
**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): September 30, 2022

RYAN SPECIALTY HOLDINGS, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-40645
(Commission File Number)

86-2526344
(IRS Employer
Identification No.)

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

60601
(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 November 2, 2023, Ryan Specialty Holdings, Inc. (the “Company”) issued a press release announcing its results of operations for the second quarter ended September 30, 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 November 2, 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: November 2, 2023

By: /s/ Jeremiah R. Bickham
Jeremiah R. Bickham
Executive Vice President and Chief Financial Officer



RYAN SPECIALTY REPORTS THIRD QUARTER 2023 RESULTS

- Total Revenue grew 21.8% year-over-year to \$501.9 million -
- Organic Revenue Growth Rate of 14.7% year-over-year -
- Net Income of \$15.7 million, or \$(0.04) per diluted share ¹ -
- Adjusted EBITDAC grew 25.8% year-over-year to \$147.0 million -
- Adjusted Net Income increased 30.2% year over year to \$86.6 million, or \$0.32 per diluted share -

November 2, 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 third quarter ended September 30, 2023.

Third Quarter 2023 Highlights

- Revenue grew 21.8% year-over-year to \$501.9 million, compared to \$412.0 million in the prior-year period
- Organic Revenue Growth Rate* was 14.7% for the quarter, compared to 13.7% in the prior-year period
- Net Income decreased 46.4% year-over-year to \$15.7 million, compared to \$29.3 million in the prior-year period. Diluted Earnings (Loss) per Share was \$(0.04) ¹
- Adjusted EBITDAC* increased 25.8% to \$147.0 million, compared to \$116.8 million in the prior-year period
- Adjusted EBITDAC Margin* of 29.3%, compared to 28.4% in the prior-year period
- Adjusted Net Income* increased 30.2% to \$86.6 million, compared to \$66.6 million in the prior-year period
- Adjusted Diluted Earnings per Share* increased 28.0% to \$0.32, compared to \$0.25 in the prior-year period

“We delivered another quarter of strong double-digit organic revenue growth, received valuable contributions from recent acquisitions, and generated impressive adjusted EBITDAC growth. Our performance demonstrates our consistent and proven ability to deliver tailored and innovative solutions on behalf of our clients and trading partners,” said Patrick G. Ryan, Founder, Chairman and Chief Executive Officer of Ryan Specialty. “Throughout the quarter, we executed across our business, generated broad-based growth across our Specialties, welcomed the talented teams from three acquisitions that closed in July, and expanded our ACCELERATE 2025 program. We were also pleased to have recently announced an agreement to acquire AccuRisk, which will add breadth and depth to our growing benefits practice. We are proud of our efforts throughout the third quarter, and as we look toward the fourth quarter and new year, we remain well-positioned with our differentiated platform and world-class expertise to deliver continued, sustainable, and profitable growth for our investors.”

¹ Subsequent to the acquisition of Socius, a legal entity reorganization resulted in \$20.7 million of Deferred income tax expense being recorded at the public holding company (“RSHI”) level. This expense generated a net loss for RSHI, or a diluted loss per share of Class A common stock of \$(0.04) in the period. On a fully consolidated basis the Company produced \$15.7 million of Net income and Adjusted diluted earnings per share of \$0.32 in the period. This reorganization was a discrete, non-cash expense at RSHI and the Company's annual effective tax rate is unaffected.

Summary of Third Quarter 2023 Results

| (in thousands, except percentages and per share data) | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|-------------------------------------|------------|-----------|----------|------------------------------------|--------------|------------|---------|
| | 2023 | 2022 | \$ | % | 2023 | 2022 | \$ | % |
| GAAP financial measures | | | | | | | | |
| Total revenue | \$ 501,938 | \$ 411,996 | \$ 89,942 | 21.8 % | \$ 1,544,686 | \$ 1,290,178 | \$ 254,508 | 19.7 % |
| Compensation and benefits | 329,212 | 274,108 | 55,104 | 20.1 | 989,294 | 858,439 | 130,855 | 15.2 |
| General and administrative | 69,288 | 48,991 | 20,297 | 41.4 | 202,595 | 139,851 | 62,744 | 44.9 |
| Total operating expenses | 432,121 | 350,652 | 81,469 | 23.2 | 1,281,942 | 1,079,919 | 202,023 | 18.7 |
| Operating income | 69,817 | 61,344 | 8,473 | 13.8 | 262,744 | 210,259 | 52,485 | 25.0 |
| Net income | 15,703 | 29,279 | (13,576) | (46.4) | 135,977 | 117,475 | 18,502 | 15.7 |
| Net income (loss) attributable to Ryan Specialty Holdings, Inc. | (5,047) | 11,745 | (16,792) | (143.0) | 38,191 | 43,157 | (4,966) | (11.5) |
| Compensation and benefits expense ratio (1) | 65.6 % | 66.5 % | | | 64.0 % | 66.5 % | | |
| General and administrative expense ratio (2) | 13.8 % | 11.9 % | | | 13.1 % | 10.8 % | | |
| Net income margin (3) | 3.1 % | 7.1 % | | | 8.8 % | 9.1 % | | |
| Earnings (loss) per share (4) | \$ (0.04) | \$ 0.11 | | | \$ 0.34 | \$ 0.40 | | |
| Diluted earnings (loss) per share (4) | \$ (0.04) | \$ 0.09 | | | \$ 0.34 | \$ 0.37 | | |
| Non-GAAP financial measures* | | | | | | | | |
| Organic revenue growth rate | 14.7 % | 13.7 % | | | 14.7 % | 18.7 % | | |
| Adjusted compensation and benefits expense | \$ 296,400 | \$ 247,095 | \$ 49,305 | 20.0 % | \$ 911,925 | \$ 769,253 | \$ 142,672 | 18.5 % |
| Adjusted compensation and benefits expense ratio | 59.1 % | 60.0 % | | | 59.0 % | 59.6 % | | |
| Adjusted general and administrative expense | \$ 58,559 | \$ 48,084 | \$ 10,475 | 21.8 % | \$ 166,606 | \$ 130,774 | \$ 35,832 | 27.4 % |
| Adjusted general and administrative expense ratio | 11.7 % | 11.7 % | | | 10.8 % | 10.1 % | | |
| Adjusted EBITDAC | \$ 146,979 | \$ 116,817 | \$ 30,162 | 25.8 % | \$ 466,155 | \$ 390,151 | \$ 76,004 | 19.5 % |
| Adjusted EBITDAC margin | 29.3 % | 28.4 % | | | 30.2 % | 30.2 % | | |
| Adjusted net income | \$ 86,632 | \$ 66,560 | \$ 20,072 | 30.2 % | \$ 282,144 | \$ 237,774 | \$ 44,370 | 18.7 % |
| Adjusted net income margin | 17.3 % | 16.2 % | | | 18.3 % | 18.4 % | | |
| Adjusted diluted earnings per share | \$ 0.32 | \$ 0.25 | | | \$ 1.04 | \$ 0.88 | | |

* 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 (Loss) Per Share" of the unaudited quarterly consolidated financial statements.

Third Quarter 2023 Review*

Total revenue for the third quarter of 2023 was \$501.9 million, an increase of 21.8% compared to \$412.0 million in the prior-year period. This increase was primarily due to continued solid Organic revenue growth of 14.7%, driven by new client wins and expanded relationships with existing clients, coupled with continued expansion of the E&S market, revenue from acquisitions completed within the trailing twelve months ended September 30, 2023, and increased Fiduciary investment income. The largest growth factor in the quarter was the Company's property portfolio across all three specialties, driven by an increase in the pricing for property insurance as well as an increase in the flow of property risks into the E&S market. The Company also experienced broad based casualty growth across the majority of its lines.

Total operating expenses for the third quarter of 2023 were \$432.1 million, a 23.2% increase compared to the prior-year period. This increase was primarily due to an increase in Compensation and benefits expense compared to the prior year resulting from higher compensation due to revenue growth and higher restructuring and related expenses associated with ACCELERATE 2025, offset by a decline in acquisition related long-term incentive compensation 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 due to an increase in professional services in connection with revenue generating activities, higher acquisition-related expenses, higher restructuring and related expenses associated with ACCELERATE 2025, and continued normalization of business travel and client entertainment.

Net income for the third quarter of 2023 decreased 46.4% to \$15.7 million, compared to \$29.3 million in the prior-year period. The decrease was mainly due to higher Income tax expenses during the period related to the legal entity reorganization associated with and subsequent to the Socius acquisition, partially offset by stronger year-over-year revenue growth and lower IPO related charges.

Adjusted EBITDAC grew 25.8% to \$147.0 million from \$116.8 million in the prior-year period. Adjusted EBITDAC margin for the quarter was 29.3%, compared to 28.4% 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 third quarter of 2023 increased 30.2% to \$86.6 million, compared to \$66.6 million in the prior-year period. Adjusted net income margin was 17.3%, compared to 16.2% in the prior-year period. Adjusted diluted earnings per share for the third quarter of 2023 increased 28.0% to \$0.32, compared to \$0.25 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.

Third Quarter 2023 Net Commissions and fees by Specialty

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

| <i>(in thousands, except percentages)</i> | Three Months Ended September 30, | | | | | |
|---|----------------------------------|------------|-------------------|------------|------------------|---------------|
| | 2023 | % of total | 2022 | % of total | Change | |
| Wholesale Brokerage | \$ 308,872 | 63.4 % | \$ 267,222 | 65.6 % | \$ 41,650 | 15.6 % |
| Binding Authorities | 69,245 | 14.2 | 55,607 | 13.6 | 13,638 | 24.5 |
| Underwriting Management | 109,228 | 22.4 | 84,722 | 20.8 | 24,506 | 28.9 |
| Total Net commissions and fees | \$ 487,345 | | \$ 407,551 | | \$ 79,794 | 19.6 % |

| <i>(in thousands, except percentages)</i> | Nine Months Ended September 30, | | | | | |
|---|---------------------------------|------------|---------------------|------------|-------------------|---------------|
| | 2023 | % of total | 2022 | % of total | Change | |
| Wholesale Brokerage | \$ 976,338 | 64.7 % | \$ 841,273 | 65.5 % | \$ 135,065 | 16.1 % |
| Binding Authorities | 208,547 | 13.8 | 178,351 | 13.9 | 30,196 | 16.9 |
| Underwriting Management | 322,993 | 21.5 | 264,835 | 20.6 | 58,158 | 22.0 |
| Total Net commissions and fees | \$ 1,507,878 | | \$ 1,284,459 | | \$ 223,419 | 17.4 % |

Liquidity and Financial Condition

As of September 30, 2023, the Company had Cash and cash equivalents of \$754.4 million and outstanding debt principal of \$2.0 billion.

ACCELERATE 2025

The Company is updating the ACCELERATE 2025 restructuring program as we have identified additional opportunities to drive continued growth and innovation, deliver sustainable productivity improvements over the long term, and accelerate margin improvement. The updated program will result in approximately \$90 million of cumulative one-time charges through 2024, and we expect the program to generate annual savings of approximately \$50 million in 2025.

Full Year 2023 Outlook*

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

- Organic Revenue Growth Rate guidance for full year 2023 to be between 13.5% – 14.5%, compared to the Company's prior guidance of 13.0% – 14.5%
- Adjusted EBITDAC Margin guidance for full year 2023 to be between 29.5% – 30.0%, compared to the Company's prior guidance of 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, its plans, anticipated amount and timing of cost savings relating to the ACCELERATE 2025 program, 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 impact of breaches in security that cause significant system or network disruptions; the impact of improper disclosure of confidential, personal or proprietary data; 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; the potential that the Company’s underwriting models contain errors or are otherwise ineffective; any damage to the Company’s reputation; the Company’s failure to achieve the intended results of our restructuring program, ACCELERATE 2025; any failure to maintain the valuable aspects of our Company’s culture; the Company’s inability to successfully recover upon experiencing a disaster or other business continuity problem; the impact of third parties that perform key functions of the Company’s business operations acting in ways that harm our business; the cyclical nature of, and the economic conditions in, the markets in which the Company operates; conditions that result in reduced insurer capacity; 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; decreases in current market share as a result of disintermediation within the insurance industry;

impairment of goodwill; the impact on our operations and financial condition from the effects of a pandemic or the outbreak of a contagious disease and resulting governmental and societal responses; 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; 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; the impact of being unable to refinance the Company's indebtedness; and risks relating to the Company's organizational structure that could result in conflicts of interest between the holders of the LLC units and the holders of our Class A common stock.

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 September 30, 2023, Other non-operating loss (income) consisted of \$0.2 million of sublease income offset by \$0.3 million of TRA contractual interest. For the three months ended September 30, 2022 Other non-operating loss (income) included \$0.1 million of sublease income. For the nine months ended September 30, 2023, Other non-operating loss (income) included \$0.4 million of sublease income offset by \$0.5 million of TRA contractual interest. For the nine months ended September 30, 2022, Other non-operating loss (income) included a \$7.2 million 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 (loss) 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:

Investor Relations

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Media Relations

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Phone: (312) 635-5976

Consolidated Statements of Income (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-------------------|------------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>(in thousands, except percentages and per share data)</i> | | | | |
| Revenue | | | | |
| Net commissions and fees | \$ 487,345 | \$ 407,551 | \$ 1,507,878 | \$ 1,284,459 |
| Fiduciary investment income | 14,593 | 4,445 | 36,808 | 5,719 |
| Total revenue | \$ 501,938 | \$ 411,996 | \$ 1,544,686 | \$ 1,290,178 |
| Expenses | | | | |
| Compensation and benefits | 329,212 | 274,108 | 989,294 | 858,439 |
| General and administrative | 69,288 | 48,991 | 202,595 | 139,851 |
| Amortization | 29,572 | 25,667 | 79,125 | 78,563 |
| Depreciation | 2,201 | 1,463 | 6,570 | 3,903 |
| Change in contingent consideration | 1,848 | 423 | 4,358 | (837) |
| Total operating expenses | \$ 432,121 | \$ 350,652 | \$ 1,281,942 | \$ 1,079,919 |
| Operating income | \$ 69,817 | \$ 61,344 | \$ 262,744 | \$ 210,259 |
| Interest expense, net | 31,491 | 28,864 | 89,840 | 75,462 |
| Loss (income) from equity method investment in related party | (2,271) | (144) | (5,882) | 414 |
| Other non-operating loss (income) | 67 | (66) | 37 | 6,832 |
| Income before income taxes | \$ 40,530 | \$ 32,690 | \$ 178,749 | \$ 127,551 |
| Income tax expense | 24,827 | 3,411 | 42,772 | 10,076 |
| Net income | \$ 15,703 | \$ 29,279 | \$ 135,977 | \$ 117,475 |
| GAAP financial measures | | | | |
| Revenue | \$ 501,938 | \$ 411,996 | \$ 1,544,686 | \$ 1,290,178 |
| Compensation and benefits | 329,212 | 274,108 | 989,294 | 858,439 |
| General and administrative | 69,288 | 48,991 | 202,595 | 139,851 |
| Net income | 15,703 | 29,279 | 135,977 | 117,475 |
| Compensation and benefits expense ratio | 65.6 % | 66.5 % | 64.0 % | 66.5 % |
| General and administrative expense ratio | 13.8 % | 11.9 % | 13.1 % | 10.8 % |
| Net income margin | 3.1 % | 7.1 % | 8.8 % | 9.1 % |
| Earnings (loss) per share | \$ (0.04) | \$ 0.11 | \$ 0.34 | \$ 0.40 |
| Diluted earnings (loss) per share | \$ (0.04) | \$ 0.09 | \$ 0.34 | \$ 0.37 |

Non-GAAP Financial Measures (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>(in thousands, except percentages and per share data)</i> | | | | |
| Non-GAAP financial measures | | | | |
| Organic revenue growth rate | 14.7 % | 13.7 % | 14.7 % | 18.7 % |
| Adjusted compensation and benefits expense | \$ 296,400 | \$ 247,095 | \$ 911,925 | \$ 769,253 |
| Adjusted compensation and benefits expense ratio | 59.1 % | 60.0 % | 59.0 % | 59.6 % |
| Adjusted general and administrative expense | \$ 58,559 | \$ 48,084 | \$ 166,606 | \$ 130,774 |
| Adjusted general and administrative expense ratio | 11.7 % | 11.7 % | 10.8 % | 10.1 % |
| Adjusted EBITDAC | \$ 146,979 | \$ 116,817 | \$ 466,155 | \$ 390,151 |
| Adjusted EBITDAC margin | 29.3 % | 28.4 % | 30.2 % | 30.2 % |
| Adjusted net income | \$ 86,632 | \$ 66,560 | \$ 282,144 | \$ 237,774 |
| Adjusted net income margin | 17.3 % | 16.2 % | 18.3 % | 18.4 % |
| Adjusted diluted earnings per share | \$ 0.32 | \$ 0.25 | \$ 1.04 | \$ 0.88 |

Consolidated Balance Sheets (Unaudited)

| <i>(in thousands, except share and per share data)</i> | September 30, 2023 | December 31, 2022 |
|--|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 754,370 | \$ 992,723 |
| Commissions and fees receivable – net | 238,827 | 231,423 |
| Fiduciary cash and receivables | 2,521,021 | 2,611,647 |
| Prepaid incentives – net | 9,577 | 8,584 |
| Other current assets | 62,629 | 49,690 |
| Total current assets | \$ 3,586,424 | \$ 3,894,067 |
| NON-CURRENT ASSETS | | |
| Goodwill | 1,581,759 | 1,314,984 |
| Other intangible assets | 591,879 | 486,444 |
| Prepaid incentives – net | 16,585 | 20,792 |
| Equity method investment in related party | 45,272 | 38,514 |
| Property and equipment – net | 32,208 | 31,271 |
| Lease right-of-use assets | 131,833 | 143,870 |
| Deferred tax assets | 383,094 | 396,814 |
| Other non-current assets | 56,808 | 56,987 |
| Total non-current assets | \$ 2,839,438 | \$ 2,489,676 |
| TOTAL ASSETS | \$ 6,425,862 | \$ 6,383,743 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 114,952 | 119,022 |
| Accrued compensation | 273,417 | 350,369 |
| Operating lease liabilities | 19,922 | 22,744 |
| Tax Receivable Agreement liabilities | 16,959 | — |
| Short-term debt and current portion of long-term debt | 35,566 | 30,587 |
| Fiduciary liabilities | 2,521,021 | 2,611,647 |
| Total current liabilities | \$ 2,981,837 | \$ 3,134,369 |
| NON-CURRENT LIABILITIES | | |
| Accrued compensation | 21,999 | 10,048 |
| Operating lease liabilities | 156,983 | 151,944 |
| Long-term debt | 1,945,495 | 1,951,900 |
| Deferred tax liabilities | 126 | 562 |
| Tax Receivable Agreement liabilities | 342,115 | 295,347 |
| Other non-current liabilities | 36,066 | 21,761 |
| Total non-current liabilities | \$ 2,502,784 | \$ 2,431,562 |
| TOTAL LIABILITIES | \$ 5,484,621 | \$ 5,565,931 |
| STOCKHOLDERS' EQUITY | | |
| Class A common stock (\$0.001 par value; 1,000,000,000 shares authorized, 118,222,528 and 112,437,825 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively) | 118 | 112 |
| Class B common stock (\$0.001 par value; 1,000,000,000 shares authorized, 142,026,335 and 147,214,275 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively) | 141 | 147 |
| Class X common stock (\$0.001 par value; 10,000,000 shares authorized, 640,784 shares issued and 0 outstanding at September 30, 2023 and December 31, 2022) | — | — |
| Preferred stock (\$0.001 par value; 500,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2023 and December 31, 2022) | — | — |
| Additional paid-in capital | 442,304 | 418,123 |
| Retained earnings | 92,179 | 53,988 |
| Accumulated other comprehensive income | 8,236 | 6,035 |
| Total stockholders' equity attributable to Ryan Specialty Holdings, Inc. | \$ 542,978 | \$ 478,405 |
| Non-controlling interests | 398,263 | 339,407 |
| Total stockholders' equity | \$ 941,241 | \$ 817,812 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 6,425,862 | \$ 6,383,743 |

Consolidated Statements of Cash Flows (Unaudited)

| <i>(in thousands)</i> | Nine Months Ended September 30, | |
|---|---------------------------------|---------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 135,977 | \$ 117,475 |
| Adjustments to reconcile net income to cash flows provided by operating activities: | | |
| Loss (income) from equity method investment in related party | (5,882) | 414 |
| Amortization | 79,125 | 78,563 |
| Depreciation | 6,570 | 3,903 |
| Prepaid and deferred compensation expense | 8,882 | 27,256 |
| Non-cash equity-based compensation | 54,136 | 61,084 |
| Amortization of deferred debt issuance costs | 9,125 | 9,017 |
| Amortization of interest rate cap premium | 5,216 | 2,898 |
| Deferred income tax expense | 11,745 | 4,597 |
| Deferred income tax expense from reorganization | 20,679 | — |
| Loss on Tax Receivable Agreement | 478 | 7,173 |
| Change (net of acquisitions) in: | | |
| Commissions and fees receivable – net | 3,875 | 24,341 |
| Accrued interest liability | (4,293) | 3,016 |
| Other current assets and accrued liabilities | (98,213) | (192,752) |
| Other non-current assets and accrued liabilities | 22,915 | 3,999 |
| Total cash flows provided by operating activities | \$ 250,335 | \$ 150,984 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (16,013) | (12,026) |
| Business combinations – net of cash acquired and cash held in a fiduciary capacity | (366,149) | — |
| Repayments of prepaid incentives | 228 | 337 |
| Total cash flows used for investing activities | \$ (381,934) | \$ (11,689) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from senior secured notes | — | 394,000 |
| Payment of interest rate cap premium | — | (25,500) |
| Repayment of term debt | (12,375) | (12,375) |
| Debt issuance costs paid | — | (2,369) |
| Finance lease and other costs paid | — | (27) |
| Payment of contingent consideration | (4,477) | (6,241) |
| Tax distributions to LLC Unitholders | (52,633) | (32,678) |
| Receipt of taxes related to net share settlement of equity awards | 7,786 | 7,132 |
| Taxes paid related to net share settlement of equity awards | (7,091) | (6,832) |
| Net change in fiduciary liabilities | 36,832 | (54,775) |
| Total cash flows (used for) provided by financing activities | \$ (31,958) | \$ 260,335 |
| Effect of changes in foreign exchange rates on cash, cash equivalents, and cash held in a fiduciary capacity | (828) | (1,274) |
| NET CHANGE IN CASH, CASH EQUIVALENTS, AND CASH HELD IN A FIDUCIARY CAPACITY | \$ (164,385) | \$ 398,356 |
| 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 | \$ 1,603,000 | \$ 1,538,017 |
| Reconciliation of cash, cash equivalents, and cash held in a fiduciary capacity | | |
| Cash and cash equivalents | 754,370 | 833,135 |
| Cash held in a fiduciary capacity | 848,630 | 704,882 |
| Total cash, cash equivalents, and cash held in a fiduciary capacity | \$ 1,603,000 | \$ 1,538,017 |

Reconciliation of Organic Revenue Growth Rate to Total Revenue Growth Rate

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|---------------|------------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Total revenue growth rate (GAAP) (1) | 21.8 % | 16.8 % | 19.7 % | 22.4 % |
| Less: Mergers and acquisitions (2) | (4.3) | (2.8) | (2.3) | (3.0) |
| Change in other (3) | (2.8) | (0.3) | (2.7) | (0.7) |
| Organic revenue growth rate (Non-GAAP) | 14.7 % | 13.7 % | 14.7 % | 18.7 % |

(1) For the three months ended September 30, 2023, September 30, 2023 revenue of \$501.9 million less September 30, 2022 revenue of \$412.0 million is a \$89.9 million period-over-period change. The change, \$89.9 million, divided by the September 30, 2022 revenue of \$412.0 million, is a total revenue change of 21.8%. For the three months ended September 30, 2022, September 30, 2022 revenue of \$412.0 million less September 30, 2021 revenue of \$352.8 million is a \$59.2 million period-over-period change. The change, \$59.2 million, divided by the September 30, 2021 revenue of \$352.8 million, is a total revenue change of 16.8%. For the nine months ended September 30, 2023, September 30, 2023 revenue of \$1,544.7 million less September 30, 2022 revenue of \$1,290.2 million is a \$254.5 million period-over-period change. The change, \$254.5 million, divided by September 30, 2022 revenue of \$1,290.2 million, is a total revenue change of 19.7%. For the nine months ended September 30, 2022, September 30, 2022 revenue of \$1,290.2 million less September 30, 2021 revenue of \$1,054.2 million is a \$236.0 million period-over-period change. The change, 236.0 million, divided by the September 30, 2021 revenue of \$1,054.2 million, is a total revenue change of 22.4%.

(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 September 30, 2023 and 2022 was \$17.8 million and \$9.9 million, respectively. The total adjustment for the nine months ended September 30, 2023 and 2022 was \$29.9 million and \$31.5 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 September 30, 2023 and 2022 was \$11.6 million and \$0.9 million, respectively. The total adjustment for the nine months ended September 30, 2023 and 2022 was \$35.0 million and \$7.0 million, respectively.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------------|------------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>(in thousands, except percentages)</i> | | | | |
| Total revenue | \$ 501,938 | \$ 411,996 | \$ 1,544,686 | \$ 1,290,178 |
| Compensation and benefits expense | \$ 329,212 | \$ 274,108 | \$ 989,294 | \$ 858,439 |
| Acquisition-related expense | (1,546) | (21) | (3,331) | (122) |
| Acquisition related long-term incentive compensation | (550) | (7,383) | (1,702) | (22,181) |
| Restructuring and related expense | (11,538) | (19) | (13,407) | (724) |
| Amortization and expense related to discontinued prepaid incentives | (1,570) | (1,533) | (4,793) | (5,075) |
| Equity-based compensation | (8,281) | (5,530) | (23,107) | (18,009) |
| Initial public offering related expense | (9,327) | (12,527) | (31,029) | (43,075) |
| Adjusted compensation and benefits expense (1) | \$ 296,400 | \$ 247,095 | \$ 911,925 | \$ 769,253 |
| Compensation and benefits expense ratio | 65.6 % | 66.5 % | 64.0 % | 66.5 % |
| Adjusted compensation and benefits expense ratio | 59.1 % | 60.0 % | 59.0 % | 59.6 % |

(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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>(in thousands, except percentages)</i> | | | | |
| Total revenue | \$ 501,938 | \$ 411,996 | \$ 1,544,686 | \$ 1,290,178 |
| General and administrative expense | \$ 69,288 | \$ 48,991 | \$ 202,595 | \$ 139,851 |
| Acquisition-related expense | (5,790) | (716) | (12,196) | (2,767) |
| Restructuring and related expense | (4,939) | — | (23,793) | (4,993) |
| Initial public offering related expense | — | (191) | — | (1,317) |
| Adjusted general and administrative expense (1) | <u>\$ 58,559</u> | <u>\$ 48,084</u> | <u>\$ 166,606</u> | <u>\$ 130,774</u> |
| General and administrative expense ratio | 13.8 % | 11.9 % | 13.1 % | 10.8 % |
| Adjusted general and administrative expense ratio | 11.7 % | 11.7 % | 10.8 % | 10.1 % |

(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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------------|------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>(in thousands, except percentages)</i> | | | | |
| Total revenue | \$ 501,938 | \$ 411,996 | \$ 1,544,686 | \$ 1,290,178 |
| Net income | \$ 15,703 | \$ 29,279 | \$ 135,977 | \$ 117,475 |
| Interest expense, net | 31,491 | 28,864 | 89,840 | 75,462 |
| Income tax expense | 24,827 | 3,411 | 42,772 | 10,076 |
| Depreciation | 2,201 | 1,463 | 6,570 | 3,903 |
| Amortization | 29,572 | 25,667 | 79,125 | 78,563 |
| Change in contingent consideration | 1,848 | 423 | 4,358 | (837) |
| EBITDAC | <u>\$ 105,642</u> | <u>\$ 89,107</u> | <u>\$ 358,642</u> | <u>\$ 284,642</u> |
| Acquisition-related expense | 7,336 | 737 | 15,527 | 2,889 |
| Acquisition related long-term incentive compensation | 550 | 7,383 | 1,702 | 22,181 |
| Restructuring and related expense | 16,477 | 19 | 37,200 | 5,717 |
| Amortization and expense related to discontinued prepaid incentives | 1,570 | 1,533 | 4,793 | 5,075 |
| Other non-operating loss (income) | 67 | (66) | 37 | 6,832 |
| Equity-based compensation | 8,281 | 5,530 | 23,107 | 18,009 |
| IPO related expenses | 9,327 | 12,718 | 31,029 | 44,392 |
| (Income) / loss from equity method investments in related party | (2,271) | (144) | (5,882) | 414 |
| Adjusted EBITDAC (1) | <u>\$ 146,979</u> | <u>\$ 116,817</u> | <u>\$ 466,155</u> | <u>\$ 390,151</u> |
| Net income margin | 3.1 % | 7.1 % | 8.8 % | 9.1 % |
| Adjusted EBITDAC margin | 29.3 % | 28.4 % | 30.2 % | 30.2 % |

(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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|------------|------------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>(in thousands, except percentages)</i> | | | | |
| Total revenue | \$ 501,938 | \$ 411,996 | \$ 1,544,686 | \$ 1,290,178 |
| Net income | \$ 15,703 | \$ 29,279 | \$ 135,977 | \$ 117,475 |
| Income tax expense | 24,827 | 3,411 | 42,772 | 10,076 |
| Amortization | 29,572 | 25,667 | 79,125 | 78,563 |
| Amortization of deferred debt issuance costs (1) | 3,045 | 3,033 | 9,125 | 9,017 |
| Change in contingent consideration | 1,848 | 423 | 4,358 | (837) |
| Acquisition-related expense | 7,336 | 737 | 15,527 | 2,889 |
| Acquisition related long-term incentive compensation | 550 | 7,383 | 1,702 | 22,181 |
| Restructuring and related expense | 16,477 | 19 | 37,200 | 5,717 |
| Amortization and expense related to discontinued prepaid incentives | 1,570 | 1,533 | 4,793 | 5,075 |
| Other non-operating loss (income) | 67 | (66) | 37 | 6,832 |
| Equity-based compensation | 8,281 | 5,530 | 23,107 | 18,009 |
| IPO related expenses | 9,327 | 12,718 | 31,029 | 44,392 |
| (Income) / loss from equity method investments in related party | (2,271) | (144) | (5,882) | 414 |
| Adjusted income before income taxes (2) | \$ 116,332 | \$ 89,523 | \$ 378,870 | \$ 319,803 |
| Adjusted tax expense (3) | (29,700) | (22,963) | (96,726) | (82,029) |
| Adjusted net income | \$ 86,632 | \$ 66,560 | \$ 282,144 | \$ 237,774 |
| Net income margin | 3.1 % | 7.1 % | 8.8 % | 9.1 % |
| Adjusted net income margin | 17.3 % | 16.2 % | 18.3 % | 18.4 % |

(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 our allocable share of any net taxable income of the LLC. For the three and nine months ended September 30, 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 our adjusted income before income taxes as if the Company owned 100% of the LLC. For the three and nine months ended September 30, 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 4.65% on 100% of our adjusted income before income taxes as if the Company owned 100% of the LLC.

Reconciliation of Adjusted Diluted Earnings per Share to Diluted Earnings (Loss) per Share

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|----------------|------------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Earnings (loss) per share of Class A common stock – diluted | \$ (0.04) | \$ 0.09 | \$ 0.34 | \$ 0.37 |
| Less: Net income attributed to dilutive shares and substantively vested RSUs (1) | — | (0.05) | (0.03) | (0.21) |
| Plus: Impact of all LLC Common Units Exchanged for Class A shares (2) | 0.10 | 0.07 | 0.20 | 0.28 |
| Plus: Adjustments to Adjusted net income (3) | 0.28 | 0.14 | 0.54 | 0.46 |
| Plus: Dilutive impact of unvested equity awards (4) | (0.02) | — | (0.01) | (0.02) |
| Adjusted diluted earnings per share | \$ 0.32 | \$ 0.25 | \$ 1.04 | \$ 0.88 |

(Share count in '000)

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Weighted-average shares of Class A common stock outstanding – diluted | 115,872 | 266,352 | 124,884 | 265,071 |
| Plus: Impact of all LLC Common Units Exchanged for Class A shares (2) | 141,690 | — | 142,974 | — |
| Plus: Dilutive impact of unvested equity awards (4) | 15,115 | 4,153 | 4,390 | 5,011 |
| Adjusted diluted earnings per share diluted share count | 272,677 | 270,505 | 272,248 | 270,082 |

(1) Adjustment removes the impact of Net income attributed to dilutive awards and substantively vested RSUs to arrive at Net income (loss) attributable to Ryan Specialty Holdings, Inc. For the three months ended September 30, 2023 and 2022, this removes \$0.1 million and \$13.1 million of Net income, respectively, on 115.9 million and 266.4 million Weighted-average shares of Class A common stock outstanding - diluted, respectively. For the nine months ended September 30, 2023 and 2022, this removes \$3.8 million and \$55.4 million of Net income, respectively, on 124.9 million and 265.1 million Weighted-average shares of Class A common stock outstanding - diluted, respectively. See "Note 10, *Earnings (Loss) 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 September 30, 2023 and 2022, this includes \$20.8 million and \$17.5 million of Net income, respectively, on 257.6 million and 266.4 million Weighted-average shares of Class A common stock outstanding - diluted, respectively. For the nine months ended September 30, 2023 and 2022, this includes \$97.8 million and \$74.3 million of Net income, respectively, on 267.9 million and 265.1 million Weighted-average shares of Class A common stock outstanding - diluted, respectively. For the three months ended September 30, 2022, 144.1 million weighted average outstanding LLC Common Units were considered dilutive and included in the 266.4 million Weighted-average shares of Class A common stock outstanding - diluted within Diluted EPS. For the nine months ended September 30, 2022, 144.0 million weighted average outstanding LLC Common Units were considered dilutive and included in the 265.1 million Weighted-average shares of Class A common stock outstanding - diluted within Diluted EPS. See "Note 10, *Earnings (Loss) 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 257.6 million and 266.4 million Weighted-average shares of Class A common stock outstanding - diluted for the three months ended September 30, 2023 and 2022, respectively, and on 267.9 million and 265.1 million shares of Weighted-average shares of Class A common stock outstanding - diluted for the nine months ended September 30, 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 EPS calculation disclosed in "Note 10, *Earnings (Loss) Per Share*" of the unaudited quarterly consolidated financial statements. For the three months ended September 30, 2023 and 2022, 15.1 million and 4.2 million shares were added to the calculation, respectively, and for the nine months ended September 30, 2023 and 2022, 4.4 million and 5.0 million shares were added to the calculation, respectively.

