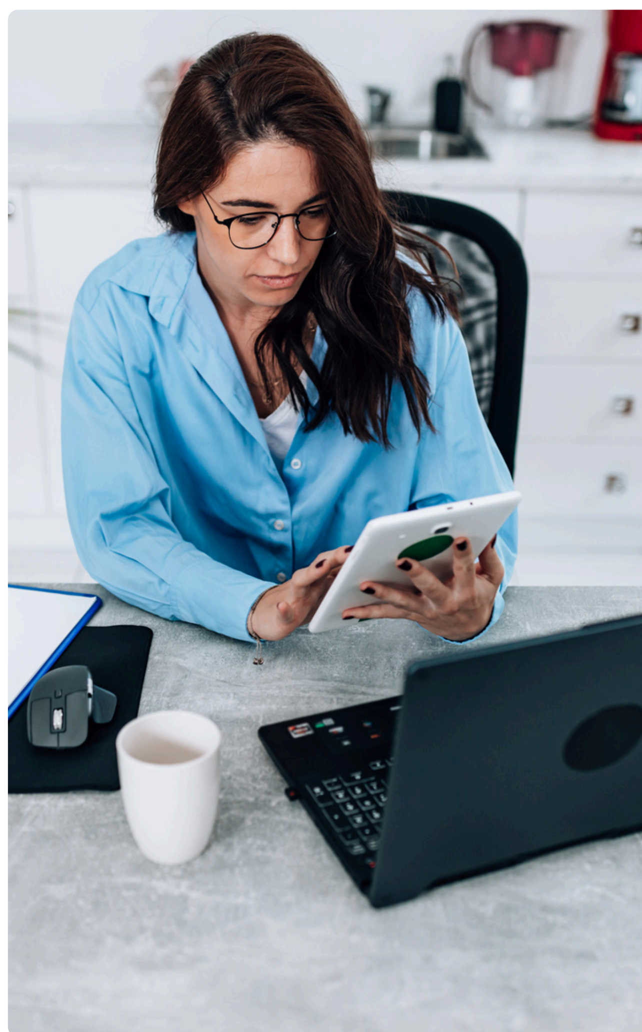
We continue to thoughtfully invest in the business while delivering margin expansion, cultivating a focused partnership pipeline with a select group of the industry’s highest quality firms, while ensuring we have the capital flexibility to act when the right opportunity presents itself.

CAC is one of those select firms. This is not a business we’ve observed from afar or have come to understand via marketing materials and deal due diligence. We have known the principals for over a decade. We’ve spent time meeting regularly to share best practices and build relationships. Put simply, we’ve had a front row seat to their growth trajectory and culture. That familiarity culminated in an opportunity to be the sole strategic partner they considered for their next leg of growth.

We recognize the timing carried near-term complexity, including several areas of investor sensitivity. We take that seriously. In situations like this, our North Star is clear — allocate capital to best position the business to scale and drive shareholder value over the long term.

The deal terms are compelling on their face (maximum consideration of 10.4x 2025E Adjusted EBITDA, inclusive of synergies), but we recognize that time, and our results, will be the ultimate arbiter. We are, of course, still a relatively young company building trust and credibility with investors. While we have learned from certain decisions since our IPO in 2019, we are very proud of our growing track record allocating capital via partnerships, illustrated in the table below. In aggregate across all of our partnership activity from 2020-2022, where earnouts have been fully satisfied, the post earn-out multiple we paid is 8.7x, down from 13.6x at closing and a significant discount to industry average multiples of 13.0x-14.0x over that period. This validates our ability to attract and win top performing businesses, make them better as a part of the Baldwin platform, and drive immense shareholder value while doing so.

I would also be remiss not to draw some parallels between CAC and Westwood, which is shown as the sole deal in the 2022 cohort and which, prior to CAC, was the largest partnership in Baldwin's history. We managed through near-term headwinds from the way the Westwood partnership was financed (which took leverage up to 5.8x heading into a rising interest rate environment), but time has proven Westwood to be an outstanding strategic and financial decision for shareholders.



Historical Partnership Performance

	Acquired Revenue ($mm)	Acquired EBITDA ($mm)	Upfront Purchase Price ($mm)	Total Purchase Price ($mm)	Upfront Multiple	All-In Multiple	Multiple Buydown
2020 total	$223	$76	$1,009	$1,150	13.3x	10.3x	-3.0x
2021 total	$204	$70	$1,028	$1,266	14.6x	8.9x	-5.7x
2022 total	$82	$31	$375	$390	12.1x	5.6x	-6.4x
2020 - 2022	**$508**	**$177**	**$2,412**	**$2,807**	**13.6x**	**8.7x**	**-4.9x**

The Baldwin Group

Building a business that spans the insurance value chain.

We sometimes hear that our business seems complex relative to our size — an understandable perspective after a year with uneven results across our three segments. That being said, I remain as convicted as ever in the wisdom of building a diversified, vertically-integrated business despite the relative complexity it entails.

First, the consolidated results in 2025 reflect that wisdom: strength in UCTS, driven by embedded proprietary product and a rapidly growing reinsurance broking business, helped offset idiosyncratic and macro factors in IAS and MIS. This won't be the last time we face headwinds in select areas, but a diverse set of complementary businesses positions us to grow and expand margins durably over time.

Second, while at times it is difficult to quantify and as a result, in my opinion, is underappreciated, there is immense value in the symbiosis that exists across our businesses. Retail distribution supports the launch of proprietary MGA programs, and in certain places allows us to better manage the underwriting performance of those programs. Proprietary products developed and managed inside the MGA provide wedges and moats for our knowledge-based retail brokerage and advisory businesses and reinsurance capabilities improve outcomes for clients and programs alike.

Lastly, in a world of growing concerns around AI's evolution and potential broker disintermediation, the vertically-integrated nature of our business provides an important moat around our stakeholder value proposition.

Looking ahead

We enter 2026 with cautious optimism around both the insurance and macroeconomic environment. Property markets are expected to remain deeply competitive, supported by abundant reinsurance and alternative capital. Casualty pricing discipline persists as underwriters focus on severity, venue risk, and claims defensibility. Cyber and management liability markets remain broadly competitive for organizations with mature controls and transparent governance, even as systemic and AI-enabled risks evolve. Healthcare expenses continue to escalate, with pharmacy costs and evolving utilization patterns causing elevated cost trends.

Macroeconomically, consensus expectations point to moderate U.S. growth of approximately 2.0% to 2.5%, gradual disinflation, and modestly lower, yet still elevated, interest rates. Exposure growth should track underlying economic activity, while insurance outcomes remain most sensitive to structural forces such as catastrophe volatility, litigation severity, and healthcare and pharmacy cost trends. Against this backdrop, the industry continues to shift from traditional risk transfer toward integrated risk orchestration connecting data, analytics, prevention, and capital. Our diversified platform spanning advisory, MGA capabilities, embedded distribution, and capital access through our reinsurance, captive, and ILS businesses is purpose-built for this next phase.

We remain anchored to an aspirational but disciplined North Star: achieving $3 billion in revenue and a 30% adjusted EBITDA margin over the intermediate term. This is not guidance; it is a framework that informs how we allocate capital, sequence initiatives, and measure progress. Importantly, we are not blindly chasing a revenue goal at all costs. My family and I are the largest shareholders of this business, and as such, we care deeply about per-share value creation which is far more important than scale, simply for scale's sake. When we issue equity, it is only with strong conviction that it will drive highly accretive outcomes. With the groundwork laid in 2025 and the CAC combination now closed, we believe we are better positioned than ever to achieve this objective.

Accelerate in 2026

As we look ahead, we are operating with a clarity and intensity that reflects the reality of the environment we are operating in. The “Goldilocks era” for insurance intermediaries is behind us; the conditions that once lifted all boats have given way to a market that rewards only those with true capability, discipline, and cohesion.

At The Baldwin Group, that shift plays directly into the strategy we have been executing for years. We have been thoughtfully assembling — piece by piece — a diversified, vertically-integrated platform built to thrive in any market cycle, not just the easy ones. 2026 is the year we move onto a war footing: accelerating integration, sharpening execution, unleashing the full power of our embedded, MGA, reinsurance, advisory, and reciprocal engines, and transforming roles and workflows through AI-enabled scale. We are not reacting to this moment; we were built for it. And with the foundation now in place, we are mobilizing our entire firm to compete harder, move faster, and win decisively in the landscape that’s emerging. Our business was built for this era and we look forward to showcasing that to our stakeholders in the coming years.

Some of the areas of focus across our firm for the year ahead are as follows:

- Advance our $3B/30 Catalyst program by consolidating core technology platforms to improve connectivity and data clarity across the firm while enabling faster, more disciplined decision-making.
- Execute the first phase of role transformation within our IAS segment, reimagining how colleagues serve clients by increasing role clarity, reducing friction, and sharpening focus on higher-value advisory work.
- Thoughtfully and efficiently integrate our newest partners, maintaining continuity for clients and colleagues while realizing planned expense and revenue synergies.
- Expand our reciprocal capabilities, further strengthening our vertically-integrated risk-transfer ecosystem and broadening access to capital-efficient solutions for clients and partner businesses.
- Accelerate progress in embedded distribution, deepening partnerships across the homebuilder, mortgage, real estate, and property management channels and extending our reach through high-quality, point-of-transaction distribution ecosystems.
- Continue evolving our operating model across people, process, and technology, improving workflow efficiency and enabling greater automation-supported scale as the organization grows.

As we move into this next chapter, I want to thank our clients and insurance company partners for their trust, our colleagues for their resilience and commitment, and our shareholders for their support, particularly after a challenging year. With significant colleague ownership, our alignment is deep and enduring as we build long-term value together.

In many ways our growth story is entering its most consequential chapter.

With confidence and gratitude,

Trevor Baldwin
Chief Executive Officer
The Baldwin Group

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This letter contains various “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which represent Baldwin’s expectations or beliefs concerning future events. Forward-looking statements are statements other than historical facts and may include statements that address future operating, financial or business performance or Baldwin’s strategies or expectations. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “outlook” or “continue,” or the negative of these terms or other comparable terminology. Forward-looking statements are based on management’s current expectations and beliefs and involve significant risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by these statements.

Factors that could cause actual results or performance to differ from the expectations expressed or implied in such forward-looking statements include, but are not limited to, those described under the caption “Risk Factors” in Baldwin’s Annual Report on Form 10-K for the year ended December 31, 2025 and in Baldwin’s other filings with the SEC, which are available free of charge on the SEC's website at: www.sec.gov, including those risks and other factors relevant to the business, financial condition and results of operations of Baldwin. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All forward-looking statements and all subsequent written and oral forward-looking statements attributable to Baldwin or to persons acting on behalf of Baldwin are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made, and Baldwin does not undertake any obligation to update them in light of new information, future developments or otherwise, except as may be required under applicable law.

In addition, this letter contains certain information produced from artificial intelligence. Such information is provided solely for informational purposes and Baldwin does not represent to the accuracy of such statements.

APPENDIX

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA, adjusted EBITDA margin, organic revenue, organic revenue growth, adjusted net income, adjusted diluted earnings per share (“EPS”), pro forma revenue, pro forma adjusted EBITDA, pro forma adjusted EBITDA margin and adjusted net cash provided by operating activities (“adjusted free cash flow”) are not measures of financial performance under GAAP and should not be considered substitutes for GAAP measures, including commissions and fees (for organic revenue and organic revenue growth), revenues (for pro forma revenue), net income (loss) (for adjusted EBITDA, adjusted EBITDA margin, pro forma adjusted EBITDA and pro forma adjusted EBITDA margin), net income (loss) attributable to Baldwin (for adjusted net income), diluted earnings (loss) per share (for adjusted diluted EPS) or net cash provided by (used in) operating activities (for adjusted free cash flow), which we consider to be the most directly comparable GAAP measures. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these non-GAAP financial measures in isolation or as substitutes for commissions and fees, revenues, net income (loss), net income (loss) attributable to Baldwin, diluted earnings (loss) per share, net cash provided by (used in) operating activities or other consolidated income statement data prepared in accordance with GAAP. Other companies in our industry may define or calculate these non-GAAP financial measures differently than we do, and accordingly, these measures may not be comparable to similarly titled measures used by other companies.

We define adjusted EBITDA as net income (loss) before interest, taxes, depreciation, amortization, change in fair value of contingent consideration and certain items of income and expense, including share-based compensation expense, transaction-related partnership and integration expenses, transformation costs, severance, and certain non-recurring items, including those related to raising capital. We believe that adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of income and expenses that do not relate to business performance, and that the presentation of this measure enhances an investor’s understanding of our financial performance.

Adjusted EBITDA margin is adjusted EBITDA divided by total revenues. Adjusted EBITDA margin is a key metric used by management and our board of directors to assess our financial performance. We believe that adjusted EBITDA margin is an appropriate measure of operating performance because it eliminates the impact of income and expenses that do not relate to business performance, and that the presentation of this measure enhances an investor’s understanding of our financial performance. We believe that adjusted EBITDA margin is helpful in measuring profitability of operations on a consolidated level.

Adjusted EBITDA and adjusted EBITDA margin have important limitations as analytical tools. For example, adjusted EBITDA and adjusted EBITDA margin:

- do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- do not reflect changes in, or cash requirements for, our working capital needs;
- do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations;
- do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- do not reflect share-based compensation expense and other non-cash charges; and
- exclude certain tax payments that may represent a reduction in cash available to us.

We calculate organic revenue based on commissions and fees for the relevant period by excluding (i) the first twelve months of commissions and fees generated from new partners and (ii) commissions and fees from divestitures. Organic revenue growth is the change in organic revenue period-to-period, with prior period results adjusted to (i) include commissions and fees that were excluded from organic revenue in the prior period because the relevant partners had not yet reached the twelve-month owned mark, but which have reached the twelve-month owned mark in the current period, and (ii) exclude commissions and fees related to divestitures from organic revenue. For example, commissions and fees from a partner acquired on June 1, 2024 are excluded from organic revenue for 2024. However, after June 1, 2025, results from June 1, 2024 to December 31, 2024 for such partners are compared to results from June 1, 2025 to December 31, 2025 for purposes of calculating organic revenue growth in 2025. Organic revenue growth is a key metric used by management and our board of directors to assess our financial performance. We believe that organic revenue and organic revenue growth are appropriate measures of operating performance as they allow investors to measure, analyze and compare growth in a meaningful and consistent manner.

We define adjusted net income as net income (loss) attributable to Baldwin adjusted for depreciation, amortization, change in fair value of contingent consideration and certain items of income and expense, including share-based compensation expense, transaction-related partnership and integration expenses, transformation costs, severance, and certain non-recurring costs that, in the opinion of management, significantly affect the period-over-period assessment of operating results, and the related tax effect of those adjustments. We believe that adjusted net income is an appropriate measure of operating performance because it eliminates the impact of income and expenses that do not relate to business performance.

Adjusted diluted EPS measures our per share earnings excluding certain expenses as discussed above for adjusted net income and assuming all shares of Class B common stock were exchanged for Class A common stock on a one-for-one basis. Adjusted diluted EPS is calculated as adjusted net income divided by adjusted diluted weighted-average shares outstanding. We believe adjusted diluted EPS is useful to investors because it enables them to better evaluate per share operating performance across reporting periods.

For the years ended December 31, 2021 through 2022, pro forma revenue reflects GAAP revenues plus revenue from partnerships in the unowned periods, and pro forma net income (loss) reflects GAAP net income (loss) plus net income or loss from partnerships in the unowned periods, eliminating the effects of financing, depreciation and amortization.

For the years ended December 31, 2023 and 2024, pro forma revenue reflects GAAP revenues less revenue derived from business divestitures that occurred during 2024, and pro forma net income (loss) reflects GAAP net income (loss) less net income or loss derived from business divestitures that occurred during 2024, including the gain on divestitures.

For the year ended December 31, 2025, the pro forma information presented herein (i) assumes 2025 partnerships were consummated on January 1, 2025, such that our 2025 financial pro forma figures take into account adjusted EBITDA from 2025 partnerships in the unowned periods of 2025, and (ii) removes the effects of 2025 divestitures as if the divestitures had occurred on January 1, 2025. Pro forma revenue reflects GAAP revenue, plus revenue from 2025 partnerships in the unowned periods of 2025, less revenue derived from 2025 business divestitures. Pro forma net income (loss) reflects GAAP net income (loss) plus net income or loss from 2025 partnerships in the unowned periods, less net income or loss derived from 2025 business divestitures, including the gains or loss on divestitures.

We define pro forma adjusted EBITDA as pro forma net income (loss) before interest, taxes, depreciation, amortization, change in fair value of contingent consideration and certain items of income and expense, including share-based compensation expense, transaction-related partnership and integration expenses, transformation costs, severance, and certain non-recurring costs, including those related to raising capital, after removing the effect of divestitures. We believe that pro forma adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of income and expenses that do not relate to ongoing business performance, and that the presentation of this measure enhances an investor's understanding of our financial performance.

Pro forma adjusted EBITDA margin is pro forma adjusted EBITDA divided by pro forma revenue. Pro forma adjusted EBITDA margin is a key metric used by management and our board of directors to assess our ongoing business performance. We believe that pro forma adjusted EBITDA margin is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to ongoing business performance, and that the presentation of this measure enhances an investor's understanding of our financial performance. We believe that pro forma adjusted EBITDA margin is helpful in measuring profitability of operations on a consolidated level.

We calculate adjusted free cash flow because we incur substantial earnout liabilities in conjunction with our partnership strategy. Adjusted free cash flow is calculated as net cash provided by (used in) operating activities excluding the impact of: (i) the payment of contingent earnout consideration in excess of purchase price accrual, and (ii) the payment of colleague earnout incentives. We believe that adjusted free cash flow is an important measure of our ability to generate cash from our business operations.

Beginning January 1, 2025, the Company is presenting its fiduciary assets and liabilities separately on the consolidated balance sheets. Previously, these assets and liabilities were commingled on the consolidated balance sheets and the net change in cash balances held to remit to insurance carriers was presented as cash flows from operating activities. The net change in fiduciary cash is now presented as cash flows from financing activities in the consolidated statements of cash flows. As a result, the change in premiums, commissions and fees receivable, net and the change in accounts payable, accrued expenses and other current liabilities are no longer excluded from net cash provided by (used in) operating activities in calculating adjusted free cash flow for the 2025 reporting period and comparable prior periods. However, because the change in fiduciary receivables and fiduciary liabilities previously was combined with the change in premiums, commissions and fees receivable, net and the change in accounts payable, accrued expenses and other current liabilities in the consolidated statements of cash flows, this change in presentation has resulted in a change in our previously reported adjusted free cash flow for previous periods. Adjusted free cash flow for 2021 and 2022 have not been recast and are not presented herein.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

The following table reconciles adjusted EBITDA and adjusted EBITDA margin to net loss, which we consider to be the most directly comparable GAAP financial measure:

	For the Years Ended December 31,				
(in thousands, except percentages)	**2025**	**2024**	**2023**	**2022**	**2021**
Revenues	$1,504,884	$1,389,037	$1,218,555	$ 980,720	$ 567,290
Net loss	$ (54,154)	$ (41,081)	$ (164,019)	$ (76,748)	$ (58,120)
Adjustments to net loss:					
Interest expense, net	122,778	123,644	119,465	71,072	26,899
Amortization expense	121,316	102,730	92,704	81,738	48,720
Share-based compensation	71,113	65,503	56,222	47,389	19,193
Transaction-related partnership and integration expenses	23,051	10,501	20,728	34,588	19,182
Transformation costs[1]	7,003	—	—	—	—
Severance	6,790	5,756	18,514	1,255	871
Depreciation expense	6,514	6,194	5,698	4,620	2,788
Loss on extinguishment and modification of debt	6,226	15,113	—	—	—
Change in fair value of contingent consideration	5,594	(4,949)	61,083	32,307	45,196
Income and other taxes[2]	4,255	7,184	1,285	715	19
Colleague earnout incentives	(1,779)	41,917	8,020	—	—
Impairment of right-of-use assets	1,275	—	—	—	—
Gain on divestitures	(290)	(38,953)	—	—	—
(Gain) loss on interest rate caps	18	244	1,670	(26,220)	123
Other[3]	21,762	18,682	28,834	25,774	8,038
Adjusted EBITDA	$ 341,472	$ 312,485	$ 250,204	$ 196,490	$ 112,909
Net loss margin	(4)%	(3)%	(13)%	(8)%	(10)%
Adjusted EBITDA margin	23 %	22 %	21 %	20 %	20 %

(1) Transformation costs represent certain non-recurring colleague compensation and technology-related expenses related to our $3B/30 Catalyst Program, which is designed to accelerate the infusion of automation, business process optimization and artificial intelligence to transform and elevate our workforce and unlock new avenues for growth.

(2) Income and other taxes include the Tax Receivable Agreement expense and other operating tax expense, such as state taxes, under GAAP.

(3) Other addbacks to adjusted EBITDA include certain income and expenses that are considered to be non-recurring or non-operational, including certain recruiting costs, professional fees, litigation costs and bonuses. In 2022 and 2021, these addbacks also included certain expenses related to remediation efforts.

ORGANIC REVENUE AND ORGANIC REVENUE GROWTH

The following table reconciles organic revenue and organic revenue growth to commissions and fees, which we consider to be the most directly comparable GAAP financial measure:

	For the Years Ended December 31,				
(in thousands, except percentages)	**2025**	**2024**	**2023**	**2022**	**2021**
Commissions and fees	$1,493,680	$1,377,116	$1,211,828	$ 980,720	$ 567,290
Partnership commissions and fees[1]	(23,588)	—	(44,696)	(280,660)	(272,272)
Organic revenue	$1,470,092	$1,377,116	$1,167,132	$ 700,060	$ 295,018
Organic revenue growth[2]	$ 100,049	$ 196,922	$ 187,213	$ 132,610	$ 54,004
Organic revenue growth %[2]	7 %	17 %	19 %	23 %	22 %

(1) Includes the first twelve months of such commissions and fees generated from newly acquired partners.

(2) Organic revenue for the twelve months ended December 31, 2024 used to calculate organic revenue growth for the twelve months ended December 31, 2025 was $1.37 billion, which is adjusted to exclude commissions and fees from divestitures that occurred during 2024 and 2025.

ADJUSTED NET INCOME AND ADJUSTED DILUTED EPS

The following table reconciles adjusted net income to net loss attributable to Baldwin and reconciles adjusted diluted EPS to diluted loss per share, which we consider to be the most directly comparable GAAP financial measures:

(in thousands, except per share data)	For the Years Ended December 31, 2025	2024	2023	2022	2021
Net loss attributable to Baldwin	$ (33,813)	$ (24,518)	$ (90,141)	$ (41,772)	$ (30,646)
Net loss attributable to noncontrolling interests	(20,341)	(16,563)	(73,878)	(34,976)	(27,474)
Amortization expense	121,316	102,730	92,704	81,738	48,720
Share-based compensation	71,113	65,503	56,222	47,389	19,193
Transaction-related partnership and integration expenses	23,051	10,501	20,728	34,588	19,182
Transformation costs[1]	7,003	—	—	—	—
Severance	6,790	5,756	18,514	1,255	871
Depreciation	6,514	6,194	5,698	4,620	2,788
Loss on extinguishment and modification of debt	6,226	15,113	—	—	—
Change in fair value of contingent consideration	5,594	(4,949)	61,083	32,307	45,196
Other amortization/accretion, net	4,190	5,841	5,129	5,120	3,506
Income tax expense[2]	2,172	6,537	—	—	—
Colleague earnout incentives	(1,779)	41,917	8,020	—	—
Impairment of right-of-use assets	1,275	—	—	—	—
Gain on divestitures	(290)	(38,953)	—	—	—
(Gain) loss on interest rate caps, net of cash settlements	18	2,544	12,588	(24,012)	123
Other[3]	21,762	18,682	28,834	25,774	8,038
Adjusted pre-tax income	220,801	196,335	145,501	132,031	89,497
Adjusted income taxes[4]	21,859	19,437	14,405	13,071	8,860
Adjusted net income	$ 198,942	$ 176,898	$ 131,096	$ 118,960	$ 80,637
Weighted-average shares of Class A common stock outstanding - diluted	67,939	63,455	60,135	56,825	47,588
Dilutive weighted-average shares of Class A common stock	3,229	3,598	3,874	3,526	1,982
Exchange of Class B common stock[5]	47,737	50,896	53,132	55,450	51,811
Adjusted diluted weighted-average shares outstanding	118,905	117,949	117,141	115,801	101,381
Diluted loss per share	$ (0.50)	$ (0.39)	$ (1.50)	$ (0.74)	$ (0.64)
Effect of exchange of Class B common stock and net loss attributable to noncontrolling interests per share	0.04	0.04	0.10	0.08	0.07
Other adjustments to loss per share	2.31	2.01	2.64	1.80	1.46
Adjusted income taxes per share	(0.18)	(0.16)	(0.12)	(0.11)	(0.09)
Adjusted diluted EPS	$ 1.67	$ 1.50	$ 1.12	$ 1.03	$ 0.80

(1) Transformation costs represent certain non-recurring colleague compensation and technology-related expenses related to our $3B/30 Catalyst Program, which is designed to accelerate the infusion of automation, business process optimization and artificial intelligence to transform and elevate our workforce and unlock new avenues for growth. In 2022 and 2021, these addbacks also included certain expenses related to remediation efforts.

(2) Income and other taxes include the Tax Receivable Agreement expense and other operating tax expense, such as state taxes, under GAAP.

(3) Other addbacks to adjusted EBITDA include certain income and expenses that are considered to be non-recurring or non-operational, including certain recruiting costs, professional fees, litigation costs and bonuses.

(4) Represents corporate income taxes at assumed effective tax rate of 9.9% applied to adjusted pre-tax income.
(5) Assumes the full exchange of Class B common stock for Class A common stock pursuant to the Amended LLC Agreement.

PRO FORMA REVENUE

The following table reconciles pro forma revenue and pro forma revenue growth to revenues, which we consider to be the most directly comparable GAAP financial measure:

	For the Years Ended December 31,				
(in thousands, except percentages)	**2025**	**2024**	**2023**	**2022**	**2021**
Revenues	$1,504,884	$1,389,037	$1,218,555	$ 980,720	$ 567,290
Revenue for partnerships in the unowned period[1]	18,491	—	—	33,768	152,030
Less revenue from divestitures[2]	(103)	(6,260)	(35,161)	—	—
Pro forma revenue	$1,523,272	$1,382,777	$1,183,394	$1,014,488	$ 719,320
Pro forma revenue growth	$ 140,495	$ 199,383	$ 168,906	$ 295,168	
Pro forma revenue growth %	10 %	17 %	17 %	41 %	

(1) The adjustments for the year ended December 31, 2025 reflect revenues from MultiStrat Group and Hippo's Homebuilder Distribution Network as if the Company had acquired the partners on January 1, 2025. The adjustments for the year ended December 31, 2022 reflect revenues for Westwood Insurance Agency, Venture Captive Management, LLC and National Health Plans & Benefits Agency, LLC as if the Company had acquired the partners on January 1, 2022. The adjustments for the year ended December 31, 2021 reflect revenues for LeaseTrack Services LLC/Effective Coverage LLC, Riley Financial, Inc. (operating as "Medicare Help Now"), Tim Altman, Inc. (operating as "Only Medicare Solutions"), Seniors' Insurance Services of Washington, Inc., Mid-Continent Companies, Ltd., RogersGray Inc., EBSME, LLC, FounderShield LLC, The Capital Group, LLC, River Oak Risk, LLC, White Hill Plaza, Inc., Jacobson, Goldfarb & Scott, Inc, Wood Guttman & Bogart Insurance Brokers, Construction Risk Partners, LLC, Brush Creek, LLC and Arcana Insurance Services, LP as if the Company had acquired the partners on January 1, 2021. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.
(2) For the year ended December 31, 2025, the adjustments exclude revenues from 2025 divestitures as if the divestitures had occurred on January 1, 2025. For the years ended December 31, 2024 and 2023, the adjustments exclude revenues from 2024 divestitures as if the divestitures had occurred on January 1, 2024 and January 1, 2023, respectively.

PRO FORMA ADJUSTED EBITDA AND PRO FORMA ADJUSTED EBITDA MARGIN

The following table reconciles pro forma adjusted EBITDA and pro forma adjusted EBITDA margin to net loss, which we consider to be the most directly comparable GAAP financial measure:

	For the Years Ended December 31,				
(in thousands, except percentages)	**2025**	**2024**	**2023**	**2022**	**2021**
Pro forma revenue	$1,523,272	$1,382,777	$1,183,394	$1,014,488	$ 719,320
Net loss	$ (54,154)	$ (41,081)	$ (164,019)	$ (76,748)	$ (58,120)
Add net income (loss) from partnerships[1]	3,474	—	—	(2,069)	29,078
Less net income from divestitures[2]	(1,984)	(39,264)	(3,616)	—	—
Pro forma net loss	(52,664)	(80,345)	(167,635)	(78,817)	(29,042)
Adjustments to pro forma net loss:					
Interest expense, net	125,317	123,644	119,465	72,789	39,852
Amortization expense	128,030	102,730	90,800	88,537	68,805
Share-based compensation	71,113	65,503	56,222	47,389	19,193
Transaction-related partnership and integration expenses	23,051	9,451	20,728	34,588	19,182
Transformation costs[3]	7,003	—	—	—	—
Severance	6,790	5,729	18,262	1,255	871
Depreciation expense	6,514	6,194	5,653	4,620	2,788
Loss on extinguishment and modification of debt	6,226	15,113	—	—	—
Change in fair value of contingent consideration	5,594	(4,949)	61,061	32,307	45,196
Income and other taxes[4]	4,255	7,184	1,285	715	19
Colleague earnout incentives	(1,779)	41,917	8,020	—	—
Impairment of right-of-use assets	1,275	—	—	—	—
(Gain) loss on interest rate caps	18	244	1,670	(26,220)	123
Other[5]	21,762	18,473	28,464	25,774	8,038
Pro forma adjusted EBITDA	$ 352,505	$ 310,888	$ 243,995	$ 202,937	$ 175,025
Net loss margin	(4)%	(3)%	(13)%	(8)%	(10)%
Pro forma adjusted EBITDA margin	23 %	22 %	21 %	20 %	24 %

(1) The adjustments for the year ended December 31, 2025 reflect net income (loss) from MultiStrat Group and Hippo's Homebuilder Distribution Network as if the Company had acquired the partners on January 1, 2025. The adjustments for the year ended December 31, 2022 reflect net income (loss) for Westwood Insurance Agency, Venture Captive Management, LLC and National Health Plans & Benefits Agency, LLC as if the Company had acquired the partners on January 1, 2022. The adjustments for the year ended December 31, 2021 reflect net income (loss) for LeaseTrack Services LLC/Effective Coverage LLC, Riley Financial, Inc. (operating as "Medicare Help Now"), Tim Altman, Inc. (operating as "Only Medicare Solutions"), Seniors' Insurance Services of Washington, Inc., Mid-Continent Companies, Ltd., RogersGray Inc., EBSME, LLC, FounderShield LLC, The Capital Group, LLC, River Oak Risk, LLC, White Hill Plaza, Inc., Jacobson, Goldfarb & Scott, Inc, Wood Guttman & Bogart Insurance Brokers, Construction Risk Partners, LLC, Brush Creek, LLC and Arcana Insurance Services, LP as if the Company had acquired the partners on January 1, 2021. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.

(2) For the year ended December 31, 2025, the adjustments exclude net income from 2025 divestitures, including gain on divestitures, as if the divestitures had occurred on January 1, 2025. For the years ended December 31, 2024 and 2023, the adjustments exclude net income from 2024 divestitures, including gain on divestitures, as if the divestitures had occurred on January 1, 2024 and January 1, 2023, respectively.

(3) Transformation costs represent certain non-recurring colleague compensation and technology-related expenses related to our $3B/30 Catalyst Program, which is designed to accelerate the infusion of automation, business process optimization and artificial intelligence to transform and elevate our workforce and unlock new avenues for growth.

(4) Income and other taxes include the Tax Receivable Agreement expense and other operating tax expense, such as state taxes, under GAAP.

(5) Other addbacks to pro forma adjusted EBITDA include certain expenses that are considered to be non-recurring or non-operational, including certain recruiting costs, professional fees, litigation costs and bonuses.

ADJUSTED NET CASH PROVIDED BY OPERATING ACTIVITIES ("ADJUSTED FREE CASH FLOW")

The following table reconciles adjusted free cash flow to net cash provided by (used in) operating activities, which we consider to be the most directly comparable GAAP financial measure:

(in thousands)	For the Years Ended December 31, 2025	2024	2023
Net cash provided by (used in) operating activities	$ (29,418)	$ 51,453	$ 46
Adjustments to net cash provided by (used in) operating activities:			
Payment of contingent earnout consideration in excess of purchase price accrual	85,784	23,395	24,326
Payment of colleague earnout incentives	30,854	17,112	—
Adjusted free cash flow	$ 87,220	$ 91,960	$ 24,372