BRP

Year in review 2021

March 1, 2022

PURPOSE /pur·pose/ the reason for which something is done or created or for which something exists

A sense of purpose brings fulfillment and meaning to life and work in a way that transcends oneself. It comes from common goals amongst a group to inspire and change lives, whether it be researching disease, fostering relationships and connectivity, or delivering peace of mind. So as the social discord of the past two years has brought forth a heightened focus on the Environmental, Social, and Governance underpinnings of businesses, I reflect with pride on the principled path we have navigated through these tumultuous couple years and stand steadfast in the belief of the virtuous nature of insurance and our purpose at Baldwin Risk Partners of delivering Peace of Mind.

> **Our Purpose**
> To deliver indispensable tailored insurance and risk management insights and solutions to ensure our clients have the peace of mind to pursue their dreams, purpose and passions

To borrow from my 2019 Letter to Shareholders, "We are fortunate to operate in an industry that provides an essential lubricant to the daily operations of business and life, a key ingredient to economic activity. Insurance provides a vital backstop that makes it possible for businesses and individuals to take risk, make investments, create jobs, and fulfill their passions and professional pursuits. Importantly, insurance is what can make swift recovery possible when the unforeseen occurs, stepping in to make businesses, individuals, and families financially whole."

We have found that our purpose enables us to attract and inspire talent who desires to be part of an organization delivering to stakeholders a social good. Our culture allows us to retain and develop the highest performers and binds us together through the shared values, common language, and stakeholder commitments we collectively embrace. All of this has continued to foster our reputation as The Destination Employer for our industry's very best professionals.

I want to thank our colleagues for executing so well in another tumultuous year of starts and stops, hopes and concerns, and frankly, a time that still seems a little more unsettled than a few years ago. 2021 was less disruptive than 2020 with respect to the pandemic. Although not quite back to normal, we have seen a steady return of life as we knew it. Similar to last year, I am bullish on these things continuing to improve and 2022 providing a new normal that is truly better than our pre-pandemic expectations. Thank you to our wonderfully dedicated colleagues, as the list of accomplishments across BRP detailed in this letter is once again filled with extraordinary achievements.

A YEAR OF CONTINUED SUCCESS

As I take stock in what the ~2,800 colleagues at BRP achieved over the course of 2021 and what's in store for 2022, I am once again confident that BRP sits in the best position we have found ourselves in the company's history. For those tracking the frequency of that statement over the past 2+ years, we take an immense amount of pride in beginning to sound like a broken record.

During 2021 we remained steadfast in our focus on investing deeply into the confluence of talent and technology. Importantly, we continued building on our status as the Destination for our industry's best talent, technologists, and highest quality independent firms. Over the last 18 months, we partnered with 7 "Top 100" brokers, and in 2021 partnered with 16 firms contributing aggregate proforma annualized revenues of $206m, bringing a weighted average growth rate of 23%. We hired 803 new colleagues organically in 2021, during one of the most competitive labor markets seen in decades while remaining laser-focused on the quality of individuals joining our business. To put that in perspective, our entire business had ~500 full-time colleagues at the time of our IPO just over two years ago. Today's investment in people is tomorrow's growth, and I'm humbled by the sheer magnitude of people validating our vision for the future and the leadership role we expect to play as our industry enters a period of what we expect will be meaningful transformation.

Our quantitative growth results once again accelerated to new records, including total growth of 135%, organic growth of 22%, the highest in our history as a public company, adjusted EBITDA growth of 157%, and adjusted EPS growth of 67%. The 32% organic growth we achieved in 2Q'21 marked the industry's best publicly reported quarterly organic growth rate in recent history and sets a new bar our team will endeavor to exceed over the coming years. I often share to our leaders, colleagues, and others in our industry who care to listen that we view outsized organic growth as the #1 measure of health of an insurance distribution business. It means you are being validated by many of the stakeholders that matter; it means your existing clients are continuing to honor you with their renewal business, you are out winning new business and taking market share from competitors, and your colleagues continue to show up every day in a powerful way that is enabling these client outcomes. Organic growth is a clear measure of the momentum we are carrying into 2022.

2021 HIGHLIGHTS

- Revenue growth of 135% and an industry pacing organic growth rate of 22%
- Welcomed 1,615 talented new colleagues to the BRP family, including 812 through partnerships and 803 organic new hires!
- Partnered with 16 terrific firms contributing $206m of proforma annualized revenue, at a weighted average growth rate of 23% during the most recently measured period before partnership closings
- Won numerous accolades highlighting our status as a destination employer, being named by Fortune as a "Great Place to Work in Insurance," by Business Insurance as a "Best Place to Work," and recognized by Top Workplaces USA as a nationally recognized employer for making the world a better place to work by prioritizing a people-centered culture and giving employees a voice
- Added 6 new MGA products and laid meaningful groundwork for new product expansion in the years to come

OUR FINANCIAL BENCHMARKS

As stated each year, we believe that no organization can be successful in the long term without sound financial management. For us, this means the ability to create durable, consistent, and growing cash flow streams. While equity and debt are important aspects of a business when used appropriately, cash flow generation is the ultimate path to financial freedom, and we measure this in a variety of ways for the overall organization as well as on a per-share basis.

If we are successful, focusing on these numbers should result in an increase in enterprise value and price per share over the long run. Below are the key metrics we measure and publish year over year so that you can see how well we are performing. We made nice progress in 2021 and are excited for even more in 2022.

2021 KEY PERFORMANCE METRICS

	2021	2020	2019	2021 YOY GROWTH (%)
Pro Forma Revenue ($mm) [2]	$719.3	$426.2	$152.6	69%
Pro Forma Adjusted EBITDA ($mm) [2]	$175.0	$109.9	$34.0	59%
Adjusted Net Income ($mm) [2]	$80.6	$33.4	$17.3	141%
Adjusted Diluted Earnings Per Share	$0.80	$0.46	$0.28	74%
Organic Revenue Growth	22%	16%	10%	--
Organic Revenue Growth Plus MGA of the Future Revenue Growth	22%	17%	17%	--
Total Revenue Growth	135%	75%	73%	--
Pro Forma Revenue Growth [2]	69%	179%	75%	--
MGA HO4 Policies in Force	692,385	524,370	374,591	32%
Annualized Revenue of New Partner Firms ($mm)	$206.2	$236.2	$46.9	--
Enterprise Value ($bn)	$4.9	$3.1	$1.0	58%
Price Per Share	$36.11	$29.97	$16.05	20%

PROFITABLE GROWTH

Investors often comment to us that BRP is a rather unique combination of a fast-growing traditional broker and an "insuretech." This leaves some investors wanting us to grow margin rapidly, and conversely, other investors who challenge us to reduce margin and grow even faster. We have staked out an operating mandate of delivering industry-leading topline growth supported by positive cashflow with healthy margins that will grow responsibly over time. During 2021 we generated industry pacing growth while delivering an adjusted EBITDA margin of 20%, an expansion of 200 bps from 2019. Yet, our more traditional and mature peers enjoy margins sometimes in excess of 30%.

In the long run, we believe our proprietary technology will afford BRP higher margins than our traditional industry peers. Today, we simply invest more deeply in expanding our talent base and building our technology platforms. In the traditional insurance distribution industry (and at BRP), payroll makes up approximately 70% of the total expense base, illuminating today's reality that for many insurance intermediaries, talent is the primary governor on growth. At BRP, we are marching into a future where the continued investment into our technology platforms brings forth innovations in our capabilities, solutions, and business processes that elevate the work and interactions our colleagues deliver. This will lift up all our colleagues in the eyes of each other and all of our stakeholders as measured through the lens of how meaningful and impactful the work they are doing is to them and our clients. Ultimately, this should lead to enhanced productivity as measured by total revenue per colleague, and a future state where there is a profound structural difference between BRP and our traditional peers as measured by the significance of the work our colleagues are doing, and in-turn the productivity of our business, resulting in a margin profile that is noticeably better than what the industry incumbents can deliver today.

Our conviction around the wisdom in this approach of continued outsized investments into talent and technology has never been stronger and is rooted in our belief that over time this approach delivers the best outcomes for all our stakeholders. This outsized re-investment into our business is fueling growth that provides career paths and visible upward mobility to our colleagues. It is fostering a fast-paced environment where innovation in client solutions and business process is a way of business. It enables us to nurture and cultivate the best culture and the best outcomes for all our stakeholders. For our shareholders who are patient enough to view their position in BRP as a business partner and not their BRP stock as a trading currency, we are starting to establish a track record for which to judge the merits of this approach.

The other place that profitable growth rings true to us that may not be as relevant to shareholders, but should be, is the quality and performance of our clients' risks relative to premiums paid (said differently, carrier/reinsurer underwriting performance). Any one single client can and will have losses that are 10x, 100x, 1000x what they pay in premium, that is part of the beauty of insurance for the purchaser. However, at our scale, we should see that the overall collective client risk to premium leaves the risk-taker in a situation where they can generate enough profit to have a going concern. As a broker, our ability to help our clients predict, manage, and mitigate risk is key to our ability to help them minimize their cost of risk over time. As an MGA our ability to identify, underwrite, and manage risk profitably is critical; one could say the lack of ability to do so would prove to be existential. Over time, our recognized ability to deliver profitable premium into the market will enable us to access the lowest cost risk capital for our clients, delivering a cost of capital advantage in the insurance products we develop that is enduring. As we grow both the MGA of the Future and our more traditional distribution businesses, we know that over the long run, the whole system needs to work, and there cannot be one large loser in a sustainable system.

Combining these two aspects of profitability and growth, BRP will be able to build a robust and differentiated business that should be highly valued by all of our stakeholders. We seek to play a meaningful, sustainable role in the broader economy over the long-term by facilitating risk taking through the delivery of peace of mind. Our profitable growth is what facilitates the realization of our Purpose, 'To deliver indispensable tailored insurance and risk management insights and solutions to ensure our clients have the peace of mind to pursue their dreams, purpose and passions' for decades to come.

NAVIGATING COVID AND UNCERTAINTY

Leaders across industries and government have had no shortage of pivotal decisions to navigate their constituents and stakeholders through COVID and the accompanying uncertainty. At BRP, we have endeavored to take a thoughtful, pragmatic approach to these decisions that carefully balance genuine sensitivity to the issues at hand with the practical realities of fulfilling to the best of ability our fiduciary duties to all our stakeholders (which include our colleagues, clients, insurance company trading partners, communities in which we work, and our shareholders). As I reflect on the decisions we have made over the last couple years and the outcomes that have followed, I am thankful for the resolve of our leadership team and Board of Directors to stay true to our values even when those were not always the easy decisions to make.

Operating in a knowledge-based business, we trade on our colleagues' collective expertise, insights, and know-how. Put quite simply; we are at our core a people business. Recognizing this truth, during the depths of the pandemic and at the peak of uncertainty, we chose to provide our colleagues peace of mind with job certainty, raises, bonuses, and continued hiring. We knew the wisdom of taking this longer view in our actions would pay meaningful dividends over time. These decisions to remain front-footed in our investments in people, partnerships, and technology have collectively proven to be the most significant contributor towards our success and positioning as we head into 2022.

As a leadership team, we made a calculated and intentional decision to continue, when feasible, to largely do business in person. There are many aspects of business and relationship building that simply cannot be replaced on video. Our visible success in attracting new talent and a host of partners of uniquely high quality, the growth momentum in our underlying businesses, and the collaboration taking place between our legacy and new partner firms is certainly derived from the benefits that come from face-to-face interactions and the catalyst that provides to building relationships and trust.

This commitment to doing business in person when it counts has certainly not always been the norm or without controversy over the past couple of years. As an anecdotal example, last fall, we made the decision to send a 16 person, fully vaccinated team of BRP leaders to a marquee insurance industry forum where almost all our most important insurance company and many of our largest partnership relationships have been cultivated over the years. There were a host of insurance companies, many of whom have existed for well over 100 years, and some brokers that backed out of the event. Therefore, our decision to attend was not without some criticism. We attended because this annual event serves as a very important relationship-building opportunity. It allows us to work with insurance companies to make commitments and to source capacity so that we can deliver solutions to our clients.

While phone calls are great, video calls are sometimes better, and a lot of business can be done virtually; it is our belief that in-person is still best for large decisions and fostering relationships. When I can look another CEO in the eye and make a commitment and hear she or he make a similar commitment in person, I believe it puts BRP in the best position to execute for our stakeholders. As it relates to criticism around decisions like this, it is my hope that if BRP is to be criticized, it will forever be for taking action and rarely found in the camp of inaction.

Immediately after this event, a group of 19, fully vaccinated BRP leaders and colleagues attended an annual Insuretech conference in Las Vegas. Observationally, there was not much criticism around a bunch of disruptors attending a significantly larger in-person event. An interesting juxtaposition of our industries old guard and new.

OUR COMMITMENT TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) FUNDAMENTALS

The topic of ESG has commanded increasing attention from a broad array of interested parties that like us at BRP, have vested communal interests in helping contribute to making the world a better, more prosperous, and more sustainable place. The heightened focus has certainly introduced complexity to navigate that can at times be distracting (increased public scrutiny, new and evolving listing requirements, rigid rating frameworks, endless sales calls from a new cottage industry of service providers seeking to monetize efforts around these important topics); but to us, the spirit of ESG remains a rather simple concept – it's just good business and the right thing to do to operate a sustainable company for shareholders that prioritizes and takes care of your colleagues, clients, and communities that we work in.

To be clear, ESG is not a new concept for us – it is ingrained in our general approach to business and the culture we have strived to build since the company's inception over a decade ago (and as outlined in the Azimuth, BRP's cultural constitution). From an industry perspective, it's difficult to imagine a more virtuous industry than insurance, which offers everything from financial protection for individuals to rebuild their lives in the wake of catastrophic events to the enabling of risk taking that spurs innovation and humanitarian progress. A recent BRP example of which I am extremely proud of is the work our new partners at AHT performed in August to secure liability coverage for non-government organizations responsible for evacuating American citizens out of Afghanistan.

As we continue to evolve as a public company, we take ESG and our related obligations to all our stakeholders very seriously. For instance, we have continuously bolstered our public disclosures on ESG related topics, and we recently announced the addition of four new members to our board of directors, adding an important element of diversity of perspectives, experience, and thought to the governance of our company. At the same time, we will take a thoughtful and prudent approach to certain ESG attributes (i.e. classified board of BRP that while not in vogue amongst today's ESG referees) that we believe are ultimately in the best long-term interest of our stakeholders in the current phase of our company's lifecycle.

LOOKING AHEAD: A PORT FOR ALL FORECASTS

To borrow a line from Bridgewater's Ray Dalio, since BRP's inception, we've been incredibly intentional about building an "all-weather business." As we look ahead into 2022, it's truthfully tough to predict what type of macroeconomic environment we will find ourselves in over the course of the year. Will COVID subside, inflationary pressures recede, and the economy accelerate? Will the confluence of economic and geopolitical factors in play obstruct continued economic expansion, yielding to persistent inflationary pressures and ongoing supply chain constraints? Or will the Fed raise rates too quickly, ultimately tipping the economy into a recession? Only time will tell; however, I remain supremely confident in our ability at BRP to outperform in whatever environment we ultimately face, thanks to our fantastic colleagues, durable and differentiated business model, and the flexible nature of our P&L (revenue/pricing resets annually, expense base largely variable).

As you read this letter, if you are one of our clients, colleagues, partners, insurance companies, community members, or shareholders we want to take the opportunity to thank you. If you are not yet represented in that stakeholder group, we would love to have you join us.

With that, I introduce our 2022 theme: **Transformation!**

Throughout the year, we will gain inspiration from each other by challenging the status quo and seeking to create, develop, and evolve the solutions, services, and insights we offer in order to transform one of the largest and most important financial service industries ever created.

With gratitude,

Trevor Baldwin
Chief Executive Officer, BRP Group, Inc.

P.S. As I think about the past few years and our goal of Transformation, I am reminded of this quote from one of the historical figures I admire most.

"To improve is to change; to be perfect is to change often."

- Sir Winston Churchill

To our leaders at BRP, we must remember that in order to lead change, we must start with ourselves first. This is one way that great leaders are both courageous and vulnerable – we reflect on our strengths and weaknesses, and course correct – sometimes in very public ways – to ensure our behaviors match our values and goals, even when it's not easy.

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 and Pro Forma Adjusted EBITDA Margin are not measures of financial performance under GAAP and should not be considered substitutes for GAAP measures, including commissions and fees (for Organic Revenue, Organic Revenue Growth and 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 BRP Group, Inc. (for Adjusted Net Income) or diluted earnings (loss) per share (for Adjusted Diluted EPS), 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, net income (loss), net income (loss) attributable to BRP Group, Inc. 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.

Adjusted EBITDA eliminates the effects of financing, depreciation, amortization and change in fair value of contingent consideration. 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 expenses related to Partnerships including severance, and certain non-recurring costs, including those related to raising capital. We believe that Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of 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 commissions and fees. 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 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 Growth based on commissions and fees for the relevant period by excluding the first twelve months of commissions and fees generated from new Partners. Organic Revenue Growth is the change in Organic Revenue period-to-period, with prior period results adjusted for Organic Revenues that were excluded 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. For example, revenues from a Partner acquired on June 1, 2020 are excluded from Organic Revenue for 2020. However, after June 1, 2021, results from June 1, 2020 to December 31, 2020 for such Partners are compared to results from June 1, 2021 to December 31, 2021 for purposes of calculating Organic Revenue Growth in 2021. 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.

Adjusted Net Income is presented for the purpose of calculating Adjusted Diluted EPS. We define Adjusted Net Income as net income (loss) attributable to BRP Group, Inc. 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 expenses related to Partnerships including 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.

Adjusted Diluted EPS measures our per share earnings excluding certain expenses as discussed above and assuming all shares of Class B common stock were exchanged for Class A common stock. Adjusted Diluted EPS is calculated as Adjusted Net Income divided by adjusted dilutive 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.

Pro Forma Revenue reflects GAAP revenue (commissions and fees), plus revenue from Partnerships in the unowned periods.

Pro Forma Adjusted EBITDA takes into account Adjusted EBITDA from Partnerships in the unowned periods and eliminates the effects of financing, depreciation and amortization. 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 expenses related to Partnerships including severance, and certain non-recurring costs, including those related to raising capital. We believe that Pro Forma Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to 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 financial 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 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.

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 to Adjusted EBITDA and Adjusted EBITDA Margin:

	For the Years Ended December 31,		
(in thousands, except percentages)	**2021**	**2020**	**2019**
Commissions and fees	$ 567,290	$ 240,919	$ 137,841
Net loss	$ (58,120)	$ (29,885)	$ (22,454)
Adjustments to net loss:			
Amortization expense	48,720	19,038	10,007
Change in fair value of contingent consideration	45,196	20,516	10,829
Interest expense, net	26,899	7,857	10,640
Share-based compensation	19,193	7,744	4,561
Transaction-related Partnership expenses	19,182	13,851	2,204
Depreciation expense	2,788	1,129	542
Severance	871	89	329
Change in fair value of interest rate caps	123	—	—
Income tax provision	19	(5)	17
Capital related expenses	—	1,087	4,739
Loss on extinguishment of debt	—	—	6,732
Other	8,038	2,535	375
Adjusted EBITDA	$ 112,909	$ 43,956	$ 28,521
Adjusted EBITDA Margin	20 %	18 %	21 %

ORGANIC REVENUE AND ORGANIC REVENUE GROWTH

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

	For the Years Ended December 31,		
(in thousands, except percentages)	**2021**	**2020**	**2019**
Commissions and fees	$ 567,290	$ 240,919	$ 137,841
Partnership commissions and fees [1]	(272,272)	(81,250)	(50,163)
Organic Revenue [2]	$ 295,018	$ 159,669	$ 87,678
Organic Revenue Growth [2]	$ 54,004	$ 21,780	$ 7,780
Organic Revenue Growth % [2]	22 %	16 %	10 %

(1) Includes the first twelve months of such commissions and fees generated from newly acquired Partners. For the year ended December 31, 2021, amount is reduced by approximately $830,000 for the timing of certain cash receipts that were fully constrained under ASC Topic 606 in the post-partnership period for our partnership with Agency RM, which closed February 1, 2020.

(2) Organic Revenue for the three and twelve months ended December 31, 2020 used to calculate Organic Revenue Growth for the year ended December 31, 2021 was $241.0 million, which is adjusted to reflect revenues from Partnerships that reached the twelve-month owned mark during the twelve months ended December 31, 2021.

ADJUSTED NET INCOME AND ADJUSTED DILUTED EPS

The following table reconciles Adjusted Net Income to net loss attributable to BRP Group, Inc. and reconciles Adjusted Diluted EPS to diluted net loss per share attributable to BRP Group, Inc. Class A common stock:

	For the Years Ended December 31,		
(in thousands, except percentages, share and per share data)	**2021**	**2020**	**2019**
Net loss attributable to BRP Group, Inc.	$ (30,646)	$ (15,696)	$ (8,650)
Net loss attributable to noncontrolling interests	(27,474)	(14,189)	(13,804)
Amortization expense	48,720	19,038	10,007
Change in fair value of contingent consideration	45,196	20,516	10,829
Share-based compensation	19,193	7,744	4,561
Transaction-related Partnership expenses	19,182	13,851	2,204
Amortization of deferred financing costs	3,506	1,002	1,312
Depreciation	2,788	1,129	542
Severance	871	89	329
Change in fair value of interest rate caps	123	—	—
Capital related expenses	—	1,087	4,739
Loss on extinguishment of debt	—	—	6,732
Other	8,038	2,535	375
Adjusted pre-tax income	89,497	37,106	19,176
Adjusted income taxes [1]	8,860	3,673	1,898
Adjusted Net Income	$ 80,637	$ 33,433	$ 17,278
Weighted-average shares of Class A common stock outstanding - diluted	47,588	27,176	17,917
Dilutive effect of unvested restricted shares of Class A common stock	1,982	571	330
Exchange of Class B shares [2]	51,811	45,147	43,194
Adjusted dilutive weighted-average shares outstanding	101,381	72,894	61,441
Adjusted Diluted EPS	$ 0.80	$ 0.46	$ 0.28
Diluted net loss per share	$ (0.64)	$ (0.58)	$ (0.48)
Effect of exchange of Class B shares and net loss attributable to noncontrolling interests per share	0.07	0.17	0.11
Other adjustments to net loss per share	1.46	0.92	0.68
Adjusted income taxes per share	(0.09)	(0.05)	(0.03)
Adjusted Diluted EPS	$ 0.80	$ 0.46	$ 0.28

(1) Represents corporate income taxes at assumed effective tax rate of 9.9% applied to adjusted pre-tax income.

(2) Assumes the full exchange of Class B shares 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 commissions and fees, which we consider to be the most directly comparable GAAP financial measure to Pro Forma Revenue:

	For the Years Ended December 31,		
(in thousands, except percentages)	**2021**	**2020**	**2019**
Commissions and fees	$ 567,290	$ 240,919	$ 137,841
Revenue for Partnerships in the unowned period[1]	152,030	185,330	14,769
Pro Forma Revenue	$ 719,320	$ 426,249	$ 152,610
Pro Forma Revenue Growth	$ 293,071	$ 273,639	
Pro Forma Revenue Growth %	69 %	179 %	

(1) The adjustments for the year ended December 31, 2021 reflect commissions and fees revenue for LeaseTrack Services LLC/Effective Coverage LLC, Riley Financial, Inc., Tim Altman, Inc., 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. The adjustments for the year ended December 31, 2020 reflect commissions and fees revenue for AgencyRM LLC, VibrantUSA Inc., Insurance Risk Partners, LLC, Southern Protective Group, LLC, Pendulum, LLC, Rosenthal Bros., Inc., Trinity Benefit Advisors, Inc./Russ Blakely & Associates, LLC, Fletcher Financial Group, Inc., Medicare Insurance Advisors, Inc., Insgroup, Inc., Armfield, Harrison & Thomas, Inc., Westward Insurance Services, Inc., Burnham Benefits Insurance Services, Inc. and Tanner, Ballew & Maloof, Inc. as if the Company had acquired the Partners on January 1, 2020. The adjustments for the year ended December 31, 2019 reflect commissions and fees revenue for Lykes Insurance, Inc., Millennial Specialty Insurance LLC, Fiduciary Partners Retirement Group, Inc. and Foundation Insurance of Florida, LLC, as well as two asset acquisitions for the unowned period, as if the Company had acquired the Partners on January 1, 2019. 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.

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 to Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDA Margin:

	For the Years Ended December 31,		
(in thousands, except percentages)	**2021**	**2020**	**2019**
Pro forma revenue	$ 719,320	$ 426,249	$ 152,610
Net loss	(58,120)	(29,885)	(22,454)
Net income for Partnerships in the unowned period(1)	29,078	25,205	(472)
Pro forma net loss	(29,042)	(4,680)	(22,926)
Adjustments to pro forma net loss:			
Amortization expense	68,805	43,965	11,866
Change in fair value of contingent consideration	45,196	20,516	10,829
Interest expense, net	39,852	22,290	14,768
Share-based compensation	19,193	7,744	4,561
Transaction-related Partnership expenses	19,182	13,851	2,204
Depreciation expense	2,788	2,474	542
Severance related to Partnership activity	871	89	329
Change in fair value of interest rate caps	123	—	—
Income tax provision	19	(5)	17
Capital related expenses	—	1,087	4,739
Loss on extinguishment of debt	—	—	6,732
Other	8,038	2,535	375
Pro Forma Adjusted EBITDA	$ 175,025	$ 109,866	$ 34,036
Pro Forma Adjusted EBITDA Margin	24 %	26 %	22 %

(1) The adjustments for the year ended December 31, 2021 reflect net income (loss) for LeaseTrack Services LLC/Effective Coverage LLC, Riley Financial, Inc., Tim Altman, Inc., 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. The adjustments for the year ended December 31, 2020 reflect net income (loss) for AgencyRM LLC, VibrantUSA Inc., Insurance Risk Partners, LLC, Southern Protective Group, LLC, Pendulum, LLC, Rosenthal Bros., Inc., Trinity Benefit Advisors, Inc./Russ Blakely & Associates, LLC, Fletcher Financial Group, Inc., Medicare Insurance Advisors, Inc., Insgroup, Inc., Armfield, Harrison & Thomas, Inc., Westward Insurance Services, Inc., Burnham Benefits Insurance Services, Inc. and Tanner, Ballew & Maloof, Inc. as if the Company had acquired the Partners on January 1, 2020. The adjustments for the year ended December 31, 2019 reflect commissions and fees revenue for Lykes Insurance, Inc., Millennial Specialty Insurance LLC, Fiduciary Partners Retirement Group, Inc. and Foundation Insurance of Florida, LLC, as well as two asset acquisitions for the unowned period, as if the Company had acquired the Partners on January 1, 2019. 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.