

CBIZ (Q4 2025 Earnings)

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Corporate Speakers:

- Chris Sikora; CBIZ; Vice President of Investor Relations and Corporate Finance
- Jerry Grisko; CBIZ; President and Chief Executive Officer
- Brad Lakhia; CBIZ; Chief Financial Officer
- Peter Scavuzzo; CBIZ; Chief Strategy Officer and Technology Leader

Participants:

- Faiza Alwy; Deutsche Bank; Analyst
- Christopher Moore; CJS Securities; Analyst
- Andrew Nicholas; William Blair; Analyst

PRESENTATION

Operator: Good day. And welcome to the CBIZ Fourth Quarter 2025 Results Conference Call. (Operator Instructions) Please note this event is being recorded. I would now like to turn the conference over to Chris Sikora, Vice President of Investor Relations and Corporate Finance. Please go ahead.

Chris Sikora: Good afternoon. And thank you for joining us on today's call to discuss CBIZ fourth quarter and full Year 2025 results.

During this quarter, we posted an earnings presentation that tracks to our prepared remarks. The presentation is available on our Investor Relations website. Before we start, I'll remind all participants that you will be hearing forward-looking statements during this call.

These statements reflect the expectations and beliefs of our management team at the time of the call but are subject to risks that could cause actual results to differ materially from these statements.

You can find additional information on these factors in the company's filings with the SEC. Participants should be mindful that subsequent events may render this information to be out of date.

We will also discuss certain non-GAAP financial measures on today's call. As noted on Slide Three, a reconciliation between GAAP and non-GAAP financial measures can be found in the supplemental schedules of the presentation.

Joining us for today's call are Jerry Grisko, President and Chief Executive Officer; Brad Lakhia, Chief Financial Officer; and Peter Scavuzzo, Chief Strategy Officer and Technology Leader. I will now turn the call over to Jerry, who will begin on Slide 4.

Jerry Grisko: Thanks, Chris. Good afternoon, everyone. And thank you for joining us. I want to start today by highlighting how CBIZ is positioned to win in the middle market.

We have nearly doubled in size, enhanced our service offerings, and advanced our investments in people, technology and automation. The middle market professional services industry has historically grown above GDP and with a large and growing total addressable market of diverse clients that rely on trusted advisers to help them navigate complex operating environments and grow their business.

The industry benefits from secular growth drivers tied to greater complexity for business leaders, a shortage of accounting talent leading to increased outsourcing of accounting services, constant changes to accounting and tax standards, as well as the ongoing importance of adapting and modernizing processes with advances in AI and automation.

We are now among just a handful of firms that have the scale and capabilities to meet middle market clients' growing demand for greater industry expertise, leading technology and a broader range of services delivered by trusted advisers. Our strategic focus in 2026 and beyond is ensuring that we organize and invest in our capabilities to maximize the value of our scale and competitive position.

We expect these investments to further strengthen our value proposition to clients, differentiate CBIZ in the market and accelerate our growth. Moving to Slide 5. It is important to recognize that many accomplishments the CBIZ team delivered in 2025. We made significant progress by completing the vast majority of the Marcum integration priorities.

We brought our teams together physically, enhanced their ability to work together through common systems and processes and strengthened our go-to-market capabilities. These steps were necessary to unlock the opportunities associated with the acquisition and position CBIZ for sustainable long-term growth.

I want to thank our entire team for their hard work and support and their commitment to our clients, team members and CBIZ during this important year of transformation.

In 2025, we delivered approximately 2% organic revenue growth with solid year-over-year improvement in bottom line profitability. We continue to generate healthy cash flow from operations to support our business and to invest in attractive opportunities.

While our revenue growth is impacted in part by soft market conditions that affected the entire industry, there was also a portion related to productivity losses, often experienced in the first year following the combination of two organizations of similar size.

We believe these headwinds will abate in 2026 as we have seen improving middle market sentiment, and we're in the process of completing our first busy season as a combined company on common platforms.

Now moving to Slide 6, operationally, we've built upon Marcum's investments in transformation and innovation including AI and data-focused priorities, and we've improved how we deploy our combined offshore teams.

Having our teams work on common systems and apply the standardized processes and workflows that were established in 2025 allows us to increase utilization and enhance client experience by matching our best people to the clients most in need of their expertise.

From a people and leadership standpoint, we completed most of our internal reorganization priorities.

Over the past year, we strengthened our leadership bench by placing our best leaders into roles that directly drive growth, accelerate the formation of our industry groups and advance the adoption of AI and innovation. Thanks to our team's hard work, key retention metrics around clients and managing directors are in line with expectations and synergies are double our initial expectations.

While there remains technology and real estate-related integration work ahead of us, along with opportunities for further cost synergies, the integration is largely behind us, and we are now focused on how we leverage our scale to accelerate growth. With that, I'll turn to our four strategic priorities guiding our efforts on Slide 7.

We are focused on four strategic priorities to drive growth and increase our value to our clients, attracting and retaining top talent, elevating our national brand, utilizing industry specialization, and delivering value through our enhanced breadth and depth of service offerings.

Together these priorities will strengthen our ability to win the new business, retain and expand client relationships and enhance and realize pricing. Our first growth priority is to attract and retain top talent.

For 2025, we were pleased to fund substantial amounts of incentive compensation to recognize the contributions of our team in this critical year of transition. And in 2026, we plan to return to full incentive program funding tied to delivering on our top line growth objectives.

We will also increase our producer count within our Benefits and Insurance group by approximately 15% this year, and we are investing in sales development resources to capture new opportunities. We now have the ability to attract a unique level of talent to CBIZ.

Recent examples include bringing on a head of AI incubation and a head of Data from Big four firms. And we have a pipeline of senior professionals who want to join the

unique platform that we have now built. Our history tells us we have a strong track record of high returns on our investments in talent.

We're confident that the continued investment in talent will allow us to command better pricing, expand existing relationships, and win new logos. We have scaled our brand and marketing approach and our second growth priority is to continue to raise our brand visibility and to ramp up targeted marketing initiatives.

While CBIZ has a strong reputation with existing clients, we need to always be top of mind for new clients and event-driven project-based work. We see a large opportunity to explain the power of our new platform and the ways in which we can help current and potential clients.

In 2025, our team generated more than 50,000 net new leads across key markets using targeted TV, digital and out-of-home advertising, leading to improved win rates.

In 2026, our focus will be on translating increased visibility into engagement for our services, supporting new client opportunities and reinforcing our position when companies pursue transformational events.

Our branded marketing investments are a key component to both our go-to-market and our talent recruitment strategies.

Our third growth priority is deepening and growing our industry specialization. Clients want advisers who bring deep industry-specific insights and our expanded scale positioned us to do just that.

We've organized into 12 industry verticals which allows us to lead with insights, anticipate client needs and deliver coordinated tailored solutions supporting stronger retention and more consistent growth.

The strategy and model has already proven successful. Construction Executive recently named CBIZ as the #1 firm on its 2025 list of the top 50 construction accounting firms, reflecting the strength of our position in that industry. We are leveraging national resources while maintaining our local delivery advantage, and we're encouraged by the early progress we're seeing.

All 12 industry verticals now have dedicated leadership that has aligned national and regional support to drive improved collaboration, cross-serving and industry-focused client engagement. Finally, we are delivering a more coordinated client experience across our services.

With our highly recurring essential revenue base, and strong client retention, our most immediate growth opportunity is expanding relationships with our existing clients. We are seeing notably increased collaboration across service lines, early success from cross-serving initiatives and growing interest in bundled solutions.

This strengthens our new business efforts, allowing prospects to see the full breadth of our capabilities. In 2026, our efforts are centered on increasing the number of clients using multiple services.

We have built the foundation for this work, and we are expecting the efforts to become a more meaningful contributor to organic growth over time. Taken together, we believe strong execution against these four priorities positions us to drive attractive levels of growth.

At the same time we remain focused on delivering their growth with strong earnings quality. Now turning to Slide 8. An important value driver is our investment in automation including artificial intelligence.

In time, AI will meaningfully change how professional services firms operate. It will increasingly automate routine manual tasks and reshape workflows across our service offerings.

We want to be clear about what AI does and does not change. The core role of the trusted adviser. Applying judgment, advocating for outcomes and leveraging the experience, collaboration in ethics remains indispensable.

Trust is uniquely human our clients trust us as their advisers and look to us to harness these tools on their behalf, and that's exactly what CBIZ is doing.

We are positioning CBIZ to lead and view AI as an extension of the automation initiatives we've leveraged for many years to generate a high return on investment. Critically, we are implementing AI as an enterprise-wide capability rather than a series of isolated pilots. This means standardizing workflows, strengthening data discipline, and establishing governance so outputs are reliable, repeatable and audit-ready.

Today, we have over 60 dedicated professionals focused on our technology and our AI strategy, and we are collaborating with top-tier cloud and AI providers to accelerate our transformation.

We are embedding AI tools in our daily workflows, enabling all of our employees with structured training and scaling proven capabilities already in production. A good example is tax.

We currently use tax automation software to streamline 1040 return preparation. In parallel, we are layering in AI capabilities to process more complex data like K-1 footnotes.

Over time we expect these enhanced capabilities will support margin expansion in our tax business, not by charging less, but by delivering more value with greater efficiency. AI

also has the potential to create new revenue opportunities, particularly within our higher growth, higher-margin advisory practice.

As the regulatory and operating environment grows more complex, clients need more help interpreting data in making strategic decisions, exactly the kind of judgment intensive work where clients seek out trusted advisers, especially one who could leverage AI. We believe our competitive scale and strategy positions us well to benefit as AI reshapes our industry.

Our middle market clients typically do not have the scale, capital or internal expertise to build and govern AI infrastructure themselves. We do. Our size and breadth allows us to invest in and deploy advanced tools across our platform, while pairing them with trusted adviser relationships that clients depend on.

Because the majority of our revenue is fixed fee or commission based, we expect a great deal of productivity gains to flow to margins without pressuring our top line.

Lastly, coming to the current demand and pricing we are not seeing AI put pressure on either one. To the contrary, our pipeline remains healthy, retention is strong and clients continue to lean into their advisory relationships. The use of efficiency tools is not without precedent.

Over the past decade, our industry has significantly expanded the use of lower-cost offshore labor with full transparency to our clients, reducing the cost to deliver work with accounting firms generating meaningful margin expansion from these activities.

We see AI following a similar pattern, delivery costs improved, but the value to the client remains and even grows and pricing reflects that value.

Firms that are prioritizing AI adoption are being rewarded with deeper client relationships and expanded wallet share. We believe we are well positioned on that side of the equation.

In summary, our foundational platform work and scale automation initiatives are expected to support more efficient growth, margin expansion and an increasingly favorable revenue mix.

We believe that AI deployed with discipline and governance will be a meaningful driver of long-term value creation. Slide 9 details how offshoring continues to be a meaningful opportunity for CBIZ.

We are accelerating our use of global resources to improve utilization, expand capacity and support margin expansion. Ultimately, we believe offshoring provides a better experience for our U.S.-based team, enabling a higher level of service and responsiveness to our clients.

Today we operate offshore delivery centers in the Philippines and in India with more than 500 professionals supporting our tax and attest services. We expect to increase offshore hours from approximately 6% in 2025 and to 10% in 2026. Over the next several years, we plan to expand this to more than 20%.

We believe achieving these levels which are consistent with comparable firms will drive significant growth and margin opportunities over time. Now to wrap up my opening remarks, I want to comment on the current business climate and our outlook.

While 2025 turned out to be a more cautious operating environment for our clients, our proprietary Pulse survey and ongoing discussion with clients points to a more encouraging backdrop heading into this year. What we're hearing from clients is greater comfort with the business environment.

While clients still recognize the economic and political environment remains highly dynamic, the incremental comfort indicates an increased opportunity for project-based work. We saw this picked up in the second half of last year.

As a reminder, more than 70% of our revenue is recurring and resilient across cycles. The remaining portion is more project-based and our assumptions regarding the level of activity largely drive the rate of our 2% to 5% organic revenue growth outlook.

Finally, as Brad will discuss in more detail, we are pleased with the strong free cash flow generation we expect in the coming year and view stock repurchases as highly attractive, given our long track record of growing free cash flow. Now I would like to turn the call over to Brad for our financial review.

Brad Lakhia: Thanks, Jerry. And good afternoon, everyone. My comments begin on Slide 11. Consolidated financial results for the fourth quarter and full year demonstrate the strength and resiliency in the CBIZ model.

We delivered strong profitability and free cash flow despite tempered top line growth. Fourth quarter revenue was \$543 million, up 18% versus the prior year driven by the acquisition.

You will recall our remarks on the third quarter call. Two things had to happen for us to meet our fourth quarter expectations.

First, market conditions had to be consistent with the third quarter and we're pleased that assumption held true. The second assumption required we drive above-average utilization by working with our clients to get an early start on the busy season.

This assumption did not come through, as utilization remained at normal historical levels due to client preference to pursue this work in 2026.

Fortunately, the work was pushed into 2026, and we are well positioned to convert on this activity during the first half of the year. For the full year, revenue grew 52% versus the prior year as reported, and we estimated we grew approximately 2% organically.

As we shared during 2025, this was below our initial expectations due to less favorable market conditions in the first half as well as lower demand in our SEC capital markets practice.

The CBIZ model generates strong recurring essential revenue, and our client retention remains high. As we move past a transformative year, we are excited to execute on our top line growth initiatives in 2026 and beyond.

Operating expense declined as a percentage of revenue, reflecting lower incentive compensation tied to our top line performance and the acceleration of synergies that contributed approximately \$35 million of savings in 2025. Together, these two items helped drive 250 basis points of year-over-year gross margin expansion.

Roughly 80% of our operating expense is personnel related, with incentive compensation as the primary variable component. Incentive compensation programs have historically represented approximately 16% to 17% of our total compensation and benefits.

While incentive expense was lower in 2025, we ensured our high-performing teams are recognized and rewarded for their 2025 accomplishments, and we remain committed to investing in the best people in our industry.

For the fourth quarter, adjusted EBITDA was a loss of \$29 million. And for the full year, adjusted EBITDA was \$447 million. Full year adjusted EBITDA margin increased approximately 530 basis points versus last year, with lower incentive compensation expense driving approximately 270 basis points of that improvement.

Excluding the impact from incentive compensation and acquisition timing, we believe our margin expansion is consistent with and even exceeds historical performance, representing the benefits of greater scale and higher-than-expected synergies.

Fourth quarter adjusted diluted earnings per share was a loss of \$0.70 bringing our full year adjusted EPS to \$3.61. This is in line with our original 2025 guidance and is a strong testament to the team's ability to deliver improved profitability and achieve the year one accretion we committed to when we announced the Marcum transaction.

We repurchased approximately 2.4 million shares totaling \$160 million in 2025 under our right of first refusal and through the open market.

In addition, our Board of Directors recently approved the continuation of our share repurchase program, authorizing the repurchase of up to five million shares. Full year free cash flow increased \$65 million to \$176 million and conversion from adjusted

EBITDA was approximately 40%. Conversion was tempered in 2025 due to elevated integration-related spend that will begin to abate in 2026.

Our business model drives meaningful cash generation under nearly all business climates. This affords us flexibility to support high-return capital allocation priorities that drive top line growth, improve client experience and margin expansion. Moving into our segment review.

Financial Services fourth quarter revenue was \$439 million, up 23% year-over-year, benefiting from an additional month of the acquisition compared to last year. Full year 2025 revenue was \$2.3 billion, an increase of approximately 70% driven by the acquisition.

Adjusting for known items, we estimate we delivered low single-digit growth in our core accounting and tax service lines which offset headwinds in our SEC-related business. In addition, our advisory business grew in the second half, capturing improved market conditions relative to the first half.

Financial Services adjusted EBITDA was up \$264 million, ending the year at \$449 million. Adjusted EBITDA margin expanded 600 basis points, driven by the impact of synergies, lower incentive compensation expense and additional scale benefits.

In terms of pricing, we were pleased to deliver mid-single-digit rate increases for the year. We are competing favorably and realizing rate increases that exceed overall inflation and capture the value we bring to our clients.

Our long-term target for financial services is solid mid-single-digit annual organic revenue growth, and we expect continued adjusted EBITDA margin expansion driven by top line growth and operating efficiencies. Turning to our benefits and insurance results on Slide 14. Overall, it was another solid year for B&I with year-over-year revenue growth and strong profitability.

2025 revenue was \$410 million and represents 2% growth year-over-year primarily driven by growth in our Employee Benefits Group and the payroll and Human Capital Management group. This was partially offset by softness in the property and casualty market as well as producer attrition.

For the year, adjusted EBITDA was up \$3 million, representing 4% growth and 20 basis points of margin expansion. Growth drivers for B&I in 2026 include enhancing client and key producer retention while driving new business.

We are also tying a larger level of producer incentive compensation to cross-serving targets. We are capturing opportunities for outsourced services and seeing increased interest in our solutions to mitigate rising health care costs and navigate workforce dynamics.

Slide 15 provides a look at our quarterly seasonality for revenue, adjusted EBITDA and free cash flow. Seasonality is driven by the accounting and tax busy season and the related timing of billing and collections which impacts working capital.

We ended with net debt of approximately \$1.45 billion, resulting in a net leverage ratio of 3.3x and we had over \$400 million of available liquidity under our revolver as of December 31. Turning to our 2026 outlook on Slide 16 and you could also reference Slides 21 through 23 in the appendix for additional detail.

At a high level, we expect to deliver year-over-year growth in revenue, profitability and free cash flow. Revenue is expected to be between \$2.8 billion to \$2.9 billion, representing 2% to 5% year-over-year growth. The difference between the high end and the low end of the range is largely driven by macroeconomic assumptions which could impact project-based work.

In terms of seasonality and consistent with historical patterns, revenue is expected to be weighted at approximately 55% in the first half and 45% in the second half. Adjusted EBITDA is expected to be in the range of \$450 million to \$460 million. The funding of incentive pools will correlate with our top line performance.

At 2% growth, we would expect a little to no headwind compared to 2025 and at 5% growth, we would expect incentive compensation to be refilled at target levels and would therefore realize the full \$65 million headwind.

Investing in talent remains a top priority and it's critical to our long-term success. We're balancing that investment with a disciplined approach to profitability, supported by efficiency initiatives and synergies that will partially offset higher compensation.

We expect \$70 million to \$80 million in integration costs in 2026. Compared to 2025, business-related integration costs will decrease but will be partially offset by higher facility optimization costs. The first half and the second half split for adjusted EBITDA is expected to be approximately 70% and 30%, respectively.

Adjusted EPS is expected to be in the range of \$3.75 to \$3.85 per share. And this contemplates a tax rate of approximately 28.5% and a weighted average fully diluted share count of approximately 62 million shares.

Free cash flow is expected to be in the range of \$270 million to \$290 million, representing approximately 60% conversion at the midpoint of our adjusted EBITDA outlook. This is largely driven by lower acquisition-related items and the benefit of approximately \$50 million of purchase price adjustment we collected this January.

We are factoring in only modest contributions from working capital efficiency and lower interest payments. Capital expenditures will be higher in 2025 by approximately \$20 million to \$25 million tied to facility optimization plans.

And in 2027 and beyond, we expect capital expenditures will normalize to approximately \$20 million to \$30 million annually. M&A earn-out payments are expected to be approximately \$30 million in 2026. Beyond 2026, we believe we have opportunities to further enhance free cash flow conversion.

And these levers include driving profitable revenue growth, enhancing working capital management with a focus on DSOs, lowering interest payments, and maintaining an asset-light low CapEx model.

On Slide 17, we outline our capital allocation priorities as we continue to generate strong free cash flow. Our first priority remains funding organic growth and maintenance capital. Second, we remain committed to delevering, targeting net leverage ratio of two to 2.5x.

At our current valuation which implies a high-teens 2026 net free cash flow yield we believe share repurchases are highly accretive and represent a compelling use of capital. Similar to 2025, we intend to be active and disciplined in executing repurchases balanced with steady debt reduction.

The strength and scale of our business model, combined with our consistent free cash flow, gives us confidence that we can simultaneously invest in growth, return capital through share repurchases, and achieve our leverage targets. Thank you for joining us today. And I'll turn the call back to Jerry.

Jerry Grisko: Thanks, Brad. Our top priority in 2026 is reigniting our growth engine and leveraging our scale. We have clear strategic growth priorities and efficiency enablers that we are confident will drive value creation for shareholders in 2026 and beyond. We believe we have the building blocks to deliver on our long-term growth algorithm. Our diverse client base positions us to cross-serve and drive larger share of wallet.

We are finding that our ability to provide specialized industry expertise is enabling us to deepen core client relationships and differentiate ourselves from our competitors. Looking forward, we are focused on compounding value through multiple growth engines.

We see tremendous opportunity to not only retain business and expand within our existing clients, but also to land new clients who seek multiservice capabilities we can now offer. Work completed in 2025 has built the foundation for us to realize operating margin expansion as we increasingly deploy technology and leverage our offshore teams. And last but certainly not least, we remain committed to high return capital allocation priorities that are supported by strong AND consistent cash flow you have come to expect from CBIZ.

Thanks again to our CBIZ team for your hard work and thank you to our shareholders for your continued support. We look forward to your further engagement with you

throughout the coming months. And with that, Operator, please let's open the call for Q&A.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) The first question today comes from Faiza Alwy with Deutsche Bank. Please go ahead.

Faiza Alwy: Yes, hi, thank you so much. I wanted to ask about, Jerry, your comments around your revenue growth that you said was impacted by soft market conditions and also related to some productivity losses. And I'm curious if you can talk a bit more about that, particularly around the soft market conditions and the improving middle market sentiment that you mentioned, maybe if you have any views around why sentiment was softer last year and what's improving and your confidence around that?

Jerry Grisko: Yes, Faiza, Happy to take the question. As we've talked for years, our client -- that middle market client is a highly resilient client, but what they need in order to invest forward is certainty and stability in the playing field or in the business climate.

And we saw anything but that certainly in the first half of the year and our market, our competitors, everybody kind of experienced the same thing. So that's really what I was referencing when I referred to kind of soft market conditions.

What we did see kind of encouragingly is that as the year progressed, things did settle in a little bit, and our clients did begin to get more comfortable with investing and we benefited from that. We saw more activity in our advisory work, and we're expecting that work to kind of continue through into 2026 for sure. You had a second part of that question that I can't recall.

Faiza Alwy: I guess just around the confidence and the improving sentiment around our customers.

Jerry Grisko: Yes, Faiza, we do a middle market pulse survey. What we're seeing in that survey is that our clients are more comfortable, more confident today than they were at this period at this time last year. And we're seeing that not only in our -- in the survey, but we're also seeing it in the kind of green shoots that we're seeing on the project side of the business.

So everything appears to be holding true. And we're expecting that, again, more of the activity that we saw kind of start to emerge in the second half of the year will continue through the first part of and into 2026.

Faiza Alwy: And then I wanted to ask about your comments around the role of the trusted adviser and -- as you know there's a lot of concern in the market around AI and all of that, and you certainly addressed a lot of it in your prepared comments.

And I'm curious, as you think about that -- the role of the trusted adviser, are there portions of your business that are maybe a little bit more formulaic where some of your customers could just with big ease as it relates to new technology advancements. Like are there certain parts of your business where there's potential room for disruption or just would love to hear your perspective on that.

Jerry Grisko: Yes. Again, Faiza, and I'll turn it to Peter Scavuzzo because he's obviously leading this with us, and he's here alongside us today, but let me start with the answer to that.

Our client the answer is we see AI over time definitely augmenting the work that we do for our clients. And there are certainly pieces of the work that we do that will be more automated and therefore more efficient as a result of the tools that are available in the market. But it's very hard to separate that work from the remainder of the work that we do for them.

And our clients, that middle market client oftentimes turns to that trusted adviser more than just for a tax return, more than just for an audit, more than just for payroll or benefit to insurance or the other services we provide but really for deep knowledge of their business, familiarity with them of deep knowledge of their industries and kind of a holistic approach to helping guide them through what is increasingly a complex business environment and some of their most important and impactful events in their lives, whether it be expansion of a plant or making an acquisition, it's very difficult for that client to separate one isolated piece of work that may have been performed more efficiently from the holistic body of work that we do.

That's the special relationship that we have, the trusted relationship that we have with that middle market client. Peter, I don't know if you have anything to add.

Peter Scavuzzo: A couple of items I'd add is they're coming to firms like CBIZ not because they need less advisory, they need more.

Our role is providing human judgment is going to be more critical than ever. The reliance on trust becomes more critical than ever. AI is adding more complexity to the businesses and the middle market organization is going to depend on CBIZ help them demystify these complexities and help them navigate through this.

Operator: Next question comes from Chris Moore with CJS Securities. Please go ahead.

Christopher Moore: So maybe we can start with pricing. So at Q3, we had talked about roughly 4% for the year versus 6% or 7% in '23 and '24. You talked about mid-single digits. So that mid-single digits for '25, that's roughly 4%. Is that what we're saying?

Jerry Grisko: Yes. Chris, we didn't specify 4%, 5%. But I will tell you, squarely in the mid-single-digit range for 2026.

Brad Lakhia: Chris, Brad here. The -- for 2025, listen, we did -- what we said is we were navigating through the second quarter.

We did see some listen, it was not a period of uncertainty. And what we saw with some of our clients coming to us, again, as trusted partners, long-standing trusted partners asking us for some assistance as they navigated through the broader world navigate through some uncertainty.

But even with that, as we closed out 2025, Chris, we still delivered very consistent mid-single-digit price realization for the full year. So we're pleased with how we exited the year. And as we turn now well into 2026, and we see line of sight into this busy season and beyond. We see that holding up very nicely.

Christopher Moore: Got it. So, so far in '26 -- I mean so there is an argument to be made that pricing in '26 could be a little bit better than you got in '25.

Brad Lakhia: Yes. We're not -- listen, the guidance we have, the 2% to 5% guidance does not assume any significant year-over-year improvement in the pricing environment. So consistent normal pricing environment year-over-year. Mid-single digits, as Jerry said.

Christopher Moore: Got it. Okay. I'll jump maybe to incentive Brad went through this, but I didn't quite get it. So the in '25, I think we talked about roughly 9% of revenue, then we would kind of normalize, but that would depend on where we were in the 2% to 5% growth.

So if we got to 5% growth, then we would get back kind of fully baked in closer to a 12% level if we get between the 2% and 5%, it will get somewhere between the 9% and 12%. Is that the way to look at it?

Brad Lakhia: Yes. That's the way to look at it. What I mentioned in my remarks earlier, Chris, was if we saw a 2% growth to the low end of our guidance range, we would expect and we wouldn't really be seeing any incremental funding of those pools year-over-year.

As we move and migrate to the top end of that guidance range of 5% we would be funding those pools more at historical targeted levels, and that would kind of result in a headwind of somewhere in the neighborhood of \$60 million to \$70 million year-over-year. And that's largely what our EBITDA or adjusted EBITDA guidance reflects.

Christopher Moore: Got it. That's helpful. And in terms of the going -- the delta between the 2% and 5% revenue growth. So that is mostly project revenue is the difference between whether or not we're at 2% or 5%. Is that right?

Jerry Grisko: I would say broad market conditions, macro market conditions, right, that really drive more project related work.

Christopher Moore: Can we talk maybe about -- I know SEC Capital Markets is one area that was softer in '25. Can we talk about kind of some of the project areas in '25 that were softer and what your thoughts are at this point in time in '26.

Jerry Grisko: Yes. By the way, I appreciate the way you're framing it because the capital markets work that we experienced in '25 is really also market related, right? So we talk about market conditions.

It's really all the project work we do and those that work that we're that is more susceptible to market conditions. So I put the capital markets work in that category.

But to get to your specific question, we saw work within, for example, more discretionary work. So we do a lot of work around valuation. We do risk and advisory work. We have worked within that category that is IPO-related that was soft during that period of time.

So there's a wide range of the -- what would normally be higher growth, higher margin, very attractive advisory services that we provide that in those environments, where our clients are doing less of that work and the markets are less receptive to that work.

That revenue slows a little bit for us. But when the markets improve, it's a significant catalyst to our growth in our margin.

Christopher Moore: And do you have any thoughts in terms of '26, whether that markets are shifting in that direction?

Jerry Grisko: Yes. Just I would say I would say, more optimistic and more favorable at this time than they were in the first half of 2025. So we're encouraged by the environment that we're entering into '26.

Christopher Moore: Got it. Okay. I will leave the rest for offline. I appreciate it guys.

Operator: The next question today comes from Andrew Nicholas with William Blair.

Andrew Nicholas: Thank you and good afternoon. I wanted to follow up on that last point and sorry to keep honing in on it. But in terms of like the bottom and upper end of your guide, it sounds like the private base work is a decent bit better than first half '25. Is that continuation getting you to the midpoint -- and I guess maybe another way to ask the question, you talked about '25 growth between core accounting and advisory.

Is there any way to kind of qualitatively speak to the different kind of chunks of your business, core accounting, advisory, B&I and what your expectations are that are embedded in guidance for '26?

Brad Lakhia: Yes, Andrew, there's a couple of parts there. Let me try to take the first part first which is the -- how we're thinking about the midpoint of the guidance.

I just kind of restate what Jerry said which is really largely -- the range itself reflects kind of a view around macro conditions and how those macro conditions could shape the nonrecurring more advisory parts of our business.

And so if you're looking for me to provide you like what is more prescriptively the midpoint of that range. I wouldn't want to do that.

But what I would say is, though, to the extent that those market conditions continue to remain supportive as they were in the back half of 2025 and as we see them today, the midpoint of the guidance becomes something we feel is more realistic, more achievable. So I'll pause there and get your reactions to that. I want to come back to the second part of your question.

Andrew Nicholas: And then, yes, I guess, the second part of my question was just how to think about core accounting versus advisory versus B&I if there's a way to kind of disaggregate the growth rates there. I think core accounting is obviously less susceptible to the macro than the rest of it.

Jerry Grisko: Yes. So the pieces that you identified, core accounting impacts and benefits in insurance, let me remind everyone that our revenues are largely recurring in essential - - and so those tend to be more predictable and grow at kind of steadier rates.

The other pieces of the business are a little less predictable, but when the markets are favorable obviously they grow faster, and the margins are enhanced. Last year, what we saw is really just as a result of the market -- the way the market just unfolded is slower growth in our advisory practices in the first half of the year, but it picked up in the second half of the year.

So net-net, the business was in line with what we experienced on both the accounting and tax side and the benefits and insurance side. It just it just played out a little different as a year ago.

Andrew Nicholas: And then just a kind of related question. So this year, revenue guide 2% to 5%, the long-term target is still mid-single digits. Can you help us kind of bridge to that target? Is the opportunity in '27, '28, '29 going forward all centered around the cross-sell opportunity.

And it sounds like you're incentivizing B&I a little bit differently to help augment that? Or is there anything else that we should be thinking about as we bridge that to the medium-term target?

Jerry Grisko: Yes. So Andrew, we really look at our growth opportunities with three levers, right? Pricing, and we talk a lot about pricing, and we're really pleased with the mid-single digits that we experienced in 2025.

And again, what we're what we expect to see in 2026, where the real opportunity comes as the next two levers which are expanding the client relationship, so breadth of services that we can provide to them and new logos. And we think we have an opportunity on both of those fronts, primarily driven by the industry initiatives that we now have in place.

If we think about those industries, we are unmatched in the market among our competitors among -- with the breadth of services that we can provide. What we're doing within each of those industry groups is identifying the profile of the client, their unique needs and bringing really unique bundled services to that client.

That will expand the share of wallet that we have with that client and also allowed us to go out and attract and we're seeing evidence of this already being able to attract very high-profile clients within that industry as a result of that service offering that no one else can have.

So we think over time '27, '28, as these things start to take hold, the real growth opportunity is going to be an expansion of wallet and in our ability to win new logos over time.

Andrew Nicholas: Okay. Thank you.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.