



FEBRUARY 25, 2025

Year in review

2024 was defined by an amalgamation of forces and events that shaped the risk and insurance environment for our clients, insurance company partners, communities and firm – uncertainty around economic conditions and the insurance rate environment, a changing political landscape, increased frequency and severity of significant natural catastrophes, and growing pressure in the U.S from legal system abuse impacting the size and frequency of liability judgements.

Hurricane season surpassed the average number of storms including three hurricanes that made landfall in Florida (Debby, Helene and Milton), and whose far-reaching impacts were felt across Georgia, North Carolina, Tennessee, and other parts of the eastern United States and the Caribbean.

As I am writing this letter, the west coast experienced what will likely be recognized as the most destructive wildfire in history and potentially a top 5 insured loss of all time. As the severity and frequency of catastrophic events continues to evolve, so will the critical role we play in helping to protect businesses, individuals and families.

The ultimate purpose of insurance is to smooth the jagged edges of unexpected losses by aiding in the recovery and restoration efforts when the unforeseen occurs, stepping in with compassion to make businesses, individuals and families financially whole. Insurance is a vital backstop that makes it possible for individuals and businesses to innovate, take calculated risk, make investments, create jobs, grow economies and fulfill their professional and personal pursuits and dreams. Quite simply, insurance is essential to enable capitalism and our society to reach its fullest potential via thoughtful risk taking and the resulting innovations, financial success, and human progress.

I am extremely proud of our colleagues who worked tirelessly to serve our clients throughout 2024, helping them safeguard their lives and livelihoods and assisting with recovery when faced with unexpected circumstances.

Despite continued volatility both within the property and casualty industry and in the broader economy, our colleagues' efforts to create and innovate solutions for our clients and the resiliency of our business model continues to be reaffirmed. Overall, we generated another year of industry leading organic revenue growth at 17%, supported by double-digit organic revenue growth across all three of our operating groups. Organic growth has long been for me the strongest signal of health and momentum in an insurance distribution business. It is a testament to the positive impact our teams continue to deliver across our clients and a resounding measure of health and success for our firm as evidenced by this strong indicator of client experience, colleague engagement, and what this says for the high regard our clients have for the advice and solutions we have delivered.

With an intense focus on efficient execution and prudent expense management, we delivered 200 basis points of adjusted EBITDA margin expansion, the most meaningful year by far since our initial public offering (IPO), while maintaining our track-record of industry leading organic growth at scale. We grew adjusted free cash flow by over \$65 million, or 97%, reduced net leverage from 4.8x to 4.1x and satisfied over \$135 million of earnout-related cash payments. In the first two months of 2025, we paid \$26 million of earnout-related liabilities in cash and, by the end of the first quarter, we expect our remaining estimated earnout liability to be approximately \$10 million. This marks a major milestone for the business – resulting in an inflection point in the free cash flow our business generates – which will yield further acceleration in our ability to rapidly de-lever, significantly increasing growth in our capital base, and growing capital allocation flexibility.

As I reflect on the year, several accomplishments are top of mind

Our internal theme for 2024 was “Excellence in Execution” – an apt description of the many accomplishments we achieved as we eclipsed our fifth anniversary as a public company.

As I reflect on this anniversary and all that has transpired over the last five years, it both seems like yesterday when we were ringing the opening bell at Nasdaq on October 24, 2019, while at the same time, seeming like a distant memory from a different era. Much has transformed across our business and while our ethos and culture today reflect the core of who we were five years ago, the quality and scale of the business we have built over the intervening years has exceeded my loftiest expectations. Our launch into the public markets marked the end of a nearly 20-year drought in commercial insurance brokerage IPOs. At the time of our IPO, we had less than 500 colleagues, total revenue of \$138 million, organic revenue growth of 10%, adjusted EBITDA of \$29 million, and adjusted diluted earnings per share of \$0.27.

At the time we debuted as a public company, we were a regional firm largely built around our middle market retail insurance broking business, nascent MGA (“managing general agent”) and embedded personal lines strategies. With energy, determination and conviction, we moved quickly to acquire scale which was existential to thrive as a public company. We invested deeply in client capabilities across new markets and specialties. We thoughtfully built out the infrastructure required to operate the national firm we were rapidly becoming. Importantly, we did all of this while maintaining and enhancing our unique, industry-leading culture and status as a destination for leading talent.

Today, our commercial property and casualty and employee benefits retail broking business – Insurance Advisory Solutions (IAS) – operates on a national scale with deep industry and product specialty capabilities across more than 2,000 professionals. Our MGA has scaled, largely organically, from a team of less than 20 people managing a single product with roughly \$60 million of premium, to a team of nearly 700 insurance and technology professionals and over \$1.1 billion of gross written premium across roughly 20 products. Our embedded personal insurance business – Mainstreet Insurance Solutions (MIS) – has grown from a Florida centric business managing roughly \$200 million of insurance premiums to the leading national purveyor of embedded home insurance solutions at point of new home sale and mortgage origination managing well over \$1 billion of premiums. Our business has truly transformed over the last five years building meaningful and often market leading positions across each of our operating segments.

As I reflect on the journey, I have immense pride in our partnered firms and team of more than 4,000 colleagues across the country – together, we have far exceeded the lofty goals we set forth at the time of our IPO. Across key business metrics, we executed well in 2024 – and in many ways, beyond our own expectations. In fiscal year 2024 (FY24), we generated revenues of \$1.39 billion, a tenfold increase from the time of our IPO, and adjusted EBITDA of \$312.5 million, an elevenfold increase. Adjusted diluted earnings per share expanded more than five times to \$1.50 in FY24, representing a compound average growth rate of over 40% since the IPO.

	IPO (2019)	2024	5-year growth	5-year CAGR
Total Revenue	\$138	\$1,389	10.1x	59%
Organic Revenue Growth	10%	17%	1.7x	
Adjusted EDITDA	\$29	\$312	11.0x	61%
Adjusted Diluted Earnings Per Share	\$0.27	\$1.50	5.5x	41%

Leading measure of health in our client franchise: Durable double-digit organic growth across operating segments

The underlying fundamentals across our business continue to be strong on the heels of another double-digit organic revenue growth year across all three segments. During the past five years, we have been diligently focused on investing into our business to build truly differentiated capabilities and innovating across our go-to-market strategies in a way that engenders sustainable outsized performance.

New client relationships are the life blood that foster a culture of innovation, growth, and high performance. Across our business, we have developed differentiated

go-to-market strategies that have enabled consistent industry leading new business results. As the largest contributor to organic growth, our ability to drive industry-leading new business results meaningfully insulates us from the ebbs and flows of insurance rate and economic market cycles. This was on full display with premium growth of 31% in our UCTS segment and industry leading sales velocity of over 20% across our IAS and MIS businesses which overcame nearly 800 basis points of headwinds from the moderating impact of rate and exposure to generate double digit organic growth during 2024.

Strong financial performance, fueled by niche capabilities and growing, often leading, market positions

Our IAS operating group navigated some underlying insurance rate and client exposure unit volatility throughout the year, driven largely by our construction and real estate client verticals. Through strong new business momentum, we ultimately delivered 16% organic revenue growth in the fourth quarter and 10% for the full year, this in the face of ebbing rate and exposure unit tailwinds for the year of 0.4%, which is down 510 basis points from 5.5% in 2023. Highlights of the year include \$125 million in new business production (a 40% increase over FY23), sales velocity of 21.5% (a 410 basis point increase over FY23), and 180 basis points of adjusted EBITDA margin expansion, the second year in a row of meaningful margin accretion.

Our Underwriting, Capacity and Technology Solutions (UCTS) segment, whose MGA reached a milestone of \$1 billion of gross written premium in the second quarter of 2024, posted another banner year with organic revenue growth of 27%. Key contributors included Juniper Re, our reinsurance brokerage business which completed its first full year of operations in 2024, continued strength across our home and multi-family programs, and growing contributions from newly launched products. We saw (expected) adjusted EBITDA margin pressure of 140 basis points as we invested in the launch of Juniper Re and continued to rapidly scale our recently launched products, which often operate with immature economics and margin contribution for the first three to five years.

We anticipate one to two additional years of margin pressure in UCTS before that trend reverses as many of our more recently launched products begin to realize more mature economics.

Our MIS operating group, which posted 20% organic growth, made great strides in growing our reputation as the leading purveyor of embedded home insurance solutions at point of new home sale and mortgage origination. The most visible example of this is at our Westwood franchise, which onboarded six new builders in 2024 and powers the home insurance experience for 18 of the top 25 homebuilders across the country. Our de novo business operations targeting the mortgage and real estate channels showed another strong year of growth with momentum across our pipeline of prospective mortgage and real estate partners and the successful launch of our first fully embedded mortgage partnership in the fourth quarter of 2024. Our Medicare business had a record annual enrollment period on the back of growth in contracted agents of over 20%. In addition to continued momentum and leading organic growth results, adjusted EBITDA margin expanded 250 basis points as we continue to grow into the de novo investments across our mortgage and real estate channels.



2024 highlights

- Continued industry leading organic revenue growth of 17%, including double-digit organic revenue growth across all three of our operating groups
- Grew adjusted EBITDA by 25% and expanded adjusted EBITDA margin by 200 basis points
- Grew adjusted free cash flow by 97% and reduced net leverage from approximately 4.8x to 4.1x while making \$135 million of earnout payments
- Completed two opportunistic debt refinancings (the second of which closed in January 2025) which (1) improved pricing on our term loan facility by 61 basis points (before an incremental 25 basis points pricing improvement to Term SOFR + 2.75% once net leverage drops below 4.0x and (2) introduced a fixed rate component to our debt stack via a \$600 million offering of senior secured notes priced at 7.125%
- Surpassed \$1 billion of in force premium in the MGA, an increase of nearly 20x since our IPO
- Completed the first full year for our reinsurance broking business, Juniper Re, establishing operations in the U.S., Bermuda, and London
- In the wake of our partnership integration work being largely completed, officially announced our transition to The Baldwin Group, a unified go-to-market brand enabling us to more clearly and efficiently convey the capabilities of our firm to all of our stakeholders
- Streamlined business operations and simplified our story (in an accretive manner) via the sale of our wholesale brokerage business, Connected Risk Solutions
- Once again earned “Best Place to Work” accolades from numerous organizations, reflecting our distinctive and winning culture; moreover, these results were validated by our annual internal colleague Pulse survey, with excellent participation and the highest scores to date reflecting our highly engaged and high-performing colleagues



Financial benchmarks

	2024	2023	2022	2021	2020	2019	2024 YOY Growth (%)
Pro Forma Revenue (\$mm)	\$1,382.8	\$1,183.4	\$1,014.5	\$719.3	\$426.2	\$152.6	17%
Pro Forma Adjusted EBITDA (\$mm)	\$310.9	\$244.0	\$202.9	\$175.0	\$109.9	\$34.0	27%
Adjusted EBITDA (\$mm)	\$312.5	\$250.2	\$196.5	\$112.9	\$44.0	\$28.5	25%
Adjusted EBITDA Margin	22%	21%	20%	20%	18%	21%	
Adjusted Net Income (\$mm)	\$176.9	\$131.1	\$119.0	\$80.6	\$33.4	\$17.3	35%
Adjusted Diluted Earnings Per Share	\$1.50	\$1.12	\$1.03	\$0.80	\$0.46	\$0.28	34%
Adjusted Free Cash Flow (\$mm)	\$134.9	\$68.6	\$57.1	\$54.3	\$18.0	\$9.0	97%
Organic Revenue Growth	17%	19%	23%	22%	16%	10%	
Total Revenue Growth	14%	24%	73%	135%	75%	73%	
Pro Forma Revenue Growth	17%	17%	41%	69%	179%	75%	
Annualized Revenue of New Partner Firms (\$mm)	-	-	\$96.3	\$206.2	\$236.2	\$46.9	
Enterprise Value (\$bn)	\$5.8	\$4.0	\$4.1	\$4.9	\$3.1	\$1.0	45%
Price Per Share	\$38.76	\$24.02	\$25.14	\$36.11	\$29.97	\$16.05	61%



An effective business strategy must be grounded in clear, quantifiable, yet simple intermediate and long-term goals to engender maximum awareness and engagement across an organization. At Baldwin we run an annual strategic planning process which is rooted in the Hoshin Kanri methodology. We think about the intermediate to long-range in terms of five-to-ten-year increments, and as such, date down our longer range aspirations on a five-year cycle and look to distill our strategy into a clear, easily understandable and quantifiable objective we can rally around.

Setting our strategic vision is about much more than prescribing a set of financial targets and metrics to measure ourselves by. It is how we determine and land on the key priorities and attributes we marshal the organization around in order to achieve and exhibit what we believe will ultimately lead to the very best outcomes for all our stakeholders. This strategic vision then guides decision making throughout our business. We share the detailed results and objectives of our strategic planning broadly inside our business, facilitating connectivity for our colleagues to what we are working to accomplish and empowering decision making in support of our longer-term goals. We have always shared our high-level aspirations with external stakeholders as well, providing a lens through which to understand what we are working towards and how we expect to get there.

Philosophically, we have always set goals for ourselves aggressively. It is one of the ways by which we apply pressure across our teams to achieve outcomes that many would have otherwise not thought possible. When arriving at these goals, we generally only know 60% to 70% of the underlying ways in which we will get there, and when reviewing the annual objectives we have set and cascaded throughout our organization, if we are achieving them at a rate that is higher than 70% broadly, then we have failed to set our objectives lofty enough. This self-applied performance pressure and lofty expectation management is a major part of how we were able to meaningfully exceed the expectations we set at the time of our IPO and 10x our business over the past five years.

With that context of how we set and calibrate our strategic objectives, I will reiterate that my transparency around our 5-year financial objective is not guidance. It's a view into how we think about goal setting internally and the art of the possible over the intermediate term.

In fact, as we give guidance, we're likely to underwhelm any extrapolations of this, which is intentional. With that said, you can rest assured, the entire team at Baldwin is working tirelessly every day to deliver amazing client and stakeholder outcomes which should ensure over the long run we meet and exceed the financial goals we set for ourselves.

The last iteration of an aspirational longer-range goal for us was "Top 10 in 10" which we socialized at the time of our IPO in October of 2019. At the time, the tenth largest U.S. broker as ranked by Business Insurance based on 2018 results had \$1.3 billion of revenue. In the five years since our IPO, we have exceeded that revenue threshold and steadily marched up the list, from #44 on the same Business Insurance list (as referenced above) with ~\$80 million of annual revenue to #16 based on last years published list with \$1.2 billion of 2023 annual revenue. When we launched this goal internally before our IPO, it was largely thought of as exceedingly lofty and, for many, considered out of reach for us. Today, "Top 10 in 10" is more clearly in view for our colleagues and remains an important objective for us that I am confident we will achieve over time. Now that we are halfway into that journey, the biggest variable I see to our eclipsing that industry rank in the next five years is the degree of industry consolidation both below and above us during the intervening time.

\$3 Billion Revenue – 30% Margin – 5 Years to Achieve

As I discussed during our third quarter 2024 earnings call, we have rolled out internally a goal to exceed \$3 billion of revenue with at least a 30% adjusted EBITDA margin over the next 5 years. Having this goal, and the financial targets broadly communicated throughout our business, enables informed decision making, intentional and thoughtful capital allocation, and aids our leaders in calibrating goal setting and business management.

This goal clearly implies a business that 1) continues to grow organically at an outsized rate relative to our peers, 2) accretes margin at a rate that should meaningfully outpace peers given relative starting points, 3) will result in a meaningfully improved free cash flow profile and a step-function increase in and flexibility to allocate capital, and 4) a return to executing on M&A, but in a similarly thoughtful, prudent and discerning way that you have seen from us in the past that unlocks value for shareholders.

Organically, we are very excited about internal capital deployment opportunities across all three of our segments. In IAS, our reputation as a destination employer continues to grow and generate increasing opportunity for onboarding industry leading talent and expertise that fuel our growing specialty platform spanning industry and risk product verticals. Across our UCTS segment, we have growing opportunities to welcome specialist underwriting talent, launch new programs, and continue rapidly scaling our nascent reinsurance broking franchise. In MIS, we have built the leading position in embedded home-insurance distribution across the new home builder channel and have significant opportunities and momentum to scale across mortgage, real estate brokerage and beyond. Across our businesses, our investments in building an integrated, modern technology stack positions us well to take advantage of the latest technological innovations, including generative artificial intelligence, to remain on the vanguard.

Inorganically, we will look to thoughtfully and selectively invest in businesses that add unique and attractive talent, desirable geographic representation, targeted industry vertical and risk product expertise, and new MGA programs with discernable moats, underwriting discipline, and attractive scalability attributes. Importantly, our filter for M&A has not, and will not change. First, we need to see clear cultural alignment and buy-in. Second, there must exist clear line-of-sight to how both Baldwin and the acquired business are better off as a result of the contemplated business combination beyond simple financial outcomes. Third, the transaction must make financial sense. As a result of our tight filter for quality (both qualitatively and quantitatively), we expect M&A for us going forward will be episodic in nature.

Given the deep investments we have made through our P&L over the last five years to rapidly scale our business, operating leverage is both immense and broad-based across our platform and will be readily achievable as we continue to scale. This is already apparent as you look at the nearly 490 basis point reduction in our compensation and benefits ratio from 2023 to 2024 and the over 150 basis point reduction in our operating expense ratio over the same time period. More specifically, as I look to the discrete parts of our business, we have a number of attributes that give me confidence in a path to meaningful margin accretion going forward.

- Our corporate infrastructure is largely built out and sufficient to support a business twice our size, which should result in natural operating leverage going forward.
- Across our IAS segment, we have built out much of the leadership infrastructure required to continue scaling our national footprint.
- Within our UCTS segment, we've put in place a technology and human capital infrastructure capable of both scaling our existing product suite and launching three to five new products annually.
- Our MIS segment should have the most compelling margin profile over time as the significant P&L investments made over the past three years in embedded technology platforms and capabilities soon transform into significant P&L tailwinds. With an intentional focus on deepening moats around our privileged position in the insurance value chain, we look forward to the future benefit of a highly accretive renewal book of business that should begin compounding exponentially with very minimal renewal sales commission expense.

Achieving our ambition and five-year objective is far from a foregone conclusion and will require a high degree of execution over the coming years. While there are risks and unknown setbacks that will occur, we have worked incredibly hard to put the business in the best position possible to make it a reality.



Revisiting the power of building and operating a truly integrated business

I have opined often, and in past shareholder letters, about the powerful dynamic of building and operating a truly integrated business. I cannot emphasize it enough...so here I am again...

As a reminder, in 2023 we had largely completed integrations of all our partnerships, including in IAS, aligning to the same tech stack, data foundation, operating model, and a consistent go-to-market strategy within each of our segments. In 2024, we continued to make strides to harness the value of this work. We announced a new consolidated go-to-market brand and launched a rebranding effort across our legacy partner brands. While it eliminated costs and redundancies, the far greater, more impactful outcome has been driving further momentum and efficacy at point of sale.

The cohesion and accessibility of tools, resources and expertise resulting from all of this work has led to meaningful uptick in new business wins and momentum. For example, we rolled out Stratus, our pipeline management and sales enablement platform, to sales leaders and risk advisors which helps to manage pipelines, drive new business engagement,

and facilitate cross-sell opportunities leading to increased visibility to where and how to access the tools and resources to solve client needs.

Proof is in our results. Sales velocity in our IAS business, an industry metric used to benchmark new client revenue to prior year commissions and fees revenue, was 21.5% in 2024, compared to industry median of roughly 11% and 75th percentile of roughly 16%. Sales velocity in our IAS business accelerated by 410 basis points over 2023 where our result was already industry leading. In many ways, this is a result of all the work we have completed to build an integrated operating business. This does not happen in a world where everyone is left alone, operating on different systems, and without alignment of go-to-market strategy.

While our approach to building an integrated operating business from day one certainly added some expense initially as we drove accelerated integration efforts across our M&A program, I am more confident than ever this was the right approach and will drive immense value over time. As we focus our sights on \$3B/30 over the coming years, the benefits of our integrated operating platform will be a meaningful contributor to achieving this objective.

Looking ahead

As we enter 2025, I am as confident and excited for the future as I have been in the recent history of our firm.

- We have built an incredible foundation underpinned and fueled by a distinctive culture that enables us to attract and develop a best-in-class team of professionals. The momentum we are seeing on the talent front has continued to strengthen following our rebranding efforts, which will be a tailwind to our future organic growth.
- 2025 marks the end of the earnout and leverage overhangs that we've been navigating for the past 24+ months. From here, we will see step-function improvements in our adjusted free cash flow and net leverage positions, the result of which will be a level of financial flexibility we have not yet experienced as a public company. Even as we see improvements in adjusted free cash flows, we intend to remain disciplined in our prioritization and allocation of resources and excess capital. We remain committed to operating within our stated long-term net leverage target range of 3-4x.
- Adjusted EBITDA margin expansion will continue to be a key priority and, while we plan to deliver incremental margin expansion each year for the foreseeable future, the magnitude of expansion will vary year to year. Inevitably, years of step-function improvements will often be followed by more muted years. We anticipate 2025 will have more muted margin expansion given the continued rapid scaling of new products in our MGA, the one-time impacts of transitioning our QBE homeowners book of business and uncertainty related to the reinsurance market's response to the California wildfires.
- On the macro front, there are signs of optimism and hope emerging from our clients during conversations with our professionals in the marketplace. Our advisors and client experience colleagues are picking up on positive sentiments: around anticipated momentum and opportunities their clients are seeing in their businesses, hope around the potential impacts of deregulation and fiscal discipline from the U.S. Government and the stability that should bring to our nation's balance sheet along with the trickle-down impacts to borrowing costs, mortgage rates, etc.

As proud and excited as I am for what we have accomplished over the past five years, I am even more enthused for what we want to accomplish over the next five. We remain focused on building the preeminent insurance and risk advisory solutions firm in our industry and while the fundamental building blocks of what got us here, namely our investments at the confluence of talent and technology, will continue to be critical to our future success, certain priorities will evolve. For example, while scale was existential during the past five years, operational rigor and efficient execution at scale will be existential over the next five years.



Innovate, Execute, Excel in 2025

As we map out and prepare for the next five years of our growth story, we are more confident in our future due to the strength of underlying fundamentals and the foundation and infrastructure we have built. As such, we have a business at scale that knows how to grow organically at outsized rates realized through internally driven net new business generation. A durable competitive advantage that when combined with growing flexibility for capital allocation sets the stage for what I anticipate will be the most exciting and rewarding five years our company has experienced.

Here are some of the areas of focus across our business over the course of the next year:

- We will further embrace our unique and celebrated culture with the roll-out of an updated Azimuth document, (what I refer to as our cultural constitution), that will be accompanied by a new series of trainings and tools to ensure broad based understanding, commitment, and alignment to who we are, what we stand for, and how that informs our behaviors and decision making.
- Our focus on innovating across the value chain in support of developing innovative client solutions will remain a bedrock of our strategy, with continued work around expanding our capabilities in reinsurance, risk capital formation, and capital management in support of our risk product portfolio.
- We will accelerate our efforts to holistically solve more problems for existing clients across our spectrum of commercial and consumer offerings, connecting opportunities for growth within and across operating groups, centers of excellence, and industry practices.
- Our training and development programs will expand as we continue to attract, retain, and grow the most talented individuals in the industry. As a knowledge industry, our greatest and most enduring competitive advantage exists in our ability to attract, develop, and retain the very best and brightest professionals.
- The portfolio of commercial and consumer products, as well as internal and external distribution strategies, will continue to expand through our MGA business, MSI.
- We will continue the brand unification across the remainder of our retail broking businesses and turn to building broad, lasting awareness of our firm as a leading destination for clients, partners, and colleagues.
- Our efforts to build the leading “broker of the future” platform will continue in full force, harnessing the power of technology and artificial intelligence to elevate the client and colleague experience while ensuring our colleagues are positioned to spend the preponderance of their time doing meaningful and impactful client work.



In summary

Today, I am more excited and confident about the future of our firm than I have ever been. We have been intentional around building a durable, integrated business capable of withstanding all economic cycles and property and casualty market conditions. The result of that is an ability to take market share in any environment whether our clients are experiencing rapid growth or one where the economy is contracting and our clients are more reliant on us for thoughtful, differentiated solutions that help them navigate challenges.

I extend my deepest appreciation to all our stakeholders who made the last five years a huge success. I especially want to thank our clients – without their trust, loyalty, and satisfaction, our success would not be possible. We also appreciate our insurance company partners with whom we trade with day-in and day-out and the communities in which we live and work that have supported our success.

We have an amazing team of the industry's most talented colleagues whose passion, grit and determination enabled these amazing results and accomplishments and who will be instrumental in doing the same over the course of the next leg of our journey as we pursue "\$3B/30/5." I remain grateful to them for the results they deliver and for their ongoing commitment and engagement.

And with deep gratitude, I thank our shareholders, many of whom have been with us since our IPO. Notably, among our public insurance broker peers, we rank at the high end of insider ownership, with more than 40% of our company owned by colleagues and partners.

I am incredibly proud of the results we have achieved thus far. Our growth story is far from over, our future is bright, and I can say to you with confidence, our best days remain ahead!

With gratitude and optimism,

Trevor Baldwin

Chief Executive Officer



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, 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, revenues from a partner acquired on June 1, 2023 are excluded from organic revenue for 2023. However, after June 1, 2024, results from June 1, 2023 to December 31, 2023 for such partners are compared to results from June 1, 2024 to December 31, 2024 for purposes of calculating organic revenue growth in 2024. 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, 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 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, 2019 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.

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, severance, and certain non-recurring costs, including those related to raising capital. For the years ended December 31, 2023 and 2024, pro forma adjusted EBITDA accounts for these items 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 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. 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 hold fiduciary cash designated for our insurance company partners on behalf of our clients and 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 change in premiums, commissions and fees receivable, net; (ii) the change in accounts payable, accrued expenses and other current liabilities; (iii) the payment of contingent earnout consideration in excess of purchase price accrual; and (iv) 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.

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:

(in thousands, except percentages)	For the Years Ended December 31,					
	2024	2023	2022	2021	2020	2019
Revenues	\$1,389,037	\$1,218,555	\$ 980,720	\$ 567,290	\$ 240,919	\$ 137,841
Net loss	\$ (41,081)	\$ (164,019)	\$ (76,748)	\$ (58,120)	\$ (29,885)	\$ (22,454)
Adjustments to net loss:						
Interest expense, net	123,644	119,465	71,072	26,899	7,857	10,640
Amortization expense	102,730	92,704	81,738	48,720	19,038	10,007
Share-based compensation	65,503	56,222	47,389	19,193	7,744	4,561
Colleague earnout incentives	41,917	8,020	—	—	—	—
Gain on divestitures	(38,953)	—	—	—	—	—
Loss on extinguishment and modification of debt	15,113	—	—	—	—	6,732
Transaction-related partnership and integration expenses	10,501	20,728	34,588	19,182	13,851	2,204
Income and other taxes ⁽¹⁾	7,184	1,285	715	19	(5)	17
Depreciation expense	6,194	5,698	4,620	2,788	1,129	542
Severance	5,756	18,514	1,255	871	89	329
Change in fair value of contingent consideration	(4,949)	61,083	32,307	45,196	20,516	10,829
(Gain) loss on interest rate caps	244	1,670	(26,220)	123	—	—
Capital related expenses	—	—	—	—	1,087	4,739
Other ⁽²⁾	18,682	28,834	25,774	8,038	2,535	375
Adjusted EBITDA	<u>\$ 312,485</u>	<u>\$ 250,204</u>	<u>\$ 196,490</u>	<u>\$ 112,909</u>	<u>\$ 43,956</u>	<u>\$ 28,521</u>
Net loss margin	(3)%	(13)%	(8)%	(10)%	(12)%	(16)%
Adjusted EBITDA margin	22 %	21 %	20 %	20 %	18 %	21 %

(1) Other taxes in 2024 include the Tax Receivable Agreement expense and other operating tax expense, such as state taxes, under GAAP.

(2) 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:

(in thousands, except percentages)	For the Years Ended December 31,					
	2024	2023	2022	2021	2020	2019
Commissions and fees	\$1,377,116	\$1,211,828	\$ 980,720	\$ 567,290	\$ 240,919	\$ 137,841
Partnership commissions and fees ⁽¹⁾	—	(44,696)	(280,660)	(272,272)	(81,250)	(50,163)
Organic revenue	<u>\$1,377,116</u>	<u>\$1,167,132</u>	<u>\$ 700,060</u>	<u>\$ 295,018</u>	<u>\$ 159,669</u>	<u>\$ 87,678</u>
Organic revenue growth ⁽²⁾	\$ 196,922	\$ 187,213	\$ 132,610	\$ 54,004	\$ 21,780	\$ 7,780
Organic revenue growth % ⁽²⁾	17 %	19 %	23 %	22 %	16 %	10 %

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

(2) Organic revenue for the year ended December 31, 2023 used to calculate organic revenue growth for the year ended December 31, 2024 was \$1.18 billion, which is adjusted to exclude commissions and fees from divestitures that occurred during 2024.

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,					
	2024	2023	2022	2021	2020	2019
Net loss attributable to Baldwin	\$ (24,518)	\$ (90,141)	\$ (41,772)	\$ (30,646)	\$ (15,696)	\$ (8,650)
Net loss attributable to noncontrolling interests	(16,563)	(73,878)	(34,976)	(27,474)	(14,189)	(13,804)
Amortization expense	102,730	92,704	81,738	48,720	19,038	10,007
Share-based compensation	65,503	56,222	47,389	19,193	7,744	4,561
Colleague earnout incentives	41,917	8,020	—	—	—	—
Gain on divestitures	(38,953)	—	—	—	—	—
Loss on extinguishment and modification of debt	15,113	—	—	—	—	6,732
Transaction-related partnership and integration expenses	10,501	20,728	34,588	19,182	13,851	2,204
Income tax expense	6,537	—	—	—	—	—
Depreciation	6,194	5,698	4,620	2,788	1,129	542
Amortization of deferred financing costs	5,841	5,129	5,120	3,506	1,002	1,312
Severance	5,756	18,514	1,255	871	89	329
Change in fair value of contingent consideration	(4,949)	61,083	32,307	45,196	20,516	10,829
(Gain) loss on interest rate caps, net of cash settlements	2,544	12,588	(24,012)	123	—	—
Capital related expenses	—	—	—	—	1,087	4,739
Other ⁽¹⁾	18,682	28,834	25,774	8,038	2,535	375
Adjusted pre-tax income	196,335	145,501	132,031	89,497	37,106	19,176
Adjusted income taxes ⁽²⁾	19,437	14,405	13,071	8,860	3,673	1,898
Adjusted net income	<u>\$ 176,898</u>	<u>\$ 131,096</u>	<u>\$ 118,960</u>	<u>\$ 80,637</u>	<u>\$ 33,433</u>	<u>\$ 17,278</u>
Weighted-average shares of Class A common stock outstanding - diluted	63,455	60,135	56,825	47,588	27,176	17,917
Dilutive weighted-average shares of Class A common stock	3,598	3,874	3,526	1,982	571	330
Exchange of Class B common stock ⁽³⁾	50,896	53,132	55,450	51,811	45,147	43,194
Adjusted diluted weighted-average shares outstanding	<u>117,949</u>	<u>117,141</u>	<u>115,801</u>	<u>101,381</u>	<u>72,894</u>	<u>61,441</u>
Diluted loss per share	\$ (0.39)	\$ (1.50)	\$ (0.74)	\$ (0.64)	\$ (0.58)	\$ (0.48)
Effect of exchange of Class B common stock and net loss attributable to noncontrolling interests per share	0.04	0.10	0.08	0.07	0.17	0.11
Other adjustments to loss per share	2.01	2.64	1.80	1.46	0.92	0.68
Adjusted income taxes per share	(0.16)	(0.12)	(0.11)	(0.09)	(0.05)	(0.03)
Adjusted diluted EPS	<u>\$ 1.50</u>	<u>\$ 1.12</u>	<u>\$ 1.03</u>	<u>\$ 0.80</u>	<u>\$ 0.46</u>	<u>\$ 0.28</u>

(1) Other addbacks to adjusted net income 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.

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

(3) Assumes the full exchange of Class B common stock for Class A common stock pursuant to the Third Amended and Restated Limited Liability Company Agreement of the Company, as amended.

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:

(in thousands, except percentages)	For the Years Ended December 31,					
	2024	2023	2022	2021	2020	2019
Revenues	\$1,389,037	\$1,218,555	\$ 980,720	\$ 567,290	\$ 240,919	\$ 137,841
Revenue for partnerships in the unowned period ⁽¹⁾	—	—	33,768	152,030	185,330	14,769
Less revenue from divestitures ⁽²⁾	(6,260)	(35,161)	—	—	—	—
Pro forma revenue	<u>\$1,382,777</u>	<u>\$1,183,394</u>	<u>\$1,014,488</u>	<u>\$ 719,320</u>	<u>\$ 426,249</u>	<u>\$ 152,610</u>
Pro forma revenue growth	\$ 199,383	\$ 168,906	\$ 295,168	\$ 293,071	\$ 273,639	
Pro forma revenue growth %	17 %	17 %	41 %	69 %	179 %	

(1) 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. The adjustments for the year ended December 31, 2020 reflect revenues 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 revenues 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.

(2) For the years ended December 31, 2024 and 2023, the adjustments exclude revenue 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:

(in thousands, except percentages)	For the Years Ended December 31,					
	2024	2023	2022	2021	2020	2019
Pro forma revenue	\$1,382,777	\$1,183,394	\$1,014,488	\$ 719,320	\$ 426,249	\$ 152,610
Net loss	(41,081)	(164,019)	(76,748)	(58,120)	(29,885)	(22,454)
Net income (loss) for partnerships in the unowned period ⁽¹⁾	—	—	(2,069)	29,078	25,205	(472)
Less net income from divestitures ⁽²⁾	(39,264)	(3,616)	—	—	—	—
Pro forma net loss	(80,345)	(167,635)	(78,817)	(29,042)	(4,680)	(22,926)
Adjustments to pro forma net loss:						
Interest expense, net	123,644	119,465	72,789	39,852	22,290	14,768
Amortization expense	102,730	90,800	88,537	68,805	43,965	11,866
Share-based compensation	65,503	56,222	47,389	19,193	7,744	4,561
Colleague earnout incentives	41,917	8,020	—	—	—	—
Loss on extinguishment and modification of debt	15,113	—	—	—	—	6,732
Transaction-related partnership and integration expenses	9,451	20,728	34,588	19,182	13,851	2,204
Income and other taxes	7,184	1,285	715	19	(5)	17
Depreciation expense	6,194	5,653	4,620	2,788	2,474	542
Severance	5,729	18,262	1,255	871	89	329
Change in fair value of contingent consideration	(4,949)	61,061	32,307	45,196	20,516	10,829
(Gain) loss on interest rate caps	244	1,670	(26,220)	123	—	—
Capital related expenses	—	—	—	—	1,087	4,739
Other	18,473	28,464	25,774	8,038	2,535	375
Pro forma adjusted EBITDA	<u>\$ 310,888</u>	<u>\$ 243,995</u>	<u>\$ 202,937</u>	<u>\$ 175,025</u>	<u>\$ 109,866</u>	<u>\$ 34,036</u>
Net loss margin	(3)%	(13)%	(8)%	(10)%	(12)%	(16)%
Pro forma adjusted EBITDA margin	22 %	21 %	20 %	24 %	26 %	22 %

(1) 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. 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 net income (loss) 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.

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

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,					
	2024	2023	2022	2021	2020	2019
Net cash provided by (used in) operating activities	\$ 102,151	\$ 44,644	\$ (2,462)	\$ 40,129	\$ 36,817	\$ 12,014
Adjustments to net cash provided by (used in) operating activities:						
Change in premiums, commissions and fees receivable, net	73,762	132,269	183,006	64,501	6,828	6,000
Change in accounts payable, accrued expenses and other current liabilities ⁽¹⁾	(81,561)	(132,655)	(173,362)	(55,188)	(27,348)	(9,000)
Payment of contingent earnout consideration in excess of purchase price accrual	23,395	24,326	49,926	4,825	1,727	8
Payment of colleague earnout incentives	17,112	—	—	—	—	—
Adjusted free cash flow	<u>\$ 134,859</u>	<u>\$ 68,584</u>	<u>\$ 57,108</u>	<u>\$ 54,267</u>	<u>\$ 18,024</u>	<u>\$ 9,022</u>

(1) Change in accounts payable, accrued expenses and other current liabilities for the year ended December 31, 2023 has been recast to conform to current year presentation, which excludes the effect of the change in colleague earnout incentives.