UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 2022

RYAN SPECIALTY HOLDINGS, INC.
(Exact name of Registrant as Specified in Its Charter)

Delaware	001-40645	86-2526344
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Two Prudential Plaza 180 N. Stetson Avenue, Suite 4600 Chicago, Illinois	60601
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: 312 784-6001

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.001 par value	RYAN	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 4, 2023, Ryan Specialty Holdings, Inc. (the "Company") issued a press release announcing its results of operations for the first quarter ended March 31, 2023. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished herewith pursuant to Item 2.02 of this Current Report, including Exhibit 99.1, shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this current report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.
The following exhibits are furnished herewith:

Exhibit No.	Description of Exhibit
99.1	Press Release dated May 4, 2023
104	Cover Page Interactive Data File (formatted as inline XBRL)

Cautionary Note Regarding Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. All statements, other than statements of historical fact included in this report, are forward-looking statements. Forward-looking statements give our current expectations relating to our financial condition, results of operations, plans, objectives, future performance, and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "can have," "likely," and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated costs, expenditures, financial results, our plans, and anticipated cost savings relating to the ACCELERATE 2025 program and the amount and timing of delivery of annual cost savings are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, These forward-looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, including, but not limited to, those relating to whether the Company will achieve the associated objectives with its Program, whether the costs and charges associated with restructuring initiatives will exceed current estimates and forecasts, its ability to realize expected savings and benefits in the amounts and at the times anticipated, changes in management's assumptions, its ability to achieve anticipated financial results, risks associated with acquisitions, divestitures, joint ventures and strategic investments, outcomes of legal and regulatory matters, and changes in legislation or regulations. These and other risks, assumptions and uncertainties are described in Item 1A (Risk Factors) of the Company's most recent Annual Report on Form 10-K and in other documents that the Company files or furnishes with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, the Company does not undertake, and expressly disclaims, any duty or obligation to update publicly any forward-looking statement after the date of this report, whether as a result of new information, future events, changes in assumptions or otherwise.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RYAN SPECIALTY HOLDINGS, INC. (Registrant)

Date:	May 4, 2023	By:	/s/ Jeremiah R. Bickham Jeremiah R. Bickham Executive Vice President and Chief Financial Officer

RYAN SPECIALTY REPORTS FIRST QUARTER 2023 RESULTS

- Total Revenue grew 18.3% year-over-year to $457.6 million -

- Organic Revenue Growth Rate of 12.9% year-over-year -

- Net Income of $36.5 million, or $0.11 per diluted share -

- Adjusted EBITDAC grew 16.5% year-over-year to $125.0 million -

- Adjusted Net Income increased 10.9% year over year to $71.8 million, or $0.26 per diluted share -

MAY 4, 2023 | CHICAGO, IL — Ryan Specialty Holdings, Inc. (NYSE: RYAN) ("Ryan Specialty" or the "Company"), a leading international specialty insurance firm, today announced results for the first quarter ended March 31, 2023.

First Quarter 2023 Highlights

- Revenue grew 18.3% year-over-year to $457.6 million, compared to $386.9 million in the prior-year period
- Organic Revenue Growth Rate* was 12.9% for the quarter, compared to 20.1% in the prior-year period
- Net Income grew 101.7% year-over-year to $36.5 million, compared to $18.1 million in the prior-year period. Diluted Earnings per Share was $0.11
- Adjusted EBITDAC* increased 16.5% to $125.0 million, compared to $107.3 million in the prior-year period
- Adjusted EBITDAC Margin* of 27.3%, compared to 27.7% in the prior-year period
- Adjusted Net Income* increased 10.9% to $71.8 million, compared to $64.7 million in the prior-year period
- Adjusted Diluted Earnings per Share* increased 8.3% to $0.26, compared to $0.24 in the prior-year period

"The first quarter represents a strong start to the year, generating another quarter of double-digit organic growth in the face of a persistently challenging macro environment and further validating the resilience of our differentiated business model and platform," said Patrick G. Ryan, Founder, Chairman and Chief Executive Officer of Ryan Specialty. "Our performance was driven by broad-based growth across the portfolio, led by Property where we continue to deliver for our clients in a historically hard market. Looking ahead, I remain confident that 2023 will be another strong year for our firm. We continue to be well positioned to expand our capabilities while generating sustainable and profitable growth for our investors."

Summary of First Quarter 2023 Results

(in thousands, except percentages and per share data)	Three Months Ended March 31, 2023	2022	Change $	%
GAAP financial measures				
Total revenue	$ 457,599	$ 386,890	$ 70,709	18.3 %
Compensation and benefits	307,722	274,274	33,448	12.2
General and administrative	51,699	42,361	9,338	22.0
Total operating expenses	387,512	343,501	44,011	12.8
Operating income	70,087	43,389	26,698	61.5
Net income	36,457	18,076	18,381	101.7
Net income attributable to Ryan Specialty Holdings, Inc.	13,160	6,911	6,249	90.4
Compensation and benefits expense ratio (1)	67.2 %	70.9 %		
General and administrative expense ratio (2)	11.3 %	10.9 %		
Net income margin (3)	8.0 %	4.7 %		
Earnings per share (4)	$ 0.12	$ 0.07		
Diluted earnings per share (4)	$ 0.11	$ 0.06		
Non-GAAP financial measures*				
Organic revenue growth rate	12.9 %	20.1 %		
Adjusted compensation and benefits expense	$ 285,885	$ 241,331	$ 44,554	18.5 %
Adjusted compensation and benefits expense ratio	62.5 %	62.4 %		
Adjusted general and administrative expense	$ 46,699	$ 38,296	$ 8,403	21.9 %
Adjusted general and administrative expense ratio	10.2 %	9.9 %		
Adjusted EBITDAC	$ 125,015	$ 107,263	$ 17,752	16.5 %
Adjusted EBITDAC margin	27.3 %	27.7 %		
Adjusted net income	$ 71,785	$ 64,732	$ 7,053	10.9 %
Adjusted net income margin	15.7 %	16.7 %		
Adjusted diluted earnings per share	$ 0.26	$ 0.24		

* For a definition and a reconciliation of Organic revenue growth rate, Adjusted compensation and benefits expense, Adjusted compensation and benefits ratio, Adjusted general and administrative expense, Adjusted general and administrative expense ratio, Adjusted EBITDAC, Adjusted EBITDAC margin, Adjusted net income, Adjusted net income margin, and Adjusted diluted earnings per share to the most directly comparable GAAP measure, see "Non-GAAP Financial Measures and Key Performance Indicators" below.

(1)Compensation and benefits expense ratio is defined as Compensation and benefits divided by Total revenue.

(2)General and administrative expense ratio is defined as General and administrative expense divided by Total revenue.

(3)Net income margin is defined as Net income divided by Total revenue.

(4)See "*Note 10, Earnings Per Share*" of the unaudited quarterly consolidated financial statements.

First Quarter 2023 Review*

Total revenue for the first quarter of 2023 was $457.6 million, an increase of 18.3% compared to $386.9 million in the prior-year period. This increase was primarily due to continued solid Organic revenue growth of 12.9%, driven by new client wins and expanded relationships with existing clients, coupled with continued expansion of the E&S market, revenue from acquisitions completed in the fourth quarter of 2022 and first quarter of 2023, and increased Fiduciary investment income.

Total operating expenses for the first quarter of 2023 were $387.5 million, a 12.8% increase compared to the prior-year period. This was primarily due to an increase in Compensation and benefits expense, which is heavily correlated to revenue growth, offset by a decline in Acquisition related long-term incentives as the final payments related to the All Risks LTIP plan were made in Q3 2022, and IPO related compensation as time passes and awards vest. General and administrative expense also increased compared to the prior-year period to accommodate revenue growth, including continued normalization of business travel and client entertainment.

Net income for the first quarter of 2023 increased 101.7% to $36.5 million, compared to $18.1 million in the prior-year period. The increase was mainly due to strong year-over-year revenue growth, lower IPO related charges, which were partially offset by higher Interest expense, net. Diluted earnings per share for the first quarter of 2023 was $0.11, compared to $0.06 in the prior-year period.

Adjusted EBITDAC grew 16.5% to $125.0 million from $107.3 million in the prior-year period. Adjusted EBITDAC margin for the quarter was 27.3%, compared to 27.7% in the prior-year period. The increase in Adjusted EBITDAC was driven primarily by solid revenue growth and higher Fiduciary investment income, partially offset by increased Adjusted compensation and benefits expense, as well as higher Adjusted general and administrative expense.

Adjusted net income for the first quarter of 2023 increased 10.9% to $71.8 million, compared to $64.7 million in the prior-year period. Adjusted net income margin was 15.7%, compared to 16.7% in the prior-year period. Adjusted diluted earnings per share for the first quarter of 2023 increased 8.3% to $0.26, compared to $0.24 in the prior-year period.

* For the definition of each of the non-GAAP measures referred to above, as well as a reconciliation of such non-GAAP measures to their most directly comparable GAAP measures, see "Non-GAAP Financial Measures and Key Performance Indicators" below.

First Quarter 2023 Revenue by Specialty

Growth in Net commissions and fees in all specialties was primarily driven by solid organic growth.

	Three Months Ended March 31,					
(in thousands, except percentages)	**2023**	**% of total**	**2022**	**% of total**	**Change**	
Wholesale Brokerage	$ 285,850	63.9 %	$ 244,827	63.3 %	$ 41,023	16.8 %
Binding Authorities	69,526	15.5	62,993	16.3	6,533	10.4
Underwriting Management	92,137	20.6	78,861	20.4	13,276	16.8
Total Net commissions and fees	**$ 447,513**		**$ 386,681**		**$ 60,832**	**15.7 %**

Liquidity and Financial Condition

As of March 31, 2023, the Company had Cash and cash equivalents of $704.7 million and outstanding debt principal of $2.0 billion.

Full Year 2023 Outlook*

The Company is updating its full year 2023 outlook for Organic Revenue Growth Rate and maintaining its full year 2023 outlook for Adjusted EBITDAC Margin as follows:

- Organic Revenue Growth Rate guidance for full year 2023 to be between 10.5% – 13.0%, compared to the Company's prior guidance of 10.0% – 13.0%
- Adjusted EBITDAC Margin guidance for full year 2023 to be between 29.0% – 30.0%

The Company is unable to provide a comparable outlook for, or a reconciliation to, Total revenue growth rate or Net income margin because it cannot provide a meaningful or accurate calculation or estimation of certain reconciling items without unreasonable effort. Its inability to do so is due to the inherent difficulty in forecasting the timing of items that have not yet occurred and quantifying certain amounts that are necessary for such reconciliation, including variations in effective tax rate, expenses to be incurred for acquisition activities, and other one-time or exceptional items.

* For a definition of Organic revenue growth rate and Adjusted EBITDAC margin, see “Non-GAAP Financial Measures and Key Performance Indicators” below.

Conference Call Information

Ryan Specialty will host a conference call today at 5:00 PM ET to discuss these results. A live audio webcast of the conference call will be available on the Company’s website at ryanspecialty.com in its Investors section.

The dial-in number for the conference call is (877) 451-6152 (toll-free) or (201) 389-0879 (international). Please dial the number 10 minutes prior to the scheduled start time.

A webcast replay of the call will be available on the Company’s website at ryanspecialty.com in its Investors section for one year following the call.

About Ryan Specialty

Founded in 2010, Ryan Specialty (NYSE: RYAN) is a service provider of specialty products and solutions for insurance brokers, agents, and carriers. Ryan Specialty provides distribution, underwriting, product development, administration, and risk management services by acting as a wholesale broker and a managing underwriter with delegated authority from insurance carriers. Our mission is to provide industry-leading innovative specialty insurance solutions for insurance brokers, agents, and carriers. Learn more at ryanspecialty.com.

Forward-Looking Statements

All statements in this release and in the corresponding earnings call that are not historical are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and involve substantial risks and uncertainties. For example, all statements the Company makes relating to its estimated and projected costs, expenditures, cash flows, growth rates and financial results or its plans and objectives for future operations, growth initiatives, or strategies and the statements under the caption “Full Year 2023 Outlook” are forward-looking statements. Words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “can have,” “likely” and variations of such words and similar expressions are intended to identify such forward-looking statements. All forward-looking statements are subject to risks and uncertainties, known and unknown, that may cause actual results to differ materially from those that the Company expected. Specific factors that could cause such a difference include, but are not limited to, those disclosed previously in the Company’s filings with the Securities and Exchange Commission (“SEC”) that include, but are not limited to: the Company’s potential failure to develop a succession plan for the senior management team, including Patrick G. Ryan; the Company’s failure to recruit and retain revenue producers; the cyclicality of, and the economic conditions in, the markets in which the Company operates; conditions that result in reduced insurer capacity; the potential loss of the Company's relationships with insurance carriers or its clients, becoming dependent upon a limited number of insurance carriers or clients or the failure to develop new insurance carrier and client relationships; significant competitive pressures in each of the Company's businesses; decreases in the premiums or commission rates set by insurers, or actions by insurers seeking repayment of commissions; decreases in the amounts of supplemental or contingent commissions the Company receives; the Company's inability to collect its receivables; the potential that the Company's underwriting models contain errors or are otherwise ineffective; any damage to the Company's reputation; decreases in current market share as a result of disintermediation within the insurance industry; impairment of goodwill; the inability to maintain rapid growth or to generate sufficient revenue to achieve and maintain profitability; the impact if the Company's MGU programs are terminated or changed; the risks associated with the evaluation of potential acquisitions and the integration of acquired businesses as well as introduction of new products, lines of business and markets; the occurrence of natural or man-made disasters; being subject to E&O claims as well as other contingencies and legal proceedings; the impact on the Company's operations and financial condition from the effects of the current COVID-19 pandemic; the impact of breaches in security that cause significant system or network disruptions; not being able to generate sufficient cash flow to service all of the Company's indebtedness and being forced to take other actions to satisfy its obligations under such indebtedness; and the impact of being unable to refinance the Company's indebtedness.

For more detail on the risk factors that may affect the Company's results, see the section entitled ''Risk Factors'' in our most recent annual report on Form 10-K filed with the SEC, and in other documents filed with, or furnished to, the SEC. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Given these factors, as well as other variables that may affect the Company's operating results, you are cautioned not to place undue reliance on these forward-looking statements, not to assume that past financial performance will be a reliable indicator of future performance, and not to use historical trends to anticipate results or trends in future periods. The forward-looking statements included in this press release and on the related earnings call relate only to events as of the date hereof. The Company does not undertake, and expressly disclaims, any duty or obligation to update publicly any forward-looking statement after the date of this release, whether as a result of new information, future events, changes in assumptions, or otherwise.

Non-GAAP Financial Measures and Key Performance Indicators

In assessing the performance of the Company's business, non-GAAP financial measures are used that are derived from the Company's consolidated financial information, but which are not presented in the Company's consolidated financial statements prepared in accordance with GAAP. The Company considers these non-GAAP financial measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period by excluding potential differences caused by variations in capital structures, tax positions, depreciation, amortization, and certain other items that the Company believes are not representative of its core business. The Company uses the following non-GAAP measures for business planning purposes, in measuring performance relative to that of its competitors, to help investors to understand the nature of the Company's growth, and to enable investors to evaluate the run-rate performance of the Company. Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, the consolidated financial statements prepared and presented in accordance with GAAP. The footnotes to the reconciliation tables below should be read in conjunction with the audited consolidated financial statements in our Annual Report on form 10-K filed with the SEC. Industry peers may provide similar supplemental information but may not define similarly-named metrics in the same way and may not make identical adjustments.

Organic revenue growth rate: Organic revenue growth rate is defined as the percentage change in Total revenue, as compared to the prior-year period, adjusted for revenue attributable to acquisitions during their first 12 months of the Company's ownership, and other adjustments such as contingent commissions, Fiduciary investment income, and the impact of changes in foreign exchange rates. The most directly comparable GAAP financial metric is Total revenue growth rate.

Adjusted compensation and benefits expense: Adjusted compensation and benefits expense is defined as Compensation and benefits expense adjusted to reflect items such as (i) equity-based compensation, (ii) acquisition and restructuring related compensation expenses, and (iii) other exceptional or non-recurring compensation expenses, as applicable. The most directly comparable GAAP financial metric is Compensation and benefits expense.

Adjusted general and administrative expense: Adjusted general and administrative expense is defined as General and administrative expense adjusted to reflect items such as (i) acquisition and restructuring related general and administrative expenses, and (ii) other exceptional or non-recurring general and administrative expenses, as applicable. The most directly comparable GAAP financial metric is General and administrative expense.

Adjusted compensation and benefits expense ratio: Adjusted compensation and benefits expense ratio is defined as the Adjusted compensation and benefits expense as a percentage of Total revenue. The most directly comparable GAAP financial metric is Compensation and benefits expense ratio.

Adjusted general and administrative expense ratio: Adjusted general and administrative expense ratio is defined as the Adjusted general and administrative expense as a percentage of Total revenue. The most directly comparable GAAP financial metric is General and administrative expense ratio.

Adjusted EBITDAC: Adjusted EBITDAC is defined as Net income before Interest expense, net, Income tax expense, Depreciation, Amortization, and Change in contingent consideration, adjusted to reflect items such as (i) equity-based compensation, (ii) acquisition-related expenses, and (iii) other exceptional or non-recurring items, as applicable. Acquisition-related expense includes one-time diligence, transaction-related, and integration costs. Acquisition related long-term incentive compensation arises from long-term incentive plans associated with acquisitions. In 2023, Restructuring and related expense consists of compensation and benefits, occupancy, contractors, professional services, and license fees related to the ACCELERATE 2025 program. The compensation and benefits expense included severance as well as employment costs related to services rendered between the notification and termination dates. See "Note 4*, Restructuring"* of the unaudited quarterly consolidated financial statements for further discussion of ACCELERATE 2025. The remaining costs that preceded the restructuring plan were associated with professional services costs related to program design and licensing costs. In 2022, Restructuring and related expense represent costs associated with the 2020 restructuring plan. Amortization and expense consists of charges related to discontinued prepaid incentive programs. For the three months ended March 31, 2023, Other non-operating loss (income) includes sublease income. For the three months ended March 31, 2022, Other non-operating loss (income) includes a charge related to the change in the TRA liability caused by a change in our blended state tax rates. Equity-based compensation reflects non-cash equity-based expense. IPO related expenses include general and administrative expense associated with the preparations for Sarbanes-Oxley compliance, tax, and accounting advisory services and compensation-related expense primarily related to the revaluation of existing equity awards at IPO as well as expense for new awards issued at IPO. Total revenue less Adjusted compensation and benefits expense and Adjusted general and administrative expense is equivalent to Adjusted EBITDAC. For a breakout of compensation and general and administrative costs for each addback refer to the Adjusted compensation and benefits expense and Adjusted general and administrative expense tables below. The most directly comparable GAAP financial metric to Adjusted EBITDAC is Net income.

Adjusted EBITDAC margin: Adjusted EBITDAC margin is defined as Adjusted EBITDAC as a percentage of Total revenue. The most directly comparable GAAP financial metric is Net income margin.

Adjusted net income: Adjusted net income is defined as tax-effected earnings before amortization and certain items of income and expense, gains and losses, equity-based compensation, acquisition related long-term incentive compensation, acquisition-related expenses, costs associated with our Initial Public Offering (the "IPO"), and certain exceptional or non-recurring items. The Company will be subject to United States federal income taxes, in addition to state, local, and foreign taxes, with respect to its allocable share of any net taxable income of Ryan Specialty, LLC (together with its parent New Ryan Specialty, LLC and their subsidiaries, the "LLC"). For comparability purposes, this calculation incorporates the impact of federal and state statutory tax rates on 100% of the Company's adjusted pre-tax income as if the Company owned 100% of Ryan Specialty, LLC. The most directly comparable GAAP financial metric is Net income.

Adjusted net income margin: Adjusted net income margin is defined as Adjusted net income as a percentage of Total revenue. The most directly comparable GAAP financial metric is Net income margin.

Adjusted diluted earnings per share: Adjusted diluted earnings per share is defined as Adjusted net income divided by diluted shares outstanding after adjusting for the effect if 100% of the outstanding non-voting common interest units of New Ryan Specialty, LLC ("LLC Common Units"), together with the shares of Class B common stock, were exchanged into shares of Class A common stock and the effect of unvested equity awards. The most directly comparable GAAP financial metric is Diluted earnings per share.

The reconciliation of the above non-GAAP measures to each of their most directly comparable GAAP financial measure is set forth in the reconciliation table accompanying this release.

With respect to the Organic revenue growth rate and Adjusted EBITDAC margin outlook presented in the "Full Year 2023 Outlook" section of this press release, the Company is unable to provide a comparable outlook for, or a reconciliation to, Total revenue growth rate or Net income margin because it cannot provide a meaningful or accurate calculation or estimation of certain reconciling items without unreasonable effort. Its inability to do so is due to the inherent difficulty in forecasting the timing of items that have not yet occurred and quantifying certain amounts that are necessary for such reconciliation, including variations in effective tax rate, expenses to be incurred for acquisition activities, and other one-time or exceptional items.

Contacts:

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Consolidated Statements of Income (Unaudited)

(in thousands, except percentages and per share data)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue		
Net commissions and fees	$ 447,513	$ 386,681
Fiduciary investment income	10,086	209
Total revenue	**$ 457,599**	**$ 386,890**
Expenses		
Compensation and benefits	307,722	274,274
General and administrative	51,699	42,361
Amortization	25,185	26,663
Depreciation	2,192	1,211
Change in contingent consideration	714	(1,008)
Total operating expenses	**$ 387,512**	**$ 343,501**
Operating income	**$ 70,087**	**$ 43,389**
Interest expense, net	29,468	21,752
Loss (income) from equity method investment in related party	(1,995)	543
Other non-operating loss (income)	(138)	7,521
Income before income taxes	**$ 42,752**	**$ 13,573**
Income tax expense (benefit)	6,295	(4,503)
Net income	**$ 36,457**	**$ 18,076**
GAAP financial measures		
Revenue	$ 457,599	$ 386,890
Compensation and benefits	307,722	274,274
General and administrative	51,699	42,361
Net income	$ 36,457	$ 18,076
Compensation and benefits expense ratio	67.2 %	70.9 %
General and administrative expense ratio	11.3 %	10.9 %
Net income margin	8.0 %	4.7 %
Earnings per share	$ 0.12	$ 0.07
Diluted earnings per share	$ 0.11	$ 0.06

Non-GAAP Financial Measures (Unaudited)

(in thousands, except percentages and per share data)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Non-GAAP financial measures		
Organic revenue growth rate	12.9 %	20.1 %
Adjusted compensation and benefits expense	$ 285,885	$ 241,331
Adjusted compensation and benefits expense ratio	62.5 %	62.4 %
Adjusted general and administrative expense	$ 46,699	$ 38,296
Adjusted general and administrative expense ratio	10.2 %	9.9 %
Adjusted EBITDAC	$ 125,015	$ 107,263
Adjusted EBITDAC margin	27.3 %	27.7 %
Adjusted net income	$ 71,785	$ 64,732
Adjusted net income margin	15.7 %	16.7 %
Adjusted diluted earnings per share	$ 0.26	$ 0.24

Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share data)	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 704,746	$ 992,723
Commissions and fees receivable – net	234,557	231,423
Fiduciary cash and receivables	2,475,185	2,611,647
Prepaid incentives – net	8,348	8,584
Other current assets	46,086	49,690
Total current assets	**$ 3,468,922**	**$ 3,894,067**
NON-CURRENT ASSETS		
Goodwill	1,379,202	1,314,984
Other intangible assets	514,568	486,444
Prepaid incentives – net	19,425	20,792
Equity method investment in related party	41,166	38,514
Property and equipment – net	31,832	31,271
Lease right-of-use assets	141,619	143,870
Deferred tax assets	402,476	396,814
Other non-current assets	47,750	56,987
Total non-current assets	**$ 2,578,038**	**$ 2,489,676**
TOTAL ASSETS	**$ 6,046,960**	**$ 6,383,743**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	73,976	119,022
Accrued compensation	158,017	350,369
Operating lease liabilities	20,447	22,744
Tax Receivable Agreement liabilities	16,516	—
Short-term debt and current portion of long-term debt	22,459	30,587
Fiduciary liabilities	2,475,185	2,611,647
Total current liabilities	**$ 2,766,600**	**$ 3,134,369**
NON-CURRENT LIABILITIES		
Accrued compensation	16,325	10,048
Operating lease liabilities	151,406	151,944
Long-term debt	1,950,329	1,951,900
Deferred tax liabilities	618	562
Tax Receivable Agreement liabilities	287,113	295,347
Other non-current liabilities	22,971	21,761
Total non-current liabilities	**$ 2,428,762**	**$ 2,431,562**
TOTAL LIABILITIES	**$ 5,195,362**	**$ 5,565,931**
STOCKHOLDERS' EQUITY		
Class A common stock ($0.001 par value; 1,000,000,000 shares authorized, 113,233,651 and 112,437,825 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively)	113	112
Class B common stock ($0.001 par value; 1,000,000,000 shares authorized, 146,421,917 and 147,214,275 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively)	146	147
Class X common stock ($0.001 par value; 10,000,000 shares authorized, 640,784 shares issued and 0 outstanding at March 31, 2023 and December 31, 2022)	—	—
Preferred stock ($0.001 par value; 500,000,000 shares authorized, 0 shares issued and outstanding at March 31, 2023 and December 31, 2022)	—	—
Additional paid-in capital	436,898	418,123
Retained earnings	67,148	53,988
Accumulated other comprehensive income	4,283	6,035
Total stockholders' equity attributable to Ryan Specialty Holdings, Inc.	**$ 508,588**	**$ 478,405**
Non-controlling interests	343,010	339,407
Total stockholders' equity	**$ 851,598**	**$ 817,812**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 6,046,960**	**$ 6,383,743**

Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	Three Months Ended March 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 36,457	$ 18,076
Adjustments to reconcile net income to cash flows used for operating activities:		
Loss (gain) from equity method investment in related party	(1,995)	543
Amortization	25,185	26,663
Depreciation	2,192	1,211
Prepaid and deferred compensation expense	2,212	9,684
Non-cash equity-based compensation	17,879	23,248
Amortization of deferred debt issuance costs	3,039	2,811
Amortization of interest rate cap premium	1,739	—
Deferred income tax expense (benefit)	2,875	(8,251)
Loss on Tax Receivable Agreement	—	7,718
Change (net of acquisitions) in:		
Commissions and fees receivable – net	(1,212)	20,543
Accrued interest liability	(4,743)	2,877
Other current assets and accrued liabilities	(250,299)	(164,924)
Other non-current assets and accrued liabilities	7,460	(5,669)
Total cash flows used for operating activities	**$ (159,211)**	**$ (65,470)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,793)	(2,224)
Business combinations – net of cash acquired and cash held in a fiduciary capacity	(102,059)	—
Prepaid incentives issued – net of repayments	—	(497)
Total cash flows used for investing activities	**$ (104,852)**	**$ (2,721)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from senior secured notes	—	394,000
Repayment of term debt	(4,125)	(4,125)
Debt issuance costs paid	—	(1,803)
Finance lease and other costs paid	—	(6)
Payment of contingent consideration	(4,477)	—
Tax distributions to LLC Unitholders	(264)	(187)
Receipt of taxes related to net share settlement of equity awards	404	105
Taxes paid related to net share settlement of equity awards	(404)	(105)
Net change in fiduciary liabilities	(20,754)	(79,148)
Total cash flows (used for) provided by financing activities	**$ (29,620)**	**$ 308,731**
Effect of changes in foreign exchange rates on cash, cash equivalents, and cash held in a fiduciary capacity	**85**	**816**
NET CHANGE IN CASH, CASH EQUIVALENTS, AND CASH HELD IN A FIDUCIARY CAPACITY	**$ (293,598)**	**$ 241,356**
CASH, CASH EQUIVALENTS, AND CASH HELD IN A FIDUCIARY CAPACITY—Beginning balance	**1,767,385**	**1,139,661**
CASH, CASH EQUIVALENTS, AND CASH HELD IN A FIDUCIARY CAPACITY—Ending balance	**$ 1,473,787**	**$ 1,381,017**
Reconciliation of cash, cash equivalents, and cash held in a fiduciary capacity		
Cash and cash equivalents	704,746	706,370
Cash held in a fiduciary capacity	769,041	674,647
Total cash, cash equivalents, and cash held in a fiduciary capacity	**$ 1,473,787**	**$ 1,381,017**

Reconciliation of Organic Revenue Growth Rate to Total Revenue Growth Rate

	Three Months Ended March 31,	
	2023	2022
Total revenue growth rate (GAAP) (1)	**18.3 %**	**24.2 %**
Less: Mergers and acquisitions (2)	(1.6)	(3.4)
Change in other (3)	(3.8)	(0.7)
Organic revenue growth rate (Non-GAAP)	**12.9 %**	**20.1 %**

(1)March 31, 2023 revenue of $457.6 million less March 31, 2022 revenue of $386.9 million is a $70.7 million period-over-period change. The change, $70.7 million, divided by the March 31, 2022 revenue of $386.9 million, is a total revenue change of 18.3%. March 31, 2022 revenue of $386.9 million less March 31, 2021 revenue of $311.5 million is a $75.4 million period-over-period change. The change, $75.4 million, divided by the March 31, 2021 revenue of $311.5 million, is a total revenue change of 24.2%.

(2)The acquisitions adjustment excludes net commission and fees revenue generated during the first 12 months following an acquisition. The total adjustment for the three months ended March 31, 2023 and 2022 was $6.1 million and $10.6 million, respectively.

(3)The other adjustments exclude the period-over-period change in contingent commissions, fiduciary investment income, and foreign exchange rates. The total adjustment for the three months ended March 31, 2023 and 2022 was $14.8 million and $2.2 million, respectively.

Reconciliation of Adjusted Compensation and Benefits Expense to Compensation and Benefits Expense

	Three Months Ended March 31,	
(in thousands, except percentages)	2023	2022
Total revenue	**$ 457,599**	**$ 386,890**
Compensation and benefits expense	**$ 307,722**	**$ 274,274**
Acquisition-related expense	(1,016)	(58)
Acquisition related long-term incentive compensation	(578)	(7,697)
Restructuring and related expense	(730)	(158)
Amortization and expense related to discontinued prepaid incentives	(1,634)	(1,782)
Equity-based compensation	(6,635)	(6,804)
Initial public offering related expense	(11,244)	(16,444)
Adjusted compensation and benefits expense (1)	**$ 285,885**	**$ 241,331**
Compensation and benefits expense ratio	**67.2 %**	**70.9 %**
Adjusted compensation and benefits expense ratio	**62.5 %**	**62.4 %**

(1)Adjustments made to Compensation and benefits expense are described in the definition of Adjusted EBITDAC in *"Non-GAAP Financial Measures and Key Performance Indicators."*

Reconciliation of Adjusted General and Administrative Expense to General and Administrative Expense

(in thousands, except percentages)	Three Months Ended March 31, 2023	2022
Total revenue	**$ 457,599**	**$ 386,890**
General and administrative expense	**$ 51,699**	**$ 42,361**
Acquisition-related expense	(2,174)	(451)
Restructuring and related expense	(2,826)	(2,966)
Initial public offering related expense	—	(648)
Adjusted general and administrative expense (1)	**$ 46,699**	**$ 38,296**
General and administrative expense ratio	**11.3 %**	**10.9 %**
Adjusted general and administrative expense ratio	**10.2 %**	**9.9 %**

(1)Adjustments made to General and administrative expense are described in definition of Adjusted EBITDAC in *"Non-GAAP Financial Measures and Key Performance Indicators."*

Reconciliation of Adjusted EBITDAC to Net Income

(in thousands, except percentages)	Three Months Ended March 31, 2023	2022
Total revenue	**$ 457,599**	**$ 386,890**
Net income	**$ 36,457**	**$ 18,076**
Interest expense, net	29,468	21,752
Income tax expense (benefit)	6,295	(4,503)
Depreciation	2,192	1,211
Amortization	25,185	26,663
Change in contingent consideration	714	(1,008)
EBITDAC	**$ 100,311**	**$ 62,191**
Acquisition-related expense	3,190	509
Acquisition related long-term incentive compensation	578	7,697
Restructuring and related expense	3,556	3,124
Amortization and expense related to discontinued prepaid incentives	1,634	1,782
Other non-operating loss (income)	(138)	7,521
Equity-based compensation	6,635	6,804
IPO related expenses	11,244	17,092
(Income) / loss from equity method investments in related party	(1,995)	543
Adjusted EBITDAC (1)	**$ 125,015**	**$ 107,263**
Net income margin	**8.0 %**	**4.7 %**
Adjusted EBITDAC margin	**27.3 %**	**27.7 %**

(1)Adjustments made to Net income are described in definition of Adjusted EBITDAC in *"Non-GAAP Financial Measures and Key Performance Indicators."*

Reconciliation of Adjusted Net Income to Net Income

(in thousands, except percentages)	Three Months Ended March 31, 2023	2022
Total revenue	**$ 457,599**	**$ 386,890**
Net income	**$ 36,457**	**$ 18,076**
Income tax expense (benefit)	6,295	(4,503)
Amortization	25,185	26,663
Amortization of deferred debt issuance costs (1)	3,039	2,811
Change in contingent consideration	714	(1,008)
Acquisition-related expense	3,190	509
Acquisition related long-term incentive compensation	578	7,697
Restructuring and related expense	3,556	3,124
Amortization and expense related to discontinued prepaid incentives	1,634	1,782
Other non-operating loss (income)	(138)	7,521
Equity-based compensation	6,635	6,804
IPO related expenses	11,244	17,092
(Income) / loss from equity method investments in related party	(1,995)	543
Adjusted income before income taxes (2)	**$ 96,394**	**$ 87,111**
Adjusted tax expense (3)	(24,609)	(22,379)
Adjusted net income	**$ 71,785**	**$ 64,732**
Net income margin	**8.0 %**	**4.7 %**
Adjusted net income margin	**15.7 %**	**16.7 %**

(1)Interest expense, net includes amortization of deferred debt issuance costs.

(2)Adjustments made to Net income are described in definition of Adjusted EBITDAC in *"Non-GAAP Financial Measures and Key Performance Indicators."*

(3)The Company is subject to United States federal income taxes, in addition to state, local, and foreign taxes, with respect to its allocable share of any net taxable income of the LLC. For the three months ended March 31, 2023 this calculation of adjusted tax expense is based on a federal statutory rate of 21% and a combined state income tax rate net of federal benefits of 4.53% on 100% of adjusted income before income taxes as if the Company owned 100% of the LLC. For the three months ended March 31, 2022 this calculation of adjusted tax expense is based on a federal statutory rate of 21% and a combined state income tax rate net of federal benefits of 4.69% on 100% of adjusted income before income taxes as if the Company owned 100% of the LLC.

Reconciliation of Adjusted Diluted Earnings per Share to Diluted Earnings per Share

	Three months ended March 31, 2023	2022
Earnings per share of Class A common stock – diluted	**$ 0.11**	**$ 0.06**
Less: Net income attributed to dilutive shares and substantively vested RSUs (1)	(0.06)	(0.03)
Plus: Net income attributed to non-controlling interests (2)	0.09	0.04
Plus: Adjustments to Adjusted net income (3)	0.13	0.18
Plus: Dilutive impact of unvested equity awards (4)	(0.01)	(0.01)
Adjusted diluted earnings per share	**$ 0.26**	**$ 0.24**
(Share count in '000)		
Weighted-average shares of Class A common stock outstanding – diluted	266,978	264,121
Plus: Dilutive impact of unvested equity awards (4)	4,670	5,632
Adjusted diluted earnings per share diluted share count	**271,648**	**269,753**

(1)Adjustment removes the impact of Net income attributed to dilutive awards and substantively vested RSUs to arrive at Net income attributable to Ryan Specialty Holdings, Inc. For the three months ended March 31, 2023 and 2022 this removes $17.4 million and $8.3 million of Net income, respectively, on 267.0 million and 264.1 million weighted-average shares of Class A common stock outstanding - diluted, respectively. See "*Note 10, Earnings Per Share"* of the unaudited quarterly consolidated financial statements.

(2)For comparability purposes, this calculation incorporates the Net income that would be outstanding if all LLC Common Units (together with shares of Class B common stock) were exchanged for shares of Class A common stock. For the three months ended March 31, 2023 and 2022 this includes $23.3 million and $11.2 million of Net income, respectively, on 267.0 million and 264.1 million weighted-average shares of Class A common stock outstanding - diluted, respectively. For the three months ended March 31, 2023, 143.4 million weighted average outstanding LLC Common Units were considered dilutive and included in the 267.0 million Weighted-average shares outstanding within Diluted EPS. For the three months ended March 31, 2022, 143.4 million weighted average outstanding LLC Common Units were considered dilutive and included in the 264.1 million Weighted-average shares outstanding within Diluted EPS. See "*Note 10, Earnings Per Share"* of the unaudited quarterly consolidated financial statements.

(3)Adjustments to Adjusted net income are described in the footnotes of the reconciliation of Adjusted net income to Net income (loss) in *"Adjusted Net Income and Adjusted Net Income Margin"* on 267.0 million and 264.1 million weighted-average shares of Class A common stock outstanding - diluted for the three months ended March 31, 2023 and 2022, respectively.

(4)For comparability purposes and to be consistent with the treatment of the adjustments to arrive at Adjusted net income, the dilutive effect of unvested equity awards is calculated using the treasury stock method as if the weighted average unrecognized cost associated with the awards was $0 over the period, less any unvested equity awards determined to be dilutive within the Diluted earnings per share calculation disclosed in "*Note 10, Earnings Per Share"* of the unaudited quarterly consolidated financial statements. For the three months ended March 31, 2023 and 2022 4.7 million and 5.6 million shares were added to the calculation, respectively.