INSIGHT **BEYOND** *INSURANCE*

ANNUAL REPORT 2019

March 24, 2020

2019 was a transformative year for Baldwin Risk Partners (BRP) as we became the first commercial insurance broker to complete an initial public offering in over 15 years.

This inaugural annual letter represents a summary of our business and an outline for how we plan to measure our progress year over year and decade over decade.

At BRP, we are an entrepreneur-founded and inspired growth story whose vision is to be regarded as the preeminent insurance advisory firm in the nation. Fueled by relationships and powered by people, our vision is exemplified by client adoption, colleague engagement, and operational acumen.

The result has been a growth path fueled by colleagues and partners who foster an intentional culture of fun and accountability. Our entrepreneurial dreams now serve over 450,000 clients throughout all stages of their lives and businesses.

BRP

HOW WE THINK ABOUT OUR BUSINESS

Our business and success is predicated on our ability to create, cultivate, and grow our family of relationships. We are distinguished by the insight and experience our people and technologies provide our stakeholders whom we define as our partners, our colleagues, our insurance companies, our communities, our clients, and now with the success of our initial public offering, our 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. In our role as consultants and intermediaries, we help our clients map, understand, and quantify their risks and exposures to loss; we leverage our insights, tools and resources to develop strategies for mitigating risk, and reducing the costs of loss; ultimately, we construct and place insurance and risk transfer solutions on behalf of our clients, shifting the necessary risk for them to comfortably make investments, run their business, and pursue their lives and passions.

At BRP, our definition of success is having our stakeholders believe we are worthy of their respect, trust, and admiration.

We know we have done our job when clients look forward to our conversations and enthusiastically recommend us to their colleagues, friends, and family. As we continue to grow and strengthen our network of enthusiastic stakeholder relationships, the fortunes of our shareholders will follow.

OUR COLLEAGUES & CULTURE

Our ultimate destiny directly correlates with our ability to attract, develop, and retain ambitious and talented colleagues who are inspired by our vision and bound together through the shared values embraced in our culture.

We recruit talent from all industries to ensure we have a broad range of skills and perspectives. Our colleagues are nurtured to think critically, be forthright and creative, and embrace the challenge of constant improvement.

BRP's culture is codified in a document titled The BRP Azimuth, which serves as our firm's True North to guide behaviors that distinguish and differentiate us as a group. The Azimuth is the embodiment of who we are, what we stand for, and how we perceive ourselves, each other and the world around us. The Azimuth can be found on our website under the opportunities section. I would encourage you to read this document - it will leave you with a distinct understanding of who we are and what we stand for as a firm.

OUR FINANCIAL BENCHMARKS

We believe that any organization cannot be successful in the long term without sound financial management. For us, this ultimately 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 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 will measure and publish year over year so that you can see how well we are doing towards this initiative.

2019 KEY PERFORMANCE METRICS

$34.0 M	Pro Forma Adjusted EBITDA
$16.8 M	Adjusted Net Income
$0.27	Adjusted Earnings Per Share (fully diluted basis)
10%	Organic Revenue Growth
17%	Organic Revenue Growth plus MGA of the Future Revenue Growth
73%	Total Revenue Growth
$152.6 M	Pro Forma Revenue
374,591	MGA Policies in Force
$46.9 M	Annualized Revenue of New Partner Firms
$986.1 M	Enterprise Value
$16.05	Price Per Share

A reconciliation of any non-GAAP measures to the most comparable GAAP measure can be found within the Appendix.

Adjusted numbers and Pro Forma numbers are not without controversy in today's financial world. Certainly, some businesses are probably not best viewed through this lens, especially businesses with high capital expenditures, which, fortunately, we are not. We believe given our significant Partnership strategy (Partnership is our preferred language for Mergers and Acquisitions because in a business driven by people, we are looking for long-term partners, not acquired assets), these metrics provide an insight into what we believe the business will do in both the near future and longer-term future, which is ultimately the lens for any good investor or operator.

We focus on profitable growth, both organic and through partnerships. If you examine the past 50 years of the financial services industry, almost all businesses that have large scale and success today achieved it through both organic growth and acquisitive growth. At BRP, we value growth ahead of margin accretion in the near term based on our fundamental belief that this approach and mindset will deliver superior stakeholder outcomes, including for our shareholders. As an example of how this approach plays out, if you took two businesses of the same size with one that is growing at 4% a year and runs at a 35% margin and the other business growing at 15% a year and a 25% margin, and then came back ten years later; the business growing at 15% and still running at 25% margin is almost three times as large in revenue and generates almost 100% more than the other business in free cash flow with a margin lever left to pull. In our industry, margin is the easy lever to pull, organic growth is by far the more elusive and coveted capability. If one can consistently harness the tailwind growth delivers, shareholder returns will follow a similar upwards trajectory.

Additionally, we believe there are a host of intrinsic benefits to focusing on growth. These include the opportunity to develop new products, services, and client-facing tools that may provide additional market share and moats around our business. Accelerated growth positions us to reward our colleagues with new opportunities and the ability to move up in our organization without having to move someone out. A growth focus creates a positive growth mindset which allows us to recruit and develop individuals who will continue to innovate and benefit our stakeholders. Lastly, by growing, we should create more long-term cash flow, which, when reinvested into our business, is a powerful flywheel for all of our stakeholders. We are bullish on the ability of a profitable growth focus generating attractive shareholder returns well into the future.

WHAT IS POSSIBLE TOMORROW

We are fortunate in the fact that most everyone needs the services we are providing and that our industry presents an inherent resiliency, intrinsic value and relative simplicity of a reoccurring revenue business model. Quite simply, our belief is that the insurance intermediary industry is one of the best business models on the planet.

Nonetheless, nearly everything we successfully do will be copied and replicated over time. So, how do we maintain and grow the alchemy that is created by the confluence of our vision and purpose, our culture, and our colleagues?

We model, teach, and live our Azimuth. We stay true to our definition of success and the promises we make to our stakeholders. We use behaviors we expect from ourselves and each other, and a client-first lens through which all of our decisions are made.

With the careful curation and nurturance of a tribe-like culture, BRP will become an oasis for like-minded entrepreneurs, leaders, and colleagues who want to join something more significant, more intentional, and more purposeful than they can find elsewhere. We have had tremendous partners join us thus far and look forward to many more in the future.

As you read this letter, if you are one of our partners, colleagues, 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.

Sincerely,

Trevor Baldwin, CEO

Post Script: Corona Virus (COVID-19) Pandemic and The Rapidly Evolving World We Live in Today

We want to pause here and address the current situation facing the world. Firstly, on a humanitarian level we are taking the pandemic seriously and extend our sympathies to the families impacted by this crisis. From a business perspective, we were proactive to protect our colleagues and move to work from home largely across the organization where they can still support our clients in the world-class manner we desire to uphold. From a financial standpoint, we requested an upsize of our credit facility for our full accordion adding $75 million in capital availability and taking total capacity to $300 million for our Partnership strategy. We are in the fortunate position of having a recurring revenue business and as of March 23rd we had approximately $60 million in debt outstanding against unrestricted balance sheet cash of approximately $45 million, well less than one times net leverage to our adjusted EBITDA.

We are operating with more cash on hand than normal during this time of uncertainty and will do so for as long as it continues. We acknowledge that this situation may impact our organic growth in Q2 2020 and potentially our margin which could be similar to a Q3 to Q4 margin versus Q1 given that businesses are shut down making it harder for our Risk Advisors to originate new business. However, we believe so long as businesses run, homes are bought and sold, people live and move into apartments, and seniors need to understand Medicare, those segments will be able to generate new clients even in the current environment but potentially at a reduced level.

We are not planning for the world to end, and in a respectful manner during this tragedy, we plan to continue to invest in our business prudently so that we can be a valuable contributor to the U.S. economy. We plan to be a leader in the recovery by providing valuable services to our clients and providing meaningful careers for our colleagues. We have been a contrarian in our space as the only commercial insurance brokerage IPO in the past 15 years and we relish the fortunate opportunity we put ourselves in financially to operate as a bellwether during these turbulent times. As we look forward, past this crisis, we remain bullish on the resiliency of our colleagues, American entrepreneurs and businesses, and our collective ability to persevere through these times, ultimately emerging to lead the recovery on the other side of this current crisis.

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 EPS (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) 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 and amortization. We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation, amortization 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 the Initial Public Offering and loss on modification and extinguishment of debt. 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 is a key metric used by management and our board of directors to assess our financial performance. 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. 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 stock-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 (i) the first twelve months of commissions and fees generated from new Partners and (ii) the impact of the change in our method of accounting for commissions and fees from contracts with customers as a result of the adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, effective January 1, 2018, under the New Revenue Standard on our 2018 commissions and fees when the impact is measured across periods that are not comparable. 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, 2018 are excluded from Organic Revenue for 2018. However, after June 1, 2019, results from June 1, 2018 to December 31, 2018 for such Partners are compared to results from June 1, 2019 to December 31, 2019 for purposes of calculating Organic Revenue Growth in 2019. 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 amortization, 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 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 the Initial Public Offering and loss on modification and extinguishment of debt. 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 is a key metric used by management and our board of directors to assess our financial performance. 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. 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 income (loss), which we consider to be the most directly comparable GAAP financial measure to Adjusted EBITDA and Adjusted EBITDA Margin:

	For the Three Months Ended December 31,		For the Years Ended December 31,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Commissions and fees	$ 36,560	$20,856	$137,841	$79,880
Net income (loss)	$(26,931)	$ (863)	$ (22,454)	$ 2,689
Adjustments to net income (loss):				
Change in fair value of contingent consideration	14,051	351	10,829	1,228
Interest expense, net	1,757	1,613	10,640	6,625
Amortization expense	3,214	769	10,007	2,582
Loss on extinguishment of debt	6,617	—	6,732	—
Initial Public Offering expenses	2,525	—	4,739	—
Share-based compensation	3,788	429	4,561	1,549
Transaction-related Partnership expenses	668	—	2,204	682
Depreciation expense	82	141	542	508
Severance related to Partnership activity	29	—	329	—
Income tax provision	17	—	17	—
Other	99	160	375	180
Adjusted EBITDA	$ 5,916	$ 2,600	$ 28,521	$16,043
Adjusted EBITDA Margin	16%	12%	21%	20%

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:

(in thousands)	For the Three Months Ended December 31, 2019	For the Year Ended December 31, 2019
Commissions and fees	$ 36,560	$137,841
Partnership commissions and fees [1]	(13,275)	(50,163)
Organic Revenue [2]	$ 23,285	$ 87,678
Organic Revenue Growth [2]	2,435	7,780
Organic Revenue Growth % [2]	12%	10%

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

(2) Organic Revenue for the three months and year ended December 31, 2018 used to calculate Organic Revenue Growth for the three months and year ended December 31, 2019 was $20.8 million and $79.9 million, respectively, which is adjusted to reflect revenues from Partnerships that reached the twelve-month owned mark during the three months and year ended December 31, 2019, respectively.

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:

(in thousands)	For the Three Months Ended December 31, 2019	For the Year Ended December 31, 2019
Net loss attributable to BRP Group, Inc.	$ (8,650)	$ (8,650)
Net loss attributable to noncontrolling interests	(18,281)	(13,804)
Change in fair value of contingent consideration	14,051	10,829
Amortization expense	3,214	10,007
Loss on extinguishment of debt	6,617	6,732
Initial Public Offering expenses	2,525	4,739
Share-based compensation	3,788	4,561
Transaction-related Partnership expenses	668	2,204
Amortization of deferred financing costs	195	1,312
Severance related to Partnership activity	29	329
Other	99	375
Adjusted pre-tax income (loss)	4,255	18,634
Adjusted income taxes (1)	421	1,845
Adjusted Net Income (Loss)	$ 3,834	$ 16,789
Weighted-average shares of Class A common stock outstanding—diluted	17,917	17,917
Dilutive effect of unvested restricted shares of Class A common stock	330	330
Exchange of Class B shares (2)	43,194	43,194
Adjusted dilutive weighted-average shares outstanding	61,441	61,441
Adjusted Diluted EPS	$ 0.06	$ 0.27
Diluted net loss per share	$ (0.48)	$ (0.48)
Effect of exchange of Class B shares and net loss attributable to noncontrolling interests per share	0.04	0.11
Other adjustments to net loss per share	0.51	0.67
Adjusted income taxes per share	(0.01)	(0.03)
Adjusted Diluted EPS	$ 0.06	$ 0.27

(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 to commissions and fees, which we consider to be the most directly comparable GAAP financial measure to Pro Forma Revenue:

	For the Year Ended December 31, 2019
Commissions and fees	$137,841
Revenue for 2019 Partnerships in the unowned period	14,769
Pro Forma Revenue	$152,610

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 Year Ended December 31, 2019
Pro Forma Revenue	$152,610
Net loss	$ (22,454)
Net loss for 2019 Partnerships in the unowned period	(472)
Pro Forma Net Loss	(22,926)
Adjustments to pro forma net loss:	
Amortization expense	11,866
Depreciation expense	542
Interest expense, net	14,768
Change in fair value of contingent consideration	10,829
Loss on extinguishment of debt	6,732
Share-based compensation	4,561
Transaction-related Partnership expenses	2,204
Initial Public Offering expenses	4,739
Severance related to Partnership activity	329
Income tax provision	17
Other	375
Pro Forma Adjusted EBITDA	$ 34,036
Pro Forma Adjusted EBITDA Margin	22%