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."

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[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, 2023	Three Months Ended September 30, 2022	Change $	Change %	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change $	Change %
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.

	Three Months Ended September 30,					
(in thousands, except percentages)	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%**

	Nine Months Ended September 30,					
(in thousands, except percentages)	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 cyclicality 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 pretax 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.

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Consolidated Statements of Income (Unaudited)

(in thousands, except percentages and per share data)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
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)

(in thousands, except percentages and per share data)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
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)

(in thousands, except share and per share data)	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)

(in thousands)	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,	
(in thousands, except percentages)	2023	2022	2023	2022
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,	
(in thousands, except percentages)	2023	2022	2023	2022
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)	**$ 58,559**	**$ 48,084**	**$ 166,606**	**$ 130,774**
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,	
(in thousands, except percentages)	2023	2022	2023	2022
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	**$ 105,642**	**$ 89,107**	**$ 358,642**	**$ 284,642**
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)	**$ 146,979**	**$ 116,817**	**$ 466,155**	**$ 390,151**
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

(in thousands, except percentages)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
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.