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

# FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **DECEMBER 31, 2022**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to ____________

Commission file number: **001-40645**

RYAN SPECIALTY

# RYAN SPECIALTY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 86-2526344 |
| (State or Other Jurisdiction of Incorporation) | (IRS Employer Identification No.) |
| Two Prudential Plaza<br>Chicago, Illinois | 60601 |
| (Address of Principal Executive Offices) | (Zip Code) |

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

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

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| **Class A Common Stock, $0.001 par value per share** | **RYAN** | **The New York Stock Exchange (NYSE)** |

**Securities registered pursuant to Section 12(g) of the Act: NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ | Non-accelerated filer | ☐ | Smaller reporting company | ☐ | 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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting common equity held by non-affiliates of the Registrant, computed by reference to the last reported price at which the Registrant's common equity was sold on June 30, 2022 (the last day of the Registrant's most recently completed second quarter) was $4,643,347,751.

On February 27, 2023, the Registrant had 259,652,100 shares of common stock outstanding, consisting of 113,174,820 shares of Class A common stock, $0.001 par value, and 146,477,280 shares of Class B common stock, $0.001 par value.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's proxy statement for its 2023 Annual Meeting of Stockholders are incorporated by reference in this report in response to Part III, Items 10, 11, 12, 13, and 14 which will be filed no later than 120 days after the Registrant's fiscal year ended December 31, 2022.

## COMMONLY USED DEFINED TERMS

As used in this annual report, unless the context indicates or otherwise requires, the following terms have the following meanings:

•"*we*", "*us*", "*our*", the "*Company*", "*Ryan Specialty*", and similar references refer: (i) following the consummation of the Organizational Transactions, including our IPO, to Ryan Specialty Holdings, Inc., and, unless otherwise stated, all of its subsidiaries, including the LLC, and (ii) prior to the completion of the Organizational Transactions, including our IPO, to the LLC and, unless otherwise stated, all of its subsidiaries.

•"*Admitted*": The insurance market comprising insurance carriers licensed to write business on an "admitted" basis by the insurance commissioner of the state in which the risk is located. Insurance rates and forms in this market are highly regulated by each state and coverages are largely uniform.

•"*All Risks*" or "*ARL"*: All Risks Specialty, LLC (f/k/a All Risk, Ltd.), an insurance specialist providing services in wholesale brokerage and delegated underwriting authority.

•"*All Risks Acquisition*": In September 2020, Ryan Specialty acquired All Risks.

•"*Annual Report*": This Annual Report on Form 10-K, filed with the SEC on or about March 1, 2023.

•"*Binding Authority*": Our Binding Authority receives submissions for insurance directly from retail brokers, evaluates price, and makes underwriting decisions regarding these submissions based on narrowly prescribed guidelines provided by carriers, and binds and issues policies on behalf of insurance carriers who retain the insurance underwriting risk.

•"*Board*" or "*Board of Directors*": The board of directors of Ryan Specialty.

•"*Class C Incentive Units*": Class C common incentive units, initially of the LLC on and prior to September 30, 2021 and then subsequently of New LLC, that are subject to vesting and will be exchangeable into LLC Common Units.

•"*Credit Agreement*": The credit agreement, as amended, dated September 1, 2020, among Ryan Specialty, LLC and JPMorgan Chase Bank, N.A., as administrative agent and the other lenders party thereto.

•"*Credit Facility*": The Term Loan and the Revolving Credit Facility.

•"*E&O*": Errors and omissions.

•"*E&S*": Excess and surplus lines. In this insurance market, insurance carriers are licensed on a "non-admitted" basis. The excess and surplus lines market often offers carriers more flexibility in terms, conditions, and rates relative to the Admitted market.

•"*Family Group*": (i) In the case of a member of the LLC or a LLC Employee who is an individual, such individual's spouse, parents, and descendants (whether natural or adopted) and any trust or estate planning vehicle or entity solely for the benefit of such individual and/or the individual's spouse, parents, descendants and/or other relatives, and (ii) in the case of a member of the LLC or a LLC Employee that is a trust, the beneficiary of such trust.

•"*Founder*": Patrick G. Ryan.

•"*Founder Group*": Founder, members of the Founder's Family Group, and Founder's affiliates.

•"*IPO*": Initial public offering.

•"*LLC*": Ryan Specialty, LLC, together with its parent New LLC, and their subsidiaries.

•"*LLC Common Units*": Non-voting common interest units following the Organizational Transactions initially of the LLC on and prior to September 30, 2021 and then subsequently of New LLC.

•"*LLC Operating Agreement*": the Seventh Amended and Restated Limited Liability Company Agreement of the LLC, as amended.

•"*LLC Units*": Class A common units and Class B common units of the LLC prior to the Organizational Transactions.

•“*LLC Unitholders*”: Holders of the LLC Units or the LLC Common Units, as the context requires.

•“*MGA*”: Managing general agent.

•“*MGU*”: Managing general underwriter.

•“*New LLC*”: New Ryan Specialty, LLC is a Delaware limited liability company and a direct subsidiary of Ryan Specialty Holdings, Inc.

•“*New LLC Operating Agreement*”: The Amended and Restated Limited Liability Company Agreement of New LLC, as amended.

•“*Onex*”: Onex Corporation and its affiliates, a holder of LLC Units and Redeemable Preferred Units prior to the Organizational Transactions, and one of our stockholders following the Organizational Transactions.

•“*Organizational Transactions*”: The series of organizational transactions completed by the Company in connection with the IPO, as described in Note 1 to the consolidated audited financial statements contained in the Form 10-K filed with the SEC on March 16, 2022.

•“*P&C*”: Property and casualty insurance.

•“*Redeemable Preferred Units*”: Class B preferred units of the LLC held by Onex prior to the Organizational Transactions.

•“*Restructuring Plan*”: Plan to reduce costs and increase efficiencies, streamline management reporting structures, and centralize functions across the Company to improve operating margins, which was fully actioned by June 30, 2022.

•“*Revolving Credit Facility*”: The $600 million senior secured revolving credit facility under our Credit Agreement.

•“*Ryan Parties*”: Patrick G. Ryan and certain members of his family and various entities and trusts over which Patrick G. Ryan and his family exercise control.

•“*SEC*”: The Securities and Exchange Commission.

•“*Securities Act*”: Securities Act of 1933, as amended.

•“*Senior Secured Notes*”: The 4.375% senior secured notes due 2030 issued on February 3, 2022.

•“*Specialty*”: One of the three Ryan Specialty primary distribution channels, which includes Wholesale Brokerage, Binding Authority, and Underwriting Management.

•“*Stock Option*”: A non-qualified stock option award that gives the grantee the option to buy a specified number of shares of our Class A common stock at the grant date price.

•“*Tax Receivable Agreement*” or “*TRA*”: The tax receivable agreement entered into in connection with the IPO.

•“*Term Loan*”: The senior secured Term Loan B for $1.65 billion in principal amount under our Credit Agreement.

•“*U.S. GAAP*”: Accounting principles generally accepted in the United States of America.

•“*Underwriting Management*”: Our Underwriting Management Specialty administers a number of MGUs, MGAs, and programs that offer commercial and personal insurance for specific product lines or industry classes. Underwriters act with delegated underwriting authority based on varying degrees of prescribed guidelines as provided by carriers, quoting, binding, and issuing policies on behalf of Ryan Specialty’s carrier trading partners which retain the insurance underwriting risk.

•“*Wholesale Brokerage*”: Our Wholesale Brokerage Specialty distributes a wide range and diversified mix of specialty property, casualty, professional lines, personal lines, and workers’ compensation insurance products, as a broker between the carriers and retail brokerage firms.

## INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 Annual Report on Form 10-K 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, cash flows, growth rates and financial results, our plans, anticipated amount and timing of cost savings relating to the restructuring plan, and objectives for future operations, growth or initiatives, strategies or the expected outcome or impact of pending or threatened litigation 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, including:

- our failure to develop a succession plan for Patrick G. Ryan or other members of our senior management team, to maintain corporate culture or to recruit and retain revenue producers;
- the cyclicality of, and the economic conditions in, the markets in which we operate and conditions that result in reduced insurer capacity;
- the potential loss of our relationships with insurance carriers or our clients, failure to maintain good relationships with insurance carriers or clients, becoming dependent upon a limited number of insurance carriers or clients or the failure to develop new insurance carrier and client relationships;
- errors in, or ineffectiveness of, our underwriting models and the risks presented to our reputation and relationships with insurance carriers, retail brokers, and agents;
- failure to maintain, protect and enhance our brand or prevent damage to our reputation;
- a reduction in insurer capacity;
- significant competitive pressures in each of our businesses;
- decreases in premiums or commission rates set by insurers, or actions by insurers seeking repayment of commissions;
- decrease in the amount of supplemental or contingent commissions we receive;
- our inability to collect our receivables;
- disintermediation within the insurance industry and shifts away from traditional insurance markets;
- changes in the mode of compensation in the insurance industry;
- impairment of goodwill and intangibles;
- 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;
- any failure to maintain our corporate culture;
- the inability to maintain rapid growth and generate sufficient revenue to maintain profitability;
- the loss of clients or business as a result of consolidation within the retail insurance brokerage industry;
- the impact if our MGA or MGU programs are terminated or changed;
- unsatisfactory evaluation of potential acquisitions and the integration of acquired businesses as well as introduction of new products, lines of business, and markets;
- significant investment in our growth strategy and whether expectation of internal efficiencies are realized;

•our ability to gain internal efficiencies through the application of technology or effectively apply technology in driving value for our clients or the failure of technology and automated systems to function or perform as expected;

•the unavailability or inaccuracy of our clients' and third parties' data for pricing and underwriting insurance policies;

•the competitiveness and cyclicality of the reinsurance industry;

•the occurrence of natural or man-made disasters;

•our inability to successfully recover upon experiencing a disaster or other business continuity problem;

•the economic and political conditions of the countries and regions in which we operate;

•the failure or take-over by the FDIC of one of the financial institutions that we use;

•our inability to respond quickly to operational or financial problems or promote the desired level of cooperation and interaction among our offices;

•the impact of third parties that perform key functions of our business operations acting in ways that harm our business;

•our international operations expose us to various international risks, including exchange rate fluctuations and risks resulting from geopolitical tensions;

•the impact of governmental regulations, legal proceedings, and governmental inquiries related to our business;

•being subject to E&O claims as well as other contingencies and legal proceedings;

•our handling of client funds and surplus lines taxes that exposes us to complex fiduciary regulations;

•changes in tax laws or regulations;

•decreased commission revenues due to proposed tort reform legislation;

•the impact of regulations affecting insurance carriers;

•the impact of breaches in security that cause significant system or network disruptions;

•the impact of improper disclosure of confidential, personal or proprietary data, misuse of information by employees or counterparties or as a result of cyberattacks;

•the impact of infringement, misappropriation or dilution of our intellectual property;

•the impact of the failure to protect our intellectual property rights, or allegations that we have infringed on the intellectual property rights of others;

•our outstanding debt potentially adversely affecting our financial flexibility and subjecting us to restrictions and limitations that could significantly affect our ability to operate;

•not being able to generate sufficient cash flow to service all of our indebtedness and being forced to take other actions to satisfy our obligations under such indebtedness;

•being affected by further changes in the U.S.-based credit markets;

•changes in our credit ratings;

•risks related to the payments required by our Tax Receivable Agreement;

•risks relating to our organizational structure that could result in conflicts of interests between the LLC Unitholders and the holders of our Class A common stock; and

•other factors disclosed in the section entitled "*Risk Factors*" in this Annual Report.

We derive many of our forward-looking statements from our operating budgets and forecasts that are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual

results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the sections entitled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in this Annual Report. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our filings with the SEC and other public communications. You should evaluate all forward-looking statements made in this Annual Report in the context of these risks and uncertainties.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Annual Report are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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# PART I

## ITEM 1. BUSINESS

### Overview

Founded by Patrick G. Ryan in 2010, Ryan Specialty is a service provider of specialty products and solutions for insurance brokers, agents, and carriers. We provide 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.

For retail insurance brokers, we assist in the placement of complex or otherwise hard-to-place risks. For insurance carriers, we work with retail and wholesale insurance brokers to source, onboard, underwrite, and service these same risks. A significant majority of the premiums we place are bound in the E&S market, which includes Lloyd's of London, which we refer to as Lloyd's. There is often significantly more flexibility in terms, conditions, and rates in the E&S market relative to the Admitted or "standard" insurance market. We believe that the additional freedom to craft bespoke terms and conditions in the E&S market allows us to best meet the needs of our trading partners, provide unique solutions, and drive innovation. We believe our success has been achieved by providing best-in-class intellectual capital, leveraging our trusted and long-standing relationships, and developing differentiated solutions at a scale unmatched by many of our competitors.

Our plan for continued growth includes positioning ourselves as a pioneer in ever-changing markets, attracting and developing industry-leading talent, broadening our product offerings organically and inorganically, and further entrenching our deep industry relationships. We have been successful in each of these areas through our relentless focus on serving each of our key constituents:

- **Retail Insurance Brokers**: Global, national, regional, and local retail insurance brokers rely on us to provide expertise in specialty insurance lines and access to the best available coverage options on behalf of insureds. Importantly, unlike some of our competitors, we have no retail operations, freeing us from potential channel conflicts with our retail brokerage trading partners.
- **Carriers**: Insurance carriers, ranging from Lloyd's syndicates to multi-line underwriters and E&S specialists, rely on us to provide them with highly efficient, scaled distribution, specialty brokering and underwriting management expertise, and high-quality insurance products. Insurance carriers also leverage our comprehensive distribution network and deep knowledge to gain timely and cost-efficient access to new risk classes and industries.
- **Our Employees**: Our professionals have extensive knowledge of the industries in which they specialize and the complex insurance products we distribute and underwrite. We provide our employees with trusted retail broker and insurance carrier relationships, proprietary products and innovative solutions, which enable exceptional career advancement opportunities. We believe our reputation for helping our employees advance their careers has made us a destination of choice for many of the most talented insurance professionals in the industry.

### Who We Are

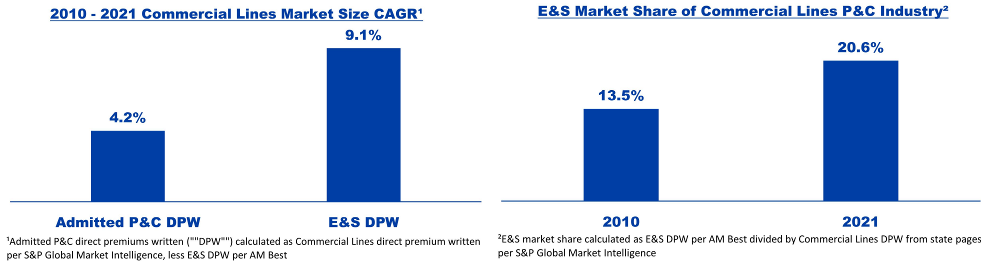
We are the second-largest U.S. P&C insurance Wholesale Broker, according to premium volume reported in the 2022 Business Insurance broker rankings Special Report. Our distribution network encompasses over 680 individuals directly responsible for revenue generation in either Wholesale Brokerage or Binding Authority (each, a "Producer" and together, the "Producers") who provide us access to over 17,000 retail insurance brokerage firms and over 200 insurance carriers. We are compensated for providing services primarily by commissions and fees.

Our business was founded to address the growing need for specialists in the increasingly important E&S market. For the year ended December 31, 2022, 74% of the total premiums we placed were in the E&S market. The growing relevance of the E&S market has been driven by the rapid emergence of large, complex and high-hazard risks across many lines of insurance. This trend continued in 2022, with 14 named storms – including Hurricane Ian with estimated losses of $50 to $65 billion during the 2022 Atlantic hurricane season – following 21 named storms

totaling over $70 billion in estimated losses during the 2021 Atlantic hurricane season, escalating jury verdicts and social inflation, a proliferation of cyber threats, novel health risks, and the transformation of the economy to a "digital first" mode of doing business.

Compared to Admitted carriers, E&S insurance carriers often have more flexibility to quickly adjust coverage terms, pricing, and conditions in response to market needs and dynamics. This practice is commonly referred to as "freedom of rate and form," which can facilitate coverage that would not otherwise be attainable. With greater flexibility, E&S underwriters can tailor insurance products to meet emerging risks, the needs of insureds, and the risk appetite of insurance carriers. As a result, the emergence of complex, unique or otherwise hard-to-place risks, and the need for specialty solutions, have driven meaningful growth within the E&S market.

Based on data from AM Best, the U.S. E&S market (which comprised $83 billion of direct written premium in 2021) has grown at a CAGR of 9.1%, compared to 4.2% for the U.S. Admitted market, between 2010 and 2021. E&S market share as a percentage of total U.S. commercial insurance premium increased from 13.5% in 2010 to 20.6% in 2021. We believe the higher rate of growth of the E&S market is due to the shift towards complex risks, insulating the E&S market from broader economic trends. We expect that this trend will continue.




[1]Admitted P&C direct premiums written (""DPW"") calculated as Commercial Lines direct premium written per S&P Global Market Intelligence, less E&S DPW per AM Best

[2]E&S market share calculated as E&S DPW per AM Best divided by Commercial Lines DPW from state pages per S&P Global Market Intelligence

We have been able to increase our market share by offering custom solutions and products to better address changing market fundamentals. Historically, smaller wholesale insurance brokers have relied on a go-to-market strategy that is primarily predicated on facilitating access to underwriting capacity. As risks in the E&S market continue to become more complex, increasingly global and higher hazard, simply offering market access to retail insurance brokers is no longer sufficient. We believe that as risks become more complex, the E&S market will continue to increase, wholesale brokers that do not have sufficient scale or the financial and intellectual capital to invest in the required specialty capabilities will struggle to compete effectively. This dynamic will continue the trend of market share consolidation among the wholesale insurance brokers that have these capabilities.

Our growth has been further supported by the rapid consolidation among retail insurance brokers and the consolidation of their wholesaler trading partner relationships. During 2022, retail insurance brokers completed 987 merger and acquisition ("M&A") transactions during the preceding twelve-month period according to OPTIS Partners, compared to 1,034 in 2021, 795 in 2020, and 206 in 2010. According to Business Insurance, this M&A velocity contributed to the Top 100 retail brokers growing revenue by over 19% in 2021. As retail brokers have become larger, they have looked to establish relationships with fewer, more trusted wholesale brokers. This approach, commonly known as "wholesale panel consolidation," ensures that the retail brokers have quality, clarity, and consistency across their operations and insurance placement. The trend of wholesale panel consolidation started in 2011 among global retail insurance brokers and was subsequently replicated by middle-market retail brokers. We believe that retail insurance brokers favor having us on their wholesale panels as a preferred trading partner because we have national scale, top-flight talent, a full suite of product solutions, and are free from channel conflicts with their retail operations. As retail insurance brokers continue to grow and consolidate their wholesale panels, we expect that the amount of premiums we place from these existing retail broker relationships will grow.

Similarly, there has been meaningful consolidation among P&C insurance carriers over the past decade. This carrier consolidation likewise provided more opportunities for a smaller group of well-positioned insurance specialists best equipped to provide the necessary services with the requisite scale and talent.

Our core value proposition to retail insurance brokers and carriers is delivering best-in-class intellectual capital. Our people are our source of intellectual capital. We have sought to attract, develop, and retain many of the most skilled specialty insurance professionals in the industry. We seek to attract leading talent into our organization by offering a purpose-driven culture, a wide range of opportunities for career advancement and a platform for success through the breadth of our retail insurance broker relationships. We have access to over 17,000 retail insurance brokerage firms, including preferred relationships with substantially all of the top 100 retail insurance brokers. We have been highly successful in our recruiting and retention efforts and are a destination of choice for top-tier talent. Since the beginning of 2018, we have recruited 79 Producers who are now responsible for $524 million of annual premiums (figures exclude Producers who are not associated with a discrete book of business). Each of the cohorts of Producers hired between 2016 and 2021 generated revenue which exceeded compensation costs by their second year. Ensuring individual Producer book of business growth is critical for our business as it supports our organic growth, motivates our Producers, and fosters retention. In 2022, our Producer retention rate was 97%. We continue to make significant investments in people. We have formalized our Producer sourcing and development program through the establishment of Ryan Specialty University, allowing us to even more effectively cultivate talent across all specialties. We expect this program will continue to drive growth in the future.

Our Producers are able to offer retail insurance brokers multi-channel access to E&S and Admitted markets through our three Specialties: Wholesale Brokerage, Binding Authority, and Underwriting Management.

•**Wholesale Brokerage**: Our Wholesale Brokerage Specialty operates predominantly under the brand “RT Specialty” along with others such as "RT ProExec" and "CERT." Wholesale Brokerage distributes a wide range and diversified mix of specialty property, casualty, professional lines, personal lines, and workers’ compensation insurance products from insurance carriers to retail brokerage firms. We provide insurance carriers with efficient variable-cost distribution in all 50 states through our extensive relationships with retail brokers. For the years ended December 31, 2022 and 2021, our Wholesale Brokerage Specialty generated $1,129.2 million in net commission and fees, representing 66.0% of our net commission and fees and $932.0 million in net commission and fees, representing 65.1% of our net commission and fees, respectively.

•**Binding Authority:** Our Binding Authority Specialty operates under the “RT Specialty” and “RT Binding Authority” brands. Binding Authority provides timely and secure access to our carrier trading partners that have delegated underwriting authority and critical administrative and distribution responsibilities to us through our in-house binding agreements. A significant component of our growth in a majority of this business comprises larger-volume, smaller-premium policies with well-defined underwriting criteria which allows us to combine swift turnaround with the authority to secure coverage regardless of the complexity of risk. For the years ended December 31, 2022 and 2021, our Binding Authority Specialty generated $231.0 million in net commission and fees, representing 13.5% of our net commission and fees and $209.6 million in revenue, representing 14.6% of our net commission and fees, respectively.

•**Underwriting Management**: Our Underwriting Management Specialty operates under multiple brands, which are collectively referred to as “Ryan Specialty Underwriting Managers.” Our Underwriting Management Specialty offers insurance carriers cost-effective specialty market expertise in distinct and complex market niches underserved in today’s marketplace through 22 MGAs and MGUs, which act on behalf of insurance carriers. These carriers have provided us the authority to design, underwrite and bind coverage, and administer policies for specific risks. We also have a National Specialty Programs Platform that, together with our MGAs and MGUs, offers commercial insurance for specific product lines or industry classes. Ryan Specialty Underwriting Managers offers a broad distribution platform through a network of retail and wholesale brokers including RT Specialty. For the years ended December 31, 2022 and 2021, our Underwriting Management Specialty generated $351.6 million in net commission and fees, representing 20.5% of our net commission and fees and $290.6 million in revenue, representing 20.3% of our net commission and fees, respectively.

We have significantly enhanced our human capital, product capabilities and geographic footprint through strategic acquisitions. Since inception, we have partnered with over 40 firms through acquisition. These firms represent a diverse mix of specialties and geographies, allowing us to better service both existing and prospective trading partners. The targets that we acquired in 2021 and 2020 had revenues for the unaudited twelve-month period prior to acquisition of $34.0 million and $239.7 million, respectively. In January 2023, we acquired certain assets of Griffin Underwriting Services, which had unaudited trailing twelve-month revenues of $23.0 million at the time of

acquisition. We are highly selective in our M&A strategy and focus on partners that share our long-term approach, inclusive culture and commitment to integrity and client centricity. We primarily source our acquisitions through proprietary dialogue with potential partners and selectively take part in auction processes in which we believe we have a differentiated approach or value proposition. We take a consistent and disciplined approach to deal structuring and integration in order to best ensure that our partners are positioned to succeed after the acquisition.

We believe that we have a number of competitive advantages in M&A compared to our competition, including robust access to capital, freedom of channel conflict in the retail market with our retail insurance broker clients, the ability to leverage our distribution platform and back-office operations to drive revenue and cost synergies through a systematic approach to integration, and a strong underlying value proposition. We have typically sought to partner with entrepreneurs who are seeking to join a firm that can give them broader product capabilities and enhanced access to retail insurance brokers and carriers. We believe we are the partner of choice for firms and teams seeking to benefit from the resources of a larger organization without sacrificing culture, entrepreneurial spirit, and the desire to grow. We continuously evaluate acquisitions, maintain a robust pipeline, and are currently in active dialogue with several potential new partners. We have previously made, and intend to continue to pursue, acquisitions with the objective of enhancing our human capital, product capabilities, natural adjacencies, and geographic footprint.

Our largest acquisition to date is All Risks, which closed in September 2020. All Risks was the fourth largest wholesale distributor in the United States at the time of the acquisition, according to Business Insurance's 2020 rankings. All Risks possessed all of the key attributes we sought in an acquisition partner: it had a track record of strong organic revenue growth, enhanced our market presence, was accretive to our talent base, complementary in products and geography, and possessed a high-quality management team that was both aligned with our culture and sought to remain active in the business. Members of the executive team who joined as part of the All Risks Acquisition are now leading our efforts to further develop both our national, fully integrated Binding Authority Specialty and our program platform, the latter of which is part of our Underwriting Management Specialty. We believe these capabilities complement our Wholesale Brokerage Specialty by enhancing access to specialized product offerings across our business and driving growth. All Risks is a natural fit within our Company as demonstrated by our excellent Producer retention; since the All Risks Acquisition was completed, as of December 31, 2022, retention has been consistent with Ryan Specialty's historical retention.

The All Risks Acquisition advanced many of our strategic priorities, including leveraging technology to drive both productivity and efficiency. As an expert in binding authority, All Risks is able to cost-efficiently secure coverage for smaller-premium policies through its best-in-class operating model that drives efficiency and eliminates unnecessary data entry and duplicative work. We are on track to complete the merger of the binding authority service model, technology platform, and premium scale of All Risks with our differentiated technology platform, The Connector, in 2023.

The Connector is a digital marketplace through which our retail clients and internal producers can receive quotes and bind policies online. It can produce multiple bindable quotes sourced from high-quality E&S carriers across several risk classes in minutes. In cases when certain risks do not fit into The Connector's highly automated underwriting criteria, the retail insurance broker is automatically directed to our Producers and underwriters for more traditional placement methods. This holistic approach and integrated service model allow us to better serve retail insurance brokers because we can place their smaller-premium accounts efficiently, aggregate more of their submissions rapidly, and bind more policies for them cost-effectively. We have also connected with several "digital first" retail trading partners as a wholesale digital distributor. Under these arrangements, policies that do not fit our trading partner's Admitted markets platform are referred directly into The Connector platform for access to E&S solutions.

Our financial performance reflects the strength of our strategy and business model, including a 20.4% and 40.7% increase in revenue from year ended December 31, 2021 to December 31, 2022 and year ended December 31, 2020 to December 31, 2021, respectively. This rapid pace of growth was accompanied by an increase in Diluted earnings (loss) per share from a diluted loss per share of $0.07 in 2021, related to the post-IPO period, to diluted earnings per share of $0.52 in 2022. Our Adjusted diluted earnings per share also increased from $1.08 in 2021 to $1.15 in 2022. Please see "*Note 13, Earnings (Loss) Per Share*" in the footnotes to the Consolidated Financial Statements in this Annual Report for additional information. Adjusted diluted earnings per share is a non-GAAP metric. For a reconciliation of Adjusted diluted earnings per share to its most directly comparable GAAP metric,

Diluted earnings (loss) per share, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Non-GAAP Financial Measures and Key Performance Indicators.*"

## Industry Overview

As a wholesale distributor, we operate within the broader P&C insurance distribution market, which comprises both wholesale insurance brokers and retail insurance brokers. Wholesale and retail insurance brokers facilitate the placement of P&C insurance products in both the E&S and Admitted markets.

### P&C Insurance Market

Insurance carriers sell commercial P&C products in the United States through one of two markets: the Admitted or "standard" market and the E&S market. Approximately 79% of U.S. premiums are generated through the Admitted market, which has highly regulated rates and policy forms. As a result, products in the Admitted market are relatively uniform in price and coverage. According to data from AM Best, the E&S market comprised $83 billion of direct written premium in 2021. In the E&S market, insurance carriers have more flexibility to customize rates and coverage. This flexibility facilitates the underwriting of risks which are characterized by a complex profile, unique nature, size or are otherwise difficult to place. The overall top five U.S. writers of E&S products in 2021 included: Berkshire Hathaway Inc., American International Group, Inc., Markel Corporation, Fairfax Financial Group, and W.R. Berkley Corporation, with whom we maintain meaningful relationships. Lloyd's, which represents a market of 90 syndicates, is also a prominent player in the E&S space and approximately 17% of 2021 E&S premiums in the United States was for insurance coverage placed in the Lloyd's market according to AM Best.

### P&C Insurance Distribution Market

P&C insurance distribution is dependent on premium volumes in the P&C market as distributors typically receive a commission based on a percentage of the dollar amount of the premiums placed. The dollar amount of premiums placed is a function of both insurance rates and the underlying amount of coverage purchased, which is affected by broader macroeconomic conditions, capital availability, and carrier loss trends in the class of risk and/or the specific insured. There are broadly two types of insurance distributors: retail distributors (also called retail insurance brokers) and wholesale distributors. Retail insurance brokers source insurance buyers and act as an intermediary between the insurance buyer and insurance carriers. Wholesale distributors act as intermediaries between retail insurance brokers and insurance carriers by assisting in the placement of "specialty" risks that are outside of the retail insurance brokers' core expertise, complex, high hazard or otherwise hard to place.

### Wholesale Insurance Distribution Market

The wholesale insurance distribution market enhances efficiencies for both retail insurance brokers and insurance carriers. Retail insurance brokers rely on wholesale distributors, such as ourselves, to assist in securing insurance coverage for complex or specialty risks. The primary market for these insurance placements is the E&S market, where retail insurance brokers often must utilize wholesaler distributors who have distinct expertise and execution capabilities with specialized carriers. According to AM Best, over the past five years wholesalers were involved in placing approximately 87% to 91% of annual E&S premiums. E&S insurance carriers rely on wholesale insurance distributors for product expertise and distribution capabilities. By leveraging Ryan Specialty as a wholesale distributor, E&S insurance carriers are able to access a national network that includes over 17,000 retail insurance brokerage firms in a highly efficient manner, while simultaneously enhancing the quality of policy submissions by using a knowledgeable counterparty. Insurance carriers also leverage our comprehensive distribution network and deep knowledge to gain timely and cost-efficient access to new risk classes and industries.

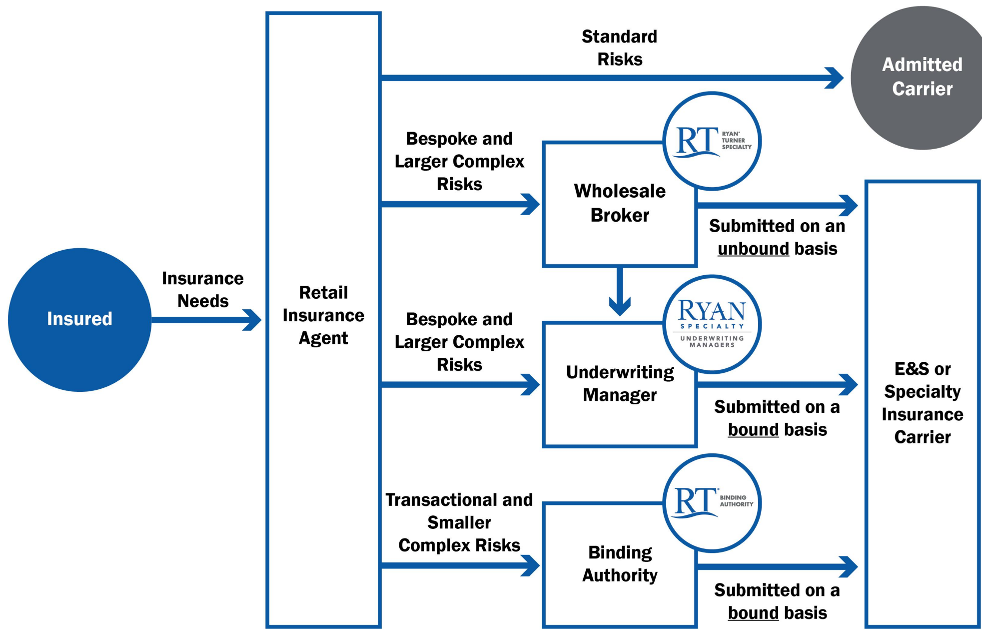
Wholesale distributors, who are typically compensated through commissions paid by the insurance carrier, share a portion of these commissions with the retail insurance broker and recognize revenue on a net basis. Wholesale distributors can also receive fees in addition to commissions for placing certain insurance policies. Wholesale distributors generally utilize one of three methods to place insurance risks into the E&S market:

1. *Wholesale brokerage:* 57% of 2021 E&S premiums were placed by wholesale insurance brokers without binding authority, according to AM Best. This method, also referred to as "open brokerage," is most similar to our Wholesale Brokerage Specialty and includes a wide range and diversified mix of products.

*2.Wholesale brokerage with binding authority:* 20% of 2021 E&S premiums were placed by wholesale insurance brokers with binding authority, according to AM Best. This method is most similar to our Binding Authority Specialty and utilizes in-house binding agreements, with a relatively limited scope of delegated authority, to facilitate rapid execution.

*3.Program manager, MGA/MGU:* 10% of 2021 E&S premiums were placed by program managers, including MGUs and MGAs, according to AM Best. This method is most similar to our Underwriting Management Specialty and allows wholesale distributors to underwrite coverage on behalf of an insurance carrier for a specific type of risk, with relatively expansive delegated authority subject to agreed-upon guidelines and limits.

The following summarizes the U.S. insurance distribution value chain:




**How We Win**

We believe our success is attributable to providing best-in-class intellectual capital, leveraging our trusted and long-standing relationships, and developing differentiated solutions at a scale and level of quality unmatched by most of our competitors. These characteristics have allowed us to consistently win business and grow faster than our competition.

**Compete with best-in-class intellectual capital and drive consistent innovation:** Historically, wholesale distributors simply provided retail insurance brokers with E&S market access. We believe this practice is an antiquated go-to-market approach. The inherent weakness of this model has been illuminated as retail insurance brokers have consolidated and the risks placed into the E&S market have grown larger, more complex and higher hazard. We are able to thrive by not just providing market access, but by also constantly offering differentiated and innovative solutions. Our professionals have extensive industry experience and deep product knowledge, allowing us to develop bespoke solutions in addition to providing distribution. By harnessing our collective knowledge, creativity, and relationships, we offer our clients and trading partners the expertise necessary to pursue new industries and new opportunities in an increasingly complex world. In order to foster our culture of innovation, we focus on recruiting, retaining, and developing the best-in-class wholesale professionals in the industry.

**Deep connectivity with retail brokerage firms:** While we empower our Producers to develop strong relationships with individual retail insurance brokers, we also engage with retail brokerage firms holistically. Our executive management team has long-standing relationships with the leadership teams at numerous retail brokerage firms; many of these relationships pre-date some of our management's tenure at Ryan Specialty. Reporting to our executive management team are practice leaders who are aligned to the distribution channels within many retail brokerage firms. We employ experienced practice leaders across all broad classes of business, including property, casualty, and professional & executive liability coverages, in addition to specialists who run highly focused distribution channels such as construction, cyber, transportation, renewable energy, professional liability, alternative risk, and transactional liability. Through our comprehensive connectivity with retail brokerage firms, we are able to deliver holistic, higher-quality, and more consistent solutions. We believe it takes strategic organizational design, deep existing relationships between retail brokerage firms, and executive management, practice leaders, and individual retail producers, as well as meaningful scale and top-tier talent, to achieve this level of connectivity.

**Collaborative relationships with insurance carriers:** We align with our carrier trading partners, providing them with access to specialized and often proprietary binding authority and underwriting management capabilities, broad distribution and deep industry expertise. We alleviate our more than 200 carrier trading partners of administrative burdens by offering 22 MGAs/MGUs and our National Programs Platform which together offer commercial insurance for specific product lines or industry classes. The diversity of our offerings enables our carrier trading partners to cost-efficiently access new risk classes in a timely manner, including on a delegated authority basis. We believe our carrier relationships are built on trust, industry credibility, and a proven track record of delivering attractive underwriting results. We work with the largest insurance carriers in the E&S industry, which have consistently provided us long-term capital support. We are trading partners with each of the top 25 U.S. E&S insurance carriers as ranked by AM Best, numerous Lloyd's syndicates, U.K. and other international insurance companies. As a reflection of the strength of these relationships, our carrier trading partners will refer acquisition candidates to us, or proactively engage with us to develop new programs.

**Comprehensive, full service product offering:** Our success has been driven by our ability to provide a broad and innovative product offering that continues to meet the needs of our trading partners, regardless of complexity or risk profile. To provide this comprehensive level of service, we have developed a full suite of products, relationships, and capabilities. Our Wholesale Brokerage Producers are highly regarded for their ability to procure coverage for the largest, most complex, and high-hazard risks. Our Wholesale Brokers are able to place policies for challenging risks such as coastal condos, power generators, kidnap and ransom exposures, hospitals, trucking fleets, and waste haulers. Our Binding Authority Producers are renowned for their ability to quickly bind smaller accounts with unique attributes. Our Underwriting Management Specialty offers retail and wholesale brokers a wide assortment of risk solutions for highly specialized needs, such as: renewable energy, construction, cyber, transportation, transactional liability, long-term care facilities, M&A representations and warranties, and catastrophe-exposed properties. Our comprehensive suite of products and services and our broad geographic footprint allow us to place coverage for nearly any risk brought to us by the over 17,000 retail insurance brokerage firms with which we do business. We believe that it would be difficult for a new entrant to replicate the intellectual capital behind the breadth and depth of our product offerings.

**Free of channel conflict with retailer brokers:** Our fundamental philosophy is that our clients' interests must always come first. In developing our distribution strategy, we have proactively avoided channel conflicts with our clients, including in retail insurance distribution. Many of our competitors, including some of our largest, have taken a different approach. We believe that the divergence in strategy has facilitated and solidified our presence on the wholesale panels of nearly all of the most significant retail brokerage firms. Our position on numerous wholesale panels and aligned interests with retail insurance brokers enhances our reputation as a destination of choice for the most talented producers, enhances the market opportunity for our existing Producers and cements our position as a source of intellectual capital for insuring specialty risks.

**Visionary, iconic, and aligned leadership team:** We were founded by Patrick G. Ryan, a widely respected entrepreneur and global insurance leader who previously founded Aon, the second-largest global retail insurance broker, and who served as Aon's Chairman and/or CEO for 41 years. Mr. Ryan serves as our Chairman and CEO and is joined by an experienced leadership team, each member of which has significant exposure in the wholesale distribution market. For example, Timothy W. Turner began his career in the insurance industry in 1987. Prior to joining Ryan Specialty, he was with CRC Insurance Services, Inc. for 10 years and was its President at the time of

his departure. Our management team and employees also have significant alignment with stockholders. As of December 31, 2022, we had over 600 employee stockholders, including all of our top 50 Producers. Our management team and employees remain committed to our vision of market leadership by providing differentiated intellectual capital, building trusted relationships and pioneering risk solutions.

## Our Strategy

We intend to grow our business by pursuing the following strategies:

**Attract, retain, and develop human capital:** Our people are the key to our success, so we have long focused on attracting and developing the most talented professionals in the industry. Since the beginning of 2018, we have recruited 79 Producers who are now responsible for $524 million of annual premiums (figures exclude Producers who are not associated with a discrete book of business). Each of the recruited Producer cohorts of 2016, 2017, 2018, 2019, 2020, and 2021 generated revenue that exceeded compensation costs by their second year. In recent years, we have formalized our production sourcing and development program, which was substantially enhanced by All Risks University, and which has further evolved into Ryan Specialty University. This development platform allows us to cultivate talent across all levels and specialties. We are able to retain new and tenured employees alike by offering unprecedented market access, supporting Producers in growing their books and providing broad opportunities for rapid career advancement within our organization. For example, in 2022 and 2021, 83% and 87%, respectively, of our Producers grew their book of business. Our ability to retain top talent is highlighted by the fact that since the All Risks Acquisition was completed, as of December 31, 2022, retention has been consistent with Ryan Specialty's historical retention rates.

**Lead with innovation in an ever-changing market:** We believe that change is inevitable and necessary. Accordingly, our business is built to respond to rapidly shifting market conditions by constantly looking for ways to broaden and enhance our product offerings. For example, many of our 10 de novo MGUs were formed to respond to emerging risks such as life sciences (LifeScienceRisk®), renewable energy (PERse®), excess commercial general liability (Emerald Underwriting Managers), cyber (EmergIn Risk), and professional liability (CorRisk). We developed Ryan Re Underwriting Managers, LLC ("Ryan Re") to serve as an MGU in collaboration with Nationwide to create new opportunities for both organizations to grow their presence in the specialty lines market, which in turn expanded the reach of our underwriting management services into the reinsurance market. We created The Connector to be a unique technology entrant into the E&S space. The Connector allows us to better serve retail insurance brokers by placing their smaller-premium accounts efficiently, evaluating more of their submissions rapidly, and binding more policies for them cost-effectively. We believe in the relentless pursuit of innovation in order to respond to evolving market conditions and to reach underserved specialty markets. Further to this effort, we acquired Keystone Risk Partners, representing our entrance into the alternative capital market and captive management business. Keystone advances our mission, allowing us to better serve our retail brokers to find innovative solutions for their clients. It also represents a niche growth opportunity in E&S to build and design coverage structures for some of the most complex risks, while allowing insureds greater control over their long-term insurance costs. We have identified the following markets as near-term potential growth opportunities: employee benefits, nursing homes, alternative risk offerings, cyber, transportation, and New York construction and habitational spaces.

**Pursue strategic acquisitions and align interests to enhance the network effect**: Since our inception, we have a history of successfully executing and integrating acquisitions across a diverse mix of specialties and geographies. Our acquisition strategy is centered on increasing our intellectual capital, distribution reach, and product capabilities, which mutually reinforce one another. We take a consistent and disciplined approach to deal structuring and integration in order to ensure both that our partners are positioned to succeed after the acquisition and interests are aligned between ourselves and our new teammates. When we acquire Wholesale Brokerage businesses, they gain access to over 17,000 retail insurance brokerage firms, including preferred relationships with substantially all of the top 100 retail insurance brokers and exclusive product capabilities. When we acquire Underwriting Managers, they gain access to our wholesale Producers, deep carrier relationships, and visionary leadership. As we continue to grow, these positive network effects become stronger. The connectivity among our Specialties, as well as with key trading partners, enhances the value of our platform to recruited Producers and presents a highly attractive value proposition to acquisition partners.

**Deepen and broaden our relationships with retail broker trading partners:** Retail insurance brokers have multiple wholesale distribution relationships, even those that have consolidated their wholesale panels. We believe we have the ability to transact in even greater volume with nearly all of our existing retail brokerage trading partners. For example, in 2022, our revenue derived from the Top 100 firms (as ranked by Business Insurance) expanded faster than our 2022 organic revenue growth rate of 16.4%. Key to deepening our relationships with retail insurance brokers will be expanding our product offerings and enhancing our geographic footprint through organic initiatives, continued producer hires, and strategic acquisitions. In addition to deepening our relationships with existing clients, we will continue to broaden our footprint by establishing new retail broker trading partner relationships. Beyond the traditional wholesale P&C opportunities, we also expect to continue to expand our alternative risk offerings and develop a wholesale employee benefits specialty.

**Build the largest and most comprehensive national binding authority business:** We believe that both M&A consolidation and panel consolidation are in nascent stages in the binding authority market, providing us with meaningful growth opportunities. National scale in E&S distribution, underwriting expertise, and broad access to carrier capacity are key to building a cohesive binding authority platform. We have been diligently focused on all three elements and our efforts accelerated with the All Risks Acquisition, which is renowned for its binding authority capabilities. With a nationally scaled binding authority operation, as well as the capabilities existing within our Underwriting Management Specialty, we expect to be able to comprehensively address the opportunities in the delegated authority market, which represented 30% of E&S premiums in 2021 according to AM Best (inclusive of binding authority and program manager business).

**Invest in operations, invest in growth:** We have heavily invested in building a durable business that is able to adapt to the continuously evolving E&S market. These investments include core operational functions, ongoing new hire efforts, a visionary management team, and a robust acquisition integration effort. In addition, we have amassed a large underlying data set based on the over 2.1 million total policy submissions we receive annually. We expect to leverage this data set to further refine our pricing models, enhance our placement advice, and increase our efficiency. Even while deliberately making these investments, we have been able to generate substantial cash flow and drive operating leverage. We have historically used our cash flow to invest in the business and fund acquisitions. We expect to continue fortifying our platform to support future expansion and sustain significant organic growth.

## Our Specialties

### Wholesale Brokerage

Our Wholesale Brokerage Specialty is primarily focused on specialty insurance products that retail brokers and carriers have difficulty placing on their own due to the unique nature or size of the risk. Our Wholesale Brokerage professionals are creative and highly skilled problem solvers, assisting retail insurance brokers in crafting customized solutions. We pride ourselves on providing strategic advice, from coverage strategy and conception all the way through claims activity. To achieve optimal client outcomes, our professionals utilize both their expertise and our leading capabilities and resources. For the year ended December 31, 2022, our Wholesale Brokerage Specialty generated $1,129.2 million in net commission and fees, representing 66.0% of our total net commission and fees. Wholesale Brokerage operates predominantly under the brand “RT Specialty.”

Our Wholesale Brokers distribute a wide range and diversified mix of specialty insurance products from insurance carriers to retail insurance brokerage firms. Our largest distribution channels include (among others):

- **Property coverages:** Real Estate (Condos, Vacant Property), Catastrophic Exposures (Coastal Wind, Flood, Earthquake, Terrorism), Specialized Coverage (Deductible Buy-Backs, Large Deductible Placements), Builder’s Risk, Distribution / Warehousing, Group Programs, Healthcare Risks.
- **Casualty coverages:** Construction (Project Specific, Residential and Commercial Contractor), Real Estate (Habitational / OL&T / Lessors Risk), Life Sciences, Healthcare, Environmental, Primary and Excess Auto, Political Risks, Liquor Liability.
- **Professional & Executive Liability coverages:** Private Company Management Liability, Public Company Directors and Officers Liability, Financial Institutions Management Liability, Not-For-Profit

Organization Management Liability, Crime / Kidnap / Ransom, Privacy Liability and Network Security, Errors and Omissions Liability, Medical Professional Liability.

•**Transportation coverages:** Local and Long Haul Trucking, Haz-Mat Haulers, Contractors Fleets, Home Delivery, Non-Emergency Medical Transport, Waste Haulers, Auto Haulers.

•**Personal Lines coverages:** Homeowners (Condo Unit Owner, Contents In-Storage, High Value Homeowners, Home-Based Business Product, Manufactured Homes), Farm & Ranch, Flood, Recreational (Collector Vehicle, All Terrain, Snowmobile, Watercraft).

Our Wholesale Brokerage Specialty has extensive relationships with blue-chip insurance carriers and retail insurance brokers. With regard to entities that our Wholesale Brokerage Specialty has a relationship with, there are no material concentrations in retail insurance brokers (top five: 27.5% of 2022 revenue), insurance carriers (top five: 22.7% of 2022 revenue), or internal Producers (top five: 18.9% of 2022 revenue). These concentration statistics reflect both Wholesale Brokerage and Binding Authority Specialties, as many producers utilize both placement strategies. During 2022, we conducted business with thousands of retail brokerage firms, including substantially all of the 100 largest United States retail brokers as identified by Business Insurance in 2021. We also work with small to mid-size retail brokerage firms that do not have direct access to certain of the insurance carriers with which we do business. We continue to benefit from the consolidation of wholesale broking relationships by many retail brokers due to our expertise, execution, and absence of conflicts with most retail brokers' core businesses.

**Binding Authority**

We believe our Binding Authority Specialty to be among the largest binding authority platforms in the nation. For the year ended December 31, 2022, our Binding Authority Specialty generated $231.0 million in net commission and fees, representing 13.5% of our total net commission and fees. Our Binding Authority Specialty also operates under the brands "RT Specialty" and "RT Binding Authority."

Binding Authority provides timely and secure access to our carrier trading partners that have granted relatively limited delegated underwriting authority to us through our in-house binding agreements. Much of this business comprises larger-volume, smaller-premium policies with well-defined underwriting criteria that allows us to combine swift turnaround with the authority to secure coverage regardless of the complexity of risk. The ability to quickly process higher volume policies endows us with a significant efficiency advantage over our competitors attempting to individually place each risk.

Our Binding Authority Producers distribute a curated collection of products to our retail insurance broker trading partners. Our industry distribution channels include (among others):

•**General Liability:** Manufacturing, Start Ups, Contractors, Liquor, Plowing.

•**Property:** Vacant, Coastal, Distressed, Warehouse, Subsidized Housing, Student Housing.

•**Other:** Workers' Compensation, Builder's Risk, Contractor's Equipment, Motor Truck Cargo, Hole-In-One, Crime.

**Underwriting Management**

Underwriting Management offers insurance carriers cost-effective, specialty market expertise in distinct and complex market niches underserved in today's marketplace through MGAs and MGUs, which act on behalf of insurance carriers that have given us relatively broad authority to underwrite and bind coverage, as well as critical product design, administrative and distribution responsibilities, for specific risks, and (often proprietary) National Programs that offer commercial and personal insurance for specific product lines or industry classes. Professionals in the Underwriting Management Specialty often have a meaningful percentage of their compensation tied to underwriting performance to align interests with those of our carrier trading partners. For the year ended December 31, 2022, our Underwriting Management Specialty generated $351.6 million in net commission and fees, representing 20.5% of our total net commission and fees. Our Underwriting Management Specialty operates under multiple brands, which are collectively referred to as "Ryan Specialty Underwriting Managers."

Our Underwriting Managers distribute a highly targeted suite of specialty insurance solutions. Our MGAs and MGUs include:

## Our Organizational Structure

The Company is the sole managing member of New LLC. New LLC was formed as a Delaware limited liability company on April 20, 2021, for the purpose of becoming, subsequent to our IPO, an intermediate holding company between Ryan Specialty Holdings, Inc., and Ryan Specialty, LLC. Pursuant to contribution agreements, on September 30, 2021, the Company, the non-controlling interest LLC Unitholders and New LLC exchanged equity interests in Ryan Specialty, LLC for LLC Common Units in New LLC, with the intent that New LLC be the new holding company for Ryan Specialty, LLC interests. As Ryan Specialty, LLC is substantively the same as New LLC, for the purpose of this document we will refer to both New LLC and Ryan Specialty, LLC as the “LLC”.

## Our Resilience Through COVID-19

The COVID-19 pandemic has resulted in a widespread health crisis that negatively affected certain aspects of our business and the markets and communities in which we, our trading partners, and clients operate. It also provided additional opportunities for certain aspects of our business. Against this backdrop, it is noteworthy that the resilience of our operations and the ability to continue to scale our business in most or all environments seems to have been validated. Our leadership took decisive, timely steps aimed at protecting the health and safety of our employees and clients by closing nearly all in-office operations, restricting business travel and transitioning to a remote work environment in mid-March 2020. The investments we made over the years in our culture, trading partner relationships, business, and technology have allowed us to stay on track to exceed performance goals set prior to the pandemic. We began to transition back into the office in the spring of 2022 and have incorporated remote work flexibility into our post-pandemic operating model.

## Our Recent Acquisitions

In September 2020, Ryan Specialty acquired 100% of the equity of All Risks, an insurance specialist providing services in wholesale brokerage and delegated underwriting authority, in exchange for consideration of approximately $1.2 billion.

In December 2021, Ryan Specialty acquired Crouse and Associates (“Crouse”) and certain assets of Keystone Risk Partners, LLC (“Keystone”). Crouse became part of RT Specialty which deepens our transportation practice, adds excess and general liability expertise, as well as other property and casualty risks. Keystone expands our offerings to our retail broker and agent trading partners by facilitating access to alternative risk capital.

In January 2023, Ryan Specialty acquired certain assets of Griffin Underwriting Managers, which enhances our market presence in the Pacific Northwest, provides access to new appointments with critical carriers in this market, and allows us to better attract high quality production talent in this market.

## Seasonality

Our Wholesale Brokerage and Binding Authority Specialties typically experience higher revenues in the second and fourth calendar quarters of each year, primarily due to the timing of policy renewals. Our Underwriting Management Specialty typically experiences higher revenues in the fourth quarter, primarily due to the timing of policy renewals.

## Clients

The insureds served by our clients operate in many businesses and industries throughout the United States, Canada, the United Kingdom, Europe, and certain other countries in which our subsidiaries operate. Our clients are retail brokers and agents, other intermediaries, and insurance carriers. The top five retail brokers in the United States account for 19.0% of our revenue, and no single retail broker accounted for more than 8.9% of total revenue in 2022. No carrier accounted for more than 6.7% of total revenue in 2022 (excluding all Lloyd’s syndicates combined).

## Tax Receivable Agreement

We entered into the Tax Receivable Agreement with current and certain former LLC Unitholders substantially concurrent with the IPO. The Tax Receivable Agreement provides for the payment by us to the current and certain

former LLC Unitholders, collectively, of 85% of the amount of tax benefits, if any, that we actually realize (or in some circumstances are deemed to realize) as a result of (i) certain increases in the tax basis of assets of the LLC and its subsidiaries resulting from purchases or exchanges of LLC Common Units ("*Exchange Tax Attributes*"), (ii) certain tax attributes of the LLC and its subsidiaries that existed prior to the IPO ("*Pre-IPO M&A Tax Attributes*"), (iii) certain favorable "remedial" partnership tax allocations to which we become entitled (if any), and (iv) certain other tax benefits related to our entering into the Tax Receivable Agreement, including certain tax benefits attributable to payments that we make under the Tax Receivable Agreement ("*TRA Payment Tax Attributes*" and collectively with Exchange Tax Attributes and Pre-IPO M&A Tax Attributes, the "*Tax Attributes*"). The rights of the current and certain former LLC Unitholders under the Tax Receivable Agreement are assignable. We expect to benefit from the remaining 15% of the tax benefits, if any, that we may actually realize. The actual Tax Attributes, as well as any amounts paid to the current and certain former LLC Unitholders under the Tax Receivable Agreement, will vary depending on a number of factors, including the timing of any future exchanges, the price of shares of our Class A common stock at the time of any future exchanges, the extent to which such exchanges are taxable, and the amount and timing of our income and applicable tax rates. The payment obligations under the Tax Receivable Agreement are obligations of Ryan Specialty Holdings, Inc., and not of the LLC. The Tax Receivable Agreement provides that if (i) certain mergers, asset sales, other forms of business combination or other changes of control were to occur or (ii) we breach any of our material obligations under the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor's obligations, to make payments under the Tax Receivable Agreement would accelerate and become immediately due and payable. The amount due and payable in that circumstance is based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement.

**Intellectual Property**

We rely on a combination of copyright, trademark, trade dress, and trade secret laws in the United States and other jurisdictions, as well as confidentiality procedures and contractual restrictions, to establish and protect our intellectual property and proprietary rights. These laws, procedures, and restrictions provide only limited protection.

We have applied for trademarks in the United States for "Ryan Specialty" and "RT Specialty" and expect these word marks to be registered in the near future. The logo design for RT Specialty, and numerous of our other brand names and logos, are registered as trademarks in the United States and other jurisdictions. We have also registered numerous internet domain names related to our business. Some of our most important brand names are not yet registered, and we rely on common-law trademark protection to protect this intellectual property.

We enter into agreements with our employees, contractors, clients, partners, and other parties with which we do business to limit access to, and disclosure of, our proprietary information. We cannot assure that the steps we have taken will be sufficient or effective to prevent the unauthorized access, use, copying or the reverse engineering of our proprietary information, including by third parties who may use our proprietary information to develop products and services that compete with ours. Moreover, others may independently develop products or services that are competitive with ours or that infringe on, misappropriate, or otherwise violate our intellectual property and proprietary rights, and policing the unauthorized use of our intellectual property and proprietary rights can be difficult. The enforcement of our intellectual property and proprietary rights also depends on any legal actions we might bring against any such parties being successful, but these actions are costly, time-consuming and may not be successful, even when our rights have been infringed, misappropriated or otherwise violated.

Furthermore, effective copyright, trademark, trade dress, and trade secret protection may not be available in every country in which our products are available, as the laws of some countries do not protect intellectual property and proprietary rights to as great an extent as the laws of the United States. In addition, the legal standards relating to the validity, enforceability, and scope of protection of intellectual property and proprietary rights are uncertain and still evolving.

Companies in the insurance industry may own large numbers of copyrights, trademarks, and other intellectual property and proprietary rights, and these companies and entities have and may in the future request license agreements, threaten litigation or file suit against us based on allegations of infringement, misappropriation or other violations of their intellectual property and proprietary rights.

See “*Risk Factors — Risks Related to Our Intellectual Property and Cybersecurity*” for a more comprehensive description of risks related to our intellectual property.

## Regulation

### Licensing

Our business activities are subject to licensing requirements and extensive regulation under the laws of the countries in which we operate, as well as state laws. Regulatory authorities in the states or countries in which our operating subsidiaries conduct business may require individual or company licensing to act as producers, brokers, agents, third-party administrators, managing general agents, reinsurance intermediaries, or adjusters.

Under the laws of most states in the United States and most foreign countries, regulatory authorities have relatively broad discretion with respect to granting, renewing, and revoking producers’, brokers’, and agents’ licenses to transact business in such state or country. The operating terms may vary according to the licensing requirements of the particular state or country, which may require that a firm operate in the state or country through a local corporation. Our subsidiaries must comply with laws and regulations of the jurisdictions in which they do business. These laws and regulations are enforced by federal and state agencies in the United States. In the United Kingdom we are regulated by governmental agencies including the Financial Conduct Authority (“FCA”) and Prudential Regulation Authority, and we are licensed and regulated by the Lloyd’s insurance market.

### Excess and Surplus Compliance

The E&S market generally provides insurance for businesses that are unable to obtain coverage from Admitted insurance carriers because of their high or complex risk profile or the unique nature or size of the risk. The surplus lines transaction is facilitated through a licensed and regulated surplus lines broker. It is the licensed surplus lines broker that is responsible for: (i) selecting an eligible surplus lines insurer; (ii) reporting the surplus lines transaction to insurance regulators; (iii) remitting the premium tax due on the transaction to state tax authorities; and (iv) assuring compliance with all the requirements of the surplus lines codes. State surplus lines laws, or laws pertaining to non-admitted insurance business, require that surplus lines brokers comply with diligent search/exempt commercial purchaser laws and affidavit/document filing requirements, as well as requiring the collection and paying of any taxes, stamping fees, assessment fees, and other applicable charges on such business. Surplus Lines brokers are often subject to special licensing, surplus lines tax, and/or due diligence requirements by the home state of the insured. Fines for failing to comply with these Surplus Lines requirements, specifically for failing to comply with the surplus lines licensing or due diligence requirements, vary by state but can range to several hundred thousand dollars.

### Fiduciary Funds

Insurance authorities in the United States, United Kingdom, and certain other jurisdictions in which our subsidiaries operate have also enacted laws and regulations governing the investment of funds, such as premiums, claims proceeds and surplus lines taxes, held in a fiduciary capacity for others. These laws and regulations generally require the segregation of these fiduciary funds and limit the types of investments that may be made with them.

### Broker Compensation

Some states permit insurance agents to charge policy fees, while other states limit or prohibit this practice. Many states regulate to some degree the fees that may be charged by brokers. In recent years, several states considered new legislation or regulations regarding the compensation of brokers by insurance carriers. The proposals ranged in nature from new disclosure requirements to new duties on insurance agents and brokers in dealing with clients.

### Privacy

Federal law and the laws of many states require financial institutions to protect the security and confidentiality of client information and to notify customers about their policies and practices relating to collection and disclosure of customer information and their policies relating to protecting the security and confidentiality of that information.

Federal law and the laws of many states also regulate disclosures and disposal of customer information. Congress, state legislatures, and regulatory authorities are expected to consider additional regulation relating to privacy and other aspects of customer information.

## Competition

The wholesale brokerage business is highly competitive and very fragmented, although there are a limited number of truly national players. Our main competitors are national insurance wholesale brokers, as well as numerous specialist, regional, and local firms in almost every area of our business. We also compete with insurance and reinsurance carriers that market and service their insurance products without the assistance of brokers or agents. Competition also comes from other businesses that do not fall into the categories above, including commercial and investment banks and consultants that provide risk-related services and products.

Key competitive factors in our market include:

- expertise and intellectual capital;
- market access and/or product availability; and
- client service.

We believe that we compete favorably on these factors.

## Human Capital Management

Our culture is the foundation of everything we do. Our employees are our greatest asset, and we strive to foster a productive and empowering work environment that embodies our core values: Integrity, Client Centricity, Teamwork, Inclusion, Empowerment, Innovation, and Courage. Our key differentiators are not only our talent and expertise but also the creativity and execution we deliver on behalf of our clients. Our commitment to attracting and retaining top industry talent to assist our clients is matched only by our entrepreneurial spirit and passion for excellence.

As of December 31, 2022, we employed approximately 3,850 people with 94 offices across the United States, Canada, the United Kingdom, and Europe. We also engage temporary employees and consultants and none of our employees are represented by unions. We offer competitive compensation and benefits programs in order to attract and retain top talent. We have high employee engagement and ownership, low turnover and consider our current relationship with our employees to be very good.

We are committed to building, growing, and sustaining a diverse workforce reflective of society throughout the entirety of the organization. Our vision is an inclusive and equitable workplace where all employees are valued and evaluated based on their performance and contributions. Leveraging differences in race/ethnicity, creed, color, religious beliefs, gender identity, sexual orientation, and other diversity demographics, are considered corporate assets, as bringing together varied perspectives, backgrounds, and experiences better serves our clients, trading partners, workforce, and communities. We have recently appointed a Head of Diversity, Equity & Inclusion (DEI) and a Vice President of DEI to further evolve a DEI program where team members will have the opportunity to be involved in, and contribute to create, a culture and environment where people can be their best self and do their best work. We also partner with a number of nonprofit, community, and industry organizations to attract, support, develop, and retain diverse talent.

The development, attraction, and retention of employees is a critical factor in our success. As a result, we have established Ryan Specialty University, which combines best-in-class classroom and on-the-job training practices. Ryan Specialty University provides world class training and development programs for our newest teammates. This formalized institution, along with our substantial summer internship program, is critical to our future growth and ability to continue to recruit the best of the best.

## ITEM 1A. RISK FACTORS

*Our operating and financial results are subject to various risks and uncertainties. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. If any of the following risks occur, our business, financial condition, operating results and prospects could be materially and adversely affected. Because of the following factors, as well as other factors affecting our businesses, financial condition, operating results and prospects, past financial performance should not be considered a reliable indicator of future performance, and investors should not rely on historical trends to anticipate trends or results in the future.*

### Risk Factors Summary

Our business is subject to numerous risks and uncertainties and you should carefully consider all the information presented in the section entitled "Risk Factors" in this Annual Report. Some of the principal risks related to our business include the following:

**Risks Related to Our Business and Industry**

- our failure to successfully execute our succession plan for Patrick G. Ryan or other members of our senior management team or to recruit and retain revenue producers;
- the impact of breaches in security that cause significant system or network disruption or business interruption;
- the impact of improper disclosure of confidential, personal or proprietary data, misuse of information by employees or counterparties or as a result of cyberattacks;
- the potential loss of our relationships with insurance carriers or our clients, failure to maintain good relationships with insurance carriers or clients, becoming dependent upon a limited number of insurance carriers or clients or the failure to develop new insurance carrier and client relationships;
- errors in, or ineffectiveness of, our underwriting models and the risks presented to our reputation and relationships with insurance carriers, retail brokers and agents;
- failure to maintain, protect, and enhance our brand or prevent damage to our reputation;
- any failure to maintain the valuable aspects of our Company's culture;
- our inability to successfully recover upon experiencing a disaster or other business continuity problem;
- the impact of third parties that perform key functions of our business operations acting in ways that harm our business;
- the cyclicality of, and the economic conditions in, the markets in which we operate and conditions that result in reduced insurer capacity or a migration of business away from the E&S market and into the Admitted market;
- a reduction in insurer capacity;
- significant competitive pressures in each of our businesses;
- decreases in premiums or commission rates set by insurers, or actions by insurers seeking repayment of commissions;
- decrease in the amount of supplemental or contingent commissions we receive;
- our inability to collect our receivables;
- disintermediation within the insurance industry and shifts away from traditional insurance markets;
- changes in the mode of compensation in the insurance industry;
- impairment of goodwill and intangibles;

•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 and generate sufficient revenue to maintain profitability;

•the loss of clients or business as a result of consolidation within the retail insurance brokerage industry;

•the impact if our MGA or MGU programs are terminated or changed;

•unsatisfactory evaluation of potential acquisitions and the integration of acquired businesses as well as introduction of new products, lines of business and markets;

•significant investment in our growth strategy and whether expectation of internal efficiencies are realized;

•our ability to gain internal efficiencies through the application of technology or effectively apply technology in driving value for our clients or the failure of technology and automated systems to function or perform as expected;

•the unavailability or inaccuracy of our clients' and third parties' data for pricing and underwriting insurance policies;

•the competitiveness and cyclicality of the reinsurance industry;

•the occurrence of natural or man-made disasters;

•the economic and political conditions of the countries and regions in which we operate;

•the failure or take-over by the FDIC of one of the financial institutions that we use;

•our inability to respond quickly to operational or financial problems or promote the desired level of cooperation and interaction among our offices;

•the impact of infringement, misappropriation or dilution of our intellectual property;

•the impact of the failure to protect our intellectual property rights, or allegations that we have infringed on the intellectual property rights of others;

•our international operations expose us to various international risks, including exchange rate fluctuations and risks resulting from geopolitical tensions;

**Risks Related to Legal and Regulatory Requirements**

•the impact of governmental regulations, legal proceedings and governmental inquiries related to our business;

•being subject to E&O claims as well as other contingencies and legal proceedings;

•our handling of client funds and surplus lines taxes that exposes us to complex fiduciary regulations;

•changes in tax laws or regulations;

•decreased commission revenues due to proposed tort reform legislation;

•the impact of regulations affecting insurance carriers;

**Risks Related to Our Indebtedness**

•our outstanding debt potentially adversely affecting our financial flexibility and subjecting us to restrictions and limitations that could significantly affect our ability to operate;

•not being able to generate sufficient cash flow to service all of our indebtedness and being forced to take other actions to satisfy our obligations under such indebtedness;

•being affected by further changes in the U.S. based credit markets;

•changes in our credit ratings;

**Risks Related to Our Organizational Structure and our Class A Common Stock**

- risks related to the payments required by our Tax Receivable Agreement; and
- risks relating to our organizational structure that could result in conflicts of interests between the LLC Unitholders and the holders of our Class A common stock;

These and other risks are more fully described below. If any of these risks actually occurs, our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected.

## Risks Related to Our Business and Industry

***If we fail to successfully execute our succession plan for Patrick G. Ryan, our founder, chairman and chief executive officer, or other members of our senior management team, as well as recruit and retain revenue producers, including wholesale brokers and underwriters, we may not be able to execute our business strategy.***

Our success depends in a large part upon the continued service of our senior management team, including our founder, chairman and chief executive officer, Patrick G. Ryan, each of whom are critical to our vision, strategic direction, culture, products, and technology. The loss of Mr. Ryan or other members of our senior management team, even temporarily, could materially harm our business.

We could be adversely affected if we fail to successfully execute our succession plan for our senior leaders and key executives, including Mr. Ryan and the acceptance of our trading partners of such plan. While we have succession plans in place and we have employment arrangements with certain key executives, these do not guarantee the services of these executives will continue to be available to us.

Additionally, losing personnel who manage important client and carrier relationships for our products could adversely affect our operations and execution of our future growth strategies. Competition for revenue producers including wholesale brokers and underwriters is intense. Our ability to recruit and retain these professionals is critical to the success of our business. We cannot provide assurance that any of the wholesale brokers or underwriters who leave our firm will comply with the provisions of their employment and stock grant agreements that preclude them from competing with us or soliciting our clients and employees, or that these provisions will be enforceable under applicable law or sufficient to protect us from the loss of any business. The law governing non-compete agreements and other forms of restrictive covenants varies from state to state, and some states might not allow us to enforce some or all of our restrictive covenants. Additionally, on January 5, 2023, the U.S. Federal Trade Commission ("FTC") issued a notice of proposed rulemaking that would prohibit employers from using non-compete agreements. If enacted, the FTC's proposed rule would prohibit employers like us from implementing non-compete agreements with our personnel. Further, we do not have employment, non-competition, or non-solicitation agreements with all of our wholesale brokers and underwriters and most of our employment agreements are on "at-will" terms. We may not be able to retain or replace the business generated by key personnel who leave our firm.

***We rely on the efficient, uninterrupted, and secure operation of complex information technology systems and networks to operate our business. Any significant system or network disruption due to a breach in the security of our information technology systems could have a negative impact on our reputation, regulatory compliance status, operations, sales, and operating results.***

While we manage some of our information technology systems and some are outsourced to third parties, all information technology systems are potentially vulnerable to damage, breakdown or interruption from a variety of sources, including but not limited to cyberattacks, ransomware, malware, security breaches, theft or misuse, unauthorized access or improper actions by insiders or employees, sophisticated nation-state and nation-state-supported actors, natural disasters, terrorism, war, telecommunication, and electrical failures or other compromise. We are at risk of attack by a growing list of adversaries through increasingly sophisticated methods of attack. Because the techniques used to infiltrate or sabotage systems change frequently, we may be unable to anticipate these techniques or implement adequate preventative measures.

For example, in mid-April 2021, we became aware that the Company was the victim of a cyber-phishing event. We confirmed that unauthorized access was gained to the email accounts of five of our employees. In response to this event, the Company took immediate action to secure the compromised email accounts and to prevent the unauthorized person(s) from continuing to have access, or gaining future access, to the Company's accounts or

related information. Additionally, the Company implemented additional employee training to educate and more effectively identify phishing scams and to better understand the purpose and function of the Company's security applications, which were in operation at the time of this incident. The Company also reassessed and modified its approach to cybersecurity training for newly on-boarded employees and contractors.

Our investigation is complete, and the Company does not believe that the security event was material or that it had a material impact on the Company's business, operating results or financial condition. We believe we have complied with applicable laws in notifying these individuals, either directly or through substitute notice, offering information, resources and up to two years of credit monitoring, as well as providing proper notice to various governmental departments and agencies and state regulators, including departments of insurance and other such departments or agencies with oversight over regulated insurance entities. If we failed to make such notifications within the timelines required under applicable laws it could result in violations, fines, penalties, litigation, proceedings or enforcement action. In addition, it is possible that state regulators may initiate investigations of the Company in connection with the incident, that the Company could be subject to civil penalties, resolution agreements, monitoring or similar agreements, or third-party claims against the Company, including class-action lawsuits. Moreover, future incidents of this nature that could occur with respect to our systems or the systems of our third-party service providers, as well as any other security incident or other misuse or disclosure of our participant or other data could lead to improper use or disclosure of Company information, including personally identifiable information obtained from our participants, and information from employees. Any such incident or misuse of data could harm our reputation, lead to legal exposure, divert management attention and resources, increase our operating expenses due to the employment of consultants and third-party experts and the purchase of additional security infrastructure, and/or subject us to liability, resulting in increased costs and loss of revenue. In addition, any remediation efforts we undertake may not be successful. The perception that we do not adequately protect the privacy of information of our employees or clients could inhibit our growth and damage our reputation.

If we are unable to maintain and upgrade our system safeguards, we may incur unexpected costs and certain aspects of our systems may become more vulnerable to unauthorized access. While we select our clients and third-party vendors carefully, cyberattacks and security breaches at a client or vendor could adversely affect our ability to deliver products and services to its customers and otherwise conduct its business and could put our systems at risk. Additionally, we are an acquisitive organization and the process of integrating the information systems of the businesses we acquire is complex and exposes us to additional risk as we might not adequately identify weaknesses in the targets' information systems, which could expose us to unexpected liabilities or make our own systems more vulnerable to attack. These types of incidents affecting us, our clients or our third-party vendors could result in intellectual property or other confidential information being lost or stolen, including client, employee or company data. In addition, we may not be able to detect breaches in our information technology systems or assess the severity or impact of a breach in a timely manner.

We have implemented various measures to manage our risks related to system and network security and disruptions, but a security breach or a significant and extended disruption in the functioning of our information technology systems could damage our reputation and cause us to lose clients, adversely impact our operations and operating results, and require us to incur significant expense to address and remediate or otherwise resolve such issues. In order to maintain the level of security, service, compliance, and reliability that our clients and laws of various jurisdictions require, we will be required to make significant additional investments in our information technology systems on an ongoing basis.

***Improper disclosure of confidential, personal or proprietary data, whether due to human error, misuse of information by employees or counterparties, or as a result of cyberattacks, could result in regulatory scrutiny, legal liability or reputation damage, which in turn could have an adverse effect on our reputation, regulatory compliance status, operations, sales and operating results.***

We maintain confidential, personal and proprietary information relating to our Company, our employees and our clients. This information includes personally identifiable information, protected health information, and financial information. We are subject to data privacy laws and regulations relating to the collection, use, retention, security and transfer of this information. The inability to adhere to or to successfully implement processes and controls in response to these laws, rules and regulations could impair our reputation, restrict our ability to operate in certain jurisdictions, or result in additional legal liability, which in turn could adversely impact our reputation, regulatory compliance status, operations, sales and operating results.

***Our business may be harmed if we lose our relationships with retailers, insurance carriers or our other clients and trading partners, we fail to maintain good relationships with retailers, insurance carriers or our other clients or trading partners, we become dependent upon a limited number of retailers, insurance carriers or other clients or trading partners or we fail to develop new retailer, insurance carrier and client or trading partner relationships.***

Our business typically enters into contractual relationships with insurance carriers, retailers and other clients or trading partners that are sometimes unique to us, but nonexclusive and terminable on short notice by either party for any reason. In many cases, insurance carriers also have the ability to amend the terms of our agreements unilaterally on short notice.

Insurance carriers may be unwilling to allow us to sell their existing or new insurance products or may amend our agreements with them, for a variety of reasons, including for competitive or regulatory reasons or because of a reluctance to distribute their products through our platform. Insurance carriers may decide to rely on their own internal distribution channels, choose to exclude us from their most profitable or popular products, or decide not to distribute insurance products in individual markets in certain geographies or altogether. The termination or amendment of our relationship with an insurance carrier could reduce the variety of insurance products we offer or our ability to place coverage for certain risks for which we do not have alternative markets. We also could lose a source of, or be paid reduced commissions for, future sales and could lose renewal commissions for past sales. Our business could also be harmed if we fail to develop new insurance carrier relationships.

Similarly, retailers and other trading partners could develop their own wholesale distribution channels or choose to work with wholesale distributors other than us. This could reduce the number of submissions we receive which could result in reduced commissions. Our business could also be harmed if we fail to develop new relationships with retailers or other sources of business.

Historically, wholesale brokers and other wholesale distributors have been involved in a very high percentage of risks placed in the E&S market. In addition to the potential for retailers developing their own wholesale distribution channels or choosing to work with wholesale distributors other than us, retail brokers often might prefer to place business directly with insurance carriers, without the involvement of a wholesaler. There is a risk to our business that insurance carriers will accommodate the retail broker's preference to place business directly with the E&S insurer as opposed to through a wholesale broker or other wholesale distributor.

In the future, we may have a reduced number of insurance carriers or retailers with which we trade or derive a greater portion of our commissions and fees from a more concentrated number of insurance carriers, retailers or other trading partners as our business and the insurance industry evolve. The three largest insurance carriers (excluding Lloyd's syndicates) with which we place business represented an aggregate of 15.3% and 15.4% of our revenues for the years ended December 31, 2022 and 2021, respectively. The three largest retailers with which we place business represented 19.4% and 19.6% of our revenues for the years ended December 31, 2022 and 2021, respectively. Should our dependence on a smaller number of insurance carriers, retailers or other trading partners increase, whether as a result of the termination of relationships, consolidation or otherwise, we may become more vulnerable to adverse changes in our relationships with these counterparties, particularly in states where we offer insurance products from a relatively small number of insurance carriers or where a small number of insurance companies or retailers dominate a geographic area, lines of business or market segment. The termination, amendment or consolidation of our relationships with our insurance carriers could harm our business, financial condition and results of operations.

We depend, to a large extent, on our relationships with all of our trading partners and our reputation for high-quality advice and solutions. If a trading partner is not satisfied with our services, it could cause us to incur additional costs and impair profitability. Many of our clients are businesses that band together in industry groups or trade associations and actively share information among themselves about the quality of service they receive from their vendors. Accordingly, poor service to one client may negatively impact our relationships with multiple other clients or potential clients. Moreover, if we fail to meet our contractual obligations, we could be subject to legal liability or loss of client relationships.

***If our underwriting models contain errors or are otherwise ineffective or our underwriters do not demonstrate sufficient skill, our reputation and relationships with insurance carriers, retail brokers and agents could be harmed.***

Our ability to attract insurance carriers, retail brokers and agents to our MGUs, programs and binding authority operations is significantly dependent on our ability to effectively evaluate risks in accordance with insurer underwriting policies. Our business depends significantly on the accuracy and success of our underwriting model and the skill of our underwriters. To conduct this evaluation, we use proprietary underwriting models and third-party tools. If our underwriters do not perform with the expected level of skill or any of the models or tools that we use contain programming or other errors, are ineffective or the data provided by clients or third parties is incorrect or stale, or if we are unable to obtain accurate data from clients or third parties, our pricing and approval process could be negatively affected, resulting in potential violations of underwriting authority and loss of business. This could damage our reputation and relationships with insurance carriers, retail brokers and agents, which could harm our business, financial condition and results of operations.

***We are subject to economic and reputational harm if companies with which we do business engage in negligent, grossly negligent, misleading or fraudulent behavior and damage to our reputation could have a material adverse effect on our business.***

As part of our role in distributing insurance products and services, we rely upon trusted trading partners to provide risk-bearing insurance capital, collect and transmit funds, and to provide other products and services. If one or more of these trading partners, whether negligently or intentionally, fails to provide the risk-bearing insurance, capital as agreed, mishandles or misappropriates funds, or otherwise fails to properly provide products and services as expected, we face potential liability for damages and reputational harm.

Our ability to attract and retain clients, employees, investors, capital and insurer trading partners is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters could erode trust and confidence and damage our reputation among existing and potential clients which in turn could make it difficult for us to maintain existing clients and attract new ones. Damage to our reputation due to a failure to proactively communicate to stakeholders on changes in strategy and business plans could further affect the confidence of our clients, regulators, creditors, investors, insurer trading partners and other parties that are important to our business, having a material adverse effect on our business, ability to raise capital, financial condition, and results of operations.

***Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to grow our business, particularly in new markets where we have limited brand recognition.***

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting and enhancing the Ryan Specialty brand is critical to growing our business, particularly in new markets where we have limited brand recognition. If we do not successfully build and maintain a strong brand, our business could be materially harmed. Maintaining and enhancing the quality of our brand may require us to make substantial investments in areas such as marketing, community relations, outreach and employee training. We actively engage in advertisements, targeted promotional mailings and email communications, and engage on a regular basis in public relations and sponsorship activities. These investments may be substantial and may fail to encompass the optimal range of traditional, online and social advertising media to achieve maximum exposure and benefit to the brand.

***If we cannot maintain the valuable aspects of our Company’s culture as we grow, our business may be harmed.***

We believe that our Company’s culture, including our management philosophy, has been a critical component to our success and that our culture creates an environment that drives and perpetuates our overall business strategy. We have invested substantial time and resources in building our team and we expect to continue to hire aggressively as we expand in both the United States and internationally. As we grow and mature as a public company and grow internationally, we may find it difficult to maintain the valuable aspects of our Company’s culture.

Furthermore, post pandemic we have transitioned into a flexible working model that allows for some degree of remote work that we believe will maintain our Company's culture. However, it is too early to tell if this flexibility will provide sufficient in-person collaborative time to effectively maintain our culture. Any failure to preserve our culture could harm our future success, including our ability to retain and recruit personnel, innovate and operate effectively and execute on our business strategy. Additionally, as we shift to a hybrid work model post pandemic, we may need to reallocate our investment of resources and closely monitor a variety of regulations and requirements, including local tax laws, and we may experience unpredictability in our expenses and employee work culture. If we are unsuccessful in recruiting, hiring, training, managing and integrating new employees, or retaining our existing employees, or if we fail to preserve the valuable aspects of our Company's culture, it could materially impair our ability to service and attract new clients, all of which would materially and adversely affect our business, financial condition and results of operations.

***Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.***

Our operations are dependent upon our ability to protect our personnel, offices and technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. Should we experience a local or regional disaster or other business continuity problem, such as a security incident or attack, a natural disaster, climate event, terrorist attack, civil unrest, pandemic, power loss, telecommunications failure, or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel and office facilities, and the proper functioning of computer systems, telecommunications, and other related systems and operations. In events like these, while our operational size, the multiple locations from which we operate, and our existing backup systems provide us with some degree of flexibility, we still can experience near-term operational challenges in particular areas of our operations. We could potentially lose access to key executives, personnel or client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster recovery scenario. A disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships, or legal liability. We have certain disaster recovery procedures in place and insurance to protect against such contingencies. However, such procedures may not be effective and any insurance or recovery procedures may not continue to be available at reasonable prices and may not address all such losses.

***We rely on third parties to perform key functions of our business operations enabling our provision of services to our clients. These third parties may act in ways that could harm our business.***

We rely on third parties, and in some cases subcontractors, to provide services, data and information such as technology, information security, funds transfers, data processing, support functions and administration that are critical to the operations of our business. These third parties include correspondents, agents and other brokerage and intermediaries, insurance markets, data providers, plan trustees, payroll service providers, benefits administrators, software and system vendors, health plan providers, and providers of human resources, among others. As we do not fully control the actions of these third parties, we are subject to the risk that their decisions, actions, or inactions may adversely impact us, and replacing these service providers could create significant delay and expense. A failure by third parties to comply with service-level agreements or regulatory or legal requirements in a high-quality and timely manner, particularly during periods of our peak demand for their services, could result in economic and reputational harm to us. In addition, we face risks as we transition from in-house functions to third-party support functions and providers that there may be disruptions in service or other unintended results that may adversely affect our business operations. These third parties face their own technology, operating, business and economic risks, and any significant failures by them, including the improper use or disclosure of our confidential client, employee or company information, could cause harm to our business and reputation. An interruption in or the cessation of service by any service provider as a result of systems failures, cybersecurity incidents, capacity constraints, financial difficulties, or for any other reason could disrupt our operations, impact our ability to offer certain products and services, and result in contractual or regulatory penalties, liability claims from clients or employees, damage to our reputation, and harm to our business.

***We may be negatively affected by the cyclicality of and the economic conditions in the markets in which we operate.***

Premium pricing within the commercial property and casualty insurance markets in which we operate has historically been cyclical based on the underwriting capacity of the insurance carriers operating in this market, general economic conditions and other social, economic and business factors. In a period of decreasing insurance capacity or higher than typical loss ratios across an insurance segment or segments, insurance carriers may raise premium rates. This type of market frequently is referred to as a "hard" market. In a period of increasing insurance capacity or lower than typical loss ratios across an insurance segment or segments, insurance carriers may reduce premium rates and business might migrate away from the E&S market (where we conduct most of our business) and into the Admitted market. This type of market frequently is referred to as a "soft" market. Because our commissions usually are calculated as a percentage of the gross premium charged for the insurance products that we place, and most of our business is transacted in the E&S market, our revenues are affected by the cyclicality of the market. The frequency and severity of natural disasters, other catastrophic events (such as hurricanes, wildfires and pandemics), social inflation, and reductions or increases in insurance capacity can affect the timing, duration and extent of industry cycles for many of the product lines we distribute. It is very difficult to predict the severity, timing or duration of these cycles.

Economic downturns, volatility, or uncertainty in some markets may cause changes to insurance coverage decisions by our clients, which may result in reductions in the growth of new business or reductions in existing business. If our clients become financially less stable, enter bankruptcy, liquidate their operations or consolidate, our revenues and collectability of receivables could be adversely affected. An increase in the number of insolvencies associated with an economic downturn, especially insolvencies in the insurance industry, could adversely affect our business through the loss of clients and insurance markets and by hampering our ability to place insurance business or by exposing us to E&O claims.

If insurance intermediaries or insurance companies experience liquidity problems or other financial difficulties, we could encounter delays in payments owed to us, which could harm our business, financial condition and results of operations.

***Our business, and therefore our results of operations and financial condition, may be adversely affected by conditions that result in reduced insurer capacity.***

Our results of operations depend on the continued capacity of insurance carriers to adequately and appropriately underwrite risk and provide coverage, which depends in turn on those insurance companies' ability to procure reinsurance. Capacity could also be reduced by insurance companies failing or withdrawing from writing certain coverages that we offer to our clients. We have no control over these matters. To the extent that reinsurance becomes less widely available or significantly more expensive, we may not be able to procure the amount or types of coverage that our clients desire and the coverage we are able to procure for our clients may be too expensive or more limited than is acceptable.

***We face significant competitive pressures in our business.***

Wholesale brokerage, binding authority, underwriting management and other intermediary and underwriting and claims administration specialties are highly competitive. We believe that our ability to compete is dependent on the quality of our people, service, product features, price, commission structure, financial strength, and the ability to access certain insurance markets. We compete with a large number of national, regional, and local organizations. New or increased competition as a result of these or regulatory or other industry developments could harm our business, financial condition and results of operations.

Underwriting Management and Binding Authority are dependent upon contracts between us and the insurance carriers. Those contracts can be terminated by the insurance carrier with very little advance notice. Moreover, upon expiration of the contract term, insurance carriers may choose to let those agreements lapse or request changes in the terms of the program, including the scope of our delegated authority or the amount of commission we receive, which could reduce our revenues from the program.

Poor risk selection, failure to maintain robust pricing models, and failure to monitor claims activity could adversely affect our ability to renew contracts or have the opportunity to develop new products with new or existing insurance carriers. The termination of the services of our Specialties, or a change in the terms of any of these programs, could harm our business and operating results, including the opportunity to receive contingent commissions.

***Because the revenue we earn on the sale of certain insurance products is based on premiums and commission rates set by insurers, any decreases in these premiums or commission rates, or actions by insurers seeking repayment of commissions, could result in revenue decreases or expenses to us.***

We derive revenue from commissions on the sale of insurance products that are paid by the insurance carriers from whom the insureds purchase insurance. In certain circumstances, payments for the sale of insurance products are processed directly by insurance carriers, and therefore we may not receive a payment that is otherwise expected in any particular period until after the end of that period, which can adversely affect our ability to budget for significant future expenditures. Additionally, insurance carriers or their affiliates may under certain circumstances seek the chargeback or repayment of commissions as a result of policy lapse, surrender, cancellation, rescission, default, or upon other specified circumstances. As a result of the chargeback or repayment of commissions, we may incur a reduction in revenue in a particular period related to revenue previously recognized in a prior period and reflected in our financial statements. Such a reduction could have a material adverse effect on our results of operations and financial condition, particularly if the reduction in revenue is greater than the amount of related revenue retained by us.

The commission rates are set by insurance carriers and are based on the premiums that the insurers charge. The potential for changes in premium rates is significant, due to competition and pricing cyclicality in the insurance market. In addition, the insurance industry has been characterized by periods of intense price competition due to excessive underwriting capacity and periods of favorable premium levels due to shortages of capacity. Capacity could also be reduced by insurers failing or withdrawing from writing certain coverages that we offer our clients. Commission rates and premiums can change based on prevailing legislative, economic and competitive factors that affect insurance carriers and brokers. These factors, which are not within our control, include the capacity of insurance carriers to place new business, competition from other brokers or distribution channels, underwriting and non-underwriting profits of insurance carriers, consumer demand for insurance products, the availability of comparable products from other insurance carriers at a lower cost and the availability of alternative insurance products, such as government benefits and self-insurance products, to consumers. We cannot predict the timing or extent of future changes in commission rates or premiums or the effect any of these changes will have on our business, financial condition and results of operations.

***Supplemental and contingent commissions we receive from insurance carriers are less predictable than standard commissions, and any decrease in the amount of these kinds of commissions we receive could adversely affect our results of operations.***

Approximately three percent of our revenues consists of supplemental and contingent commissions we receive from insurance carriers. Supplemental and contingent commissions are paid by insurance carriers based upon the profitability, volume and/or growth of the business placed with such companies during the prior year. If, due to the current economic environment or for any other reason, we are unable to meet insurance carriers’ profitability, volume or growth thresholds, or insurance carriers increase their estimate of loss reserves (over which we have no control), actual supplemental and contingent commissions we receive could be less than anticipated, which could adversely affect our business, financial condition and results of operations.

***If we are unable to collect our receivables, our results of operations and cash flows could be adversely affected.***

Our business depends on our ability to obtain payment from our clients or insurer trading partners of the amounts they owe us for the work we perform. As of December 31, 2022, our receivables for our commissions and fees were approximately $231.4 million, or approximately 13.4% of our total annual revenues, and portions of our receivables are increasingly concentrated in certain businesses and geographies.

Macroeconomic or political conditions could result in financial difficulties for our clients and insurer trading partners, which could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance or default on their payment obligations to us.

***Our current market share may decrease as a result of disintermediation within the insurance industry, including increased competition from insurance companies, technology companies and the financial services industry, as well as the shift away from traditional insurance markets.***

The insurance intermediary business is highly competitive and we actively compete with numerous firms for clients and insurance company trading partners, many of which have relationships with insurance companies or have a significant presence in niche insurance markets that may give them an advantage over us. Other competitive concerns may include the quality of our products and services, our pricing and the ability of some of our clients to self-insure and the entrance of technology companies into the insurance intermediary business. A number of insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to agents or brokers. In addition, the financial services industry may experience further consolidation, and we therefore may experience increased competition from insurance companies and the financial services industry, as a growing number of larger financial institutions increasingly, and aggressively, offer a wider variety of financial services, including insurance intermediary services.

In addition, there has been an increase in alternative insurance markets, such as self-insurance, captives, risk retention groups, parametric insurance and non-insurance capital markets. While we collaborate and compete in these segments on a fee-for-service basis, we cannot be certain that such alternative markets will provide the same level of insurance coverage or profitability as traditional insurance markets.

***Our results may be adversely affected by changes in the mode of compensation in the insurance industry.***

In the past, state regulators have scrutinized the manner in which insurance brokers are compensated. For example, the Attorney General of the State of New York brought charges against members of the insurance brokerage community for anti-competitive practices. These actions have created uncertainty concerning long-standing methods of compensating insurance brokers. Given that the insurance brokerage industry has faced scrutiny from regulators in the past over its compensation practices, and the transparency and discourse to clients regarding brokers' compensation, it is possible that regulators may choose to revisit the same or other practices in the future. If they do so, compliance with new regulations along with any sanctions that might be imposed for past practices deemed improper could have an adverse impact on our future results of operations and inflict significant reputational harm on our business.

***We are exposed to risk of impairment of goodwill and intangibles; specifically, our goodwill may become impaired in the future.***

As of December 31, 2022, we had $1.3 billion of goodwill recorded on our Consolidated Balance Sheets. We perform a goodwill impairment test on an annual basis and whenever events or changes in circumstances indicate that the carrying value of our goodwill may not be recoverable from estimated future cash flows. We review goodwill for impairment at the reporting unit level, which coincides with the operating business. The determinations of impairment indicators and the fair value are based on estimates and assumptions related to the amount and timing of future cash flows and future interest rates. Such estimates and assumptions could change in the future as more information becomes available, which could impact the amounts reported and disclosed. We completed our most recent evaluation of impairment for goodwill as of October 1, 2022, and determined that the fair value of goodwill is not less than its carrying value. We will also consider qualitative and quantitative developments between the date of the goodwill impairment review, October 1 and December 31 to determine if an impairment may be present. No impairments were recorded for the years ended December 31, 2022 and 2021. A significant and sustained decline in our stock price and market capitalization, a significant decline in our expected future cash flows, a significant adverse change in the business climate or slower growth rates could result in the need to perform an additional impairment analysis prior to the next annual goodwill impairment test. If we were to conclude that a future impairment of our goodwill is necessary, we would then record the appropriate charge, which could result in material charges that are adverse to our operating results and financial position. For additional discussion, see "*Note 2—Summary of Significant Accounting Policies*" and "*Note 7—Goodwill and Other Intangible Assets*" to the consolidated financial statements included elsewhere in this Annual Report.

As of December 31, 2022, we had $486.4 million of amortizable intangible assets, primarily consisting of customer relationship intangibles acquired in connection with the All Risks Acquisition. The carrying value of these intangible assets is periodically reviewed by management to determine if there are events or changes in circumstances that would indicate that the carrying amount may not be recoverable. Accordingly, if there are any such circumstances that occur during the year, we assess the carrying value of our amortizable intangible assets by considering the estimated future undiscounted cash flows generated by the corresponding business or asset group. Any impairment identified through this assessment may require that the carrying value of related amortizable intangible assets be adjusted; however, no impairments were recorded for the years ended December 31, 2022 and 2021.

***Pandemics or other outbreaks of contagious diseases and the measures to mitigate their spread could materially adversely affect our business, financial condition and results of operation and those of our customers, suppliers and other trading partners.***

The global outbreak of the COVID-19 pandemic and measures to mitigate the spread of COVID-19 caused unprecedented disruptions to the global and U.S. economies and significantly impacted the global supply chain. Future pandemics and other outbreaks of contagious diseases could result in similar or worse impacts and significant business and operational disruptions, including business closures, supply chain disruptions, travel restrictions, stay-at-home orders and limitations on the availability of workforces. If significant portions of our workforce are unable to work effectively, including because of illness or quarantines or from the impacts of any potential future pandemics and other outbreaks of contagious diseases, our business could be materially adversely affected. It is possible that future pandemics and other outbreaks of contagious diseases could cause disruption in our customers' business; cause delay or limit the ability of our customers to perform, including in making timely payments. Future pandemics and other outbreaks of contagious diseases could impact capital markets, which may impact our and our customers' financial position. Future pandemics and other outbreaks of contagious diseases may also have the effect of exacerbating several of the other risk we face discussed in this Annual Report on Form 10-K.

***We have experienced rapid growth in recent years, and our recent growth rates may not be indicative of our future growth. As our costs increase, we may not be able to generate sufficient revenue to achieve and, if achieved, maintain profitability.***

We have experienced significant revenue growth in recent years. In future periods, we may not be able to sustain revenue growth consistent with recent history, or at all. We believe our revenue growth depends on a number of factors, including, but not limited to, our ability to:

- price our products effectively so that we are able to attract and retain clients without compromising our profitability;
- attract new clients, successfully deploy and implement our products, obtain client renewals and provide our clients with excellent client support;
- attract and retain talented Producers, managers, executives and other employees;
- increase our network of insurer trading partners;
- adequately expand, train, integrate and retain our wholesale brokers and underwriters and other new employees, and maintain or increase our sales force's productivity;
- enhance our information, training and communication systems to ensure that our employees are well coordinated and can effectively communicate with each other and clients;
- improve our internal control over financial reporting and disclosure controls and procedures to ensure timely and accurate reporting of our operational and financial results;
- successfully create new distribution channels;
- successfully introduce new products and enhance existing products;
- successfully introduce our products to new markets inside and outside of the United States;

- successfully compete against larger companies and new market entrants; and
- increase awareness of our brand.

We may not successfully accomplish any of these objectives and as a result, it is difficult for us to forecast our future results of operations. Our historical growth rate should not be considered indicative of our future performance and may decline in the future. In future periods, our revenue could grow more slowly than in recent years or decline for any number of reasons, including those outlined above. We also expect our operating expenses to increase in future periods, particularly as we continue to operate as a public company, continue to invest in research and development and technology infrastructure, and expand our operations internationally. If our revenue growth does not increase to offset these anticipated increases in our operating expenses, our business, financial position and results of operations will be harmed, and we may not be able to achieve or maintain profitability. In addition, the additional expenses we will incur may not lead to sufficient additional revenue to maintain historical revenue growth rates and profitability.

As we expand our business, it is important that we continue to maintain a high level of client service and satisfaction. If we are not able to continue to provide high levels of client service, our reputation, as well as our business, results of operations and financial condition, could be adversely affected.

***We may lose clients or business as a result of consolidation within the retail insurance brokerage industry.***

We derive a substantial portion of our business from our relationships with retail insurance brokerage firms. There has been considerable consolidation in the retail insurance brokerage industry, driven primarily by the acquisition of small and mid-size retail insurance brokerage firms by larger brokerage firms, financial institutions or other organizations. We expect this trend to continue. As a result, we may lose all or a substantial portion of the business we obtain from retail insurance brokerage firms that are acquired by other firms who have their own wholesale insurance brokerage operations or established relationships with other wholesale insurance brokerage firms. To date, our business has not been materially affected by consolidation among retail insurance brokers. However, we cannot be assured that we will not be affected by industry consolidation that occurs in the future, particularly if any of our significant retail insurance brokerage clients are acquired by retail insurance brokers with their own wholesale insurance brokerage operations or preferred relationships with wholesalers other than Ryan Specialty.

***If any of our MGA or MGU programs are terminated or changed, our business and operating results could be harmed.***

In our Underwriting Management Specialty, we act as an MGA or an MGU for insurance carriers that have given us authority to underwrite and bind coverage on their behalf. Our Underwriting Management Specialty generated 20.5% and 20.3% of our consolidated total net commissions and fees for the years ended December 31, 2022 and 2021, respectively. Our MGA and MGU programs are governed by contracts between us and the insurance carriers. These contracts establish, among other things, the underwriting and pricing guidelines for the program, the scope of our authority and our commission rates for policies that we underwrite under the program. These contracts typically can be terminated by the insurance carrier with very little advance notice. Moreover, upon expiration of the contract term, insurance carriers may request changes in the terms of the program, including the amount of commissions we receive, which could reduce our revenues from the program. The termination of any of our MGA or MGU programs, or a change in the terms of any of these programs, could harm our business and operating results. We cannot be assured that lost insurance capacity can be replaced or that other MGA or MGU programs will not be terminated or modified in the future. Moreover, we cannot be assured that we will be able to replace any of our MGA or MGU programs that are terminated with a similar program with other insurance carriers.

***Our business strategy includes plans to continue to make acquisitions and we face 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.***

As part of our business strategy, we have made and intend to continue to make acquisitions, including acquisitions in lines of business that are natural adjacencies. The success of our acquisition strategy is dependent upon our ability to identify appropriate acquisition targets, negotiate transactions on favorable terms, complete

transactions, have adequate access to financing and the ability to finance acquisitions on acceptable terms, and successfully integrate them into our existing businesses.

If acquisitions are made, we may not realize the anticipated benefits of such acquisitions, including, but not limited to, revenue growth, operational efficiencies, or expected synergies. Many of the businesses and assets that we have acquired or may acquire have unaudited historical financial statements or records that have been, or will be, prepared by the management of such companies and have not been, or will not be, independently reviewed or audited. We cannot assure you that the financial statements or records of companies or assets we have acquired or may acquire would not, or will not, be materially different if such statements were independently reviewed or audited. If such statements were to be materially different, the tangible and intangible assets we acquire may be more susceptible to impairment charges, which could have a material adverse effect on us.

In addition, many of the businesses that we acquire and develop will likely have smaller scales of operations prior to the implementation of our growth strategy. If we are not able to manage the growing complexity of these businesses, including improving, refining, or revising our systems and operational practices, enlarging the scale and scope of the businesses, and integrating the new business into our culture and operations, our business may be adversely affected.

From time to time, either through acquisitions or internal development, we enter new distribution channels, lines of business or offer new products and services within existing lines of business. These new distribution channels, lines of business or new products and services present additional risks, particularly in instances where the markets are not fully developed. Such risks include the investment of significant time and resources to recruit, hire and retain personnel and develop the products, the risks involved with the management of the integration process and development of new processes and systems to accommodate complex programs, and the risk of financial guarantees and additional liabilities associated with these efforts.

Failure to manage these risks arising from acquisitions or development of new businesses could materially and adversely affect our business, results of operations, and financial condition.

***Our growth strategy may involve opening new offices, entering new product lines or establishing new distribution channels, and will involve hiring new brokers and underwriters, which will require substantial investment by us and may adversely affect our results of operations and cash flows in a particular period.***

Our ability to grow organically depends in part on our ability to open new offices, enter new product lines, establish new distribution channels and recruit new wholesale brokers and underwriters. We can provide no assurances that we will be successful in any efforts to open new offices, develop de novo product lines, establish new distribution channels or hire new wholesale brokers or underwriters. The costs of opening a new office, entering a new product line, establishing a new distribution channel and hiring the necessary personnel to staff the office can be substantial, and we often are required to commit to multi-year, non-cancellable lease agreements. The cost of investing in new offices, brokers and underwriters may affect our results of operations and cash flows in a particular period. Moreover, we cannot assure you that we will be able to recover our investment in new offices, brokers or underwriters or that these offices, brokers and underwriters will achieve profitability.

***Our business performance and growth plans could be negatively affected if we are not able to gain internal efficiencies through the application of technology or effectively apply technology in facilitating operations and driving value for our clients through innovation and technology-based solutions. Conversely, investments in internal systems or innovative product offerings may fail to yield sufficient return to cover their investments and the attention of the management team could be diverted.***

Our success depends, in part, on our ability to develop and implement technology-based solutions that anticipate or keep pace with rapid and continuing changes in technology, operational needs, industry standards, and client preferences. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis. The effort to gain technological expertise, develop new technologies in our business, keep pace with insurtech, and achieve internal efficiencies through technology require us to incur significant expenses and attract talent with the necessary skills. There is no assurance that our technological investments in internal systems and digital distribution platforms will achieve the intended efficiencies, and such unrealized savings or benefits could affect our results of operations. There is no assurance that our technological investments will properly

facilitate our operational needs, and any failure of technology and automated systems to function or perform as expected could harm our operations, business and financial condition. Additionally, if we cannot offer new technologies as quickly as our competitors, if our competitors develop more cost-effective technologies, or if our ideas are not accepted in the marketplace, it could have a material adverse effect on our ability to obtain and complete client engagements. For example, we have invested significantly in The Connector. Our competitors are developing competing online platforms, and their success in this space may impact our ability to differentiate our services to our clients through the use of novel technological solutions. Innovations in software, cloud computing, or other technologies that alter how our services are delivered could significantly undermine our investment in this business if we are slow to innovate or unable to take advantage of these developments.

We are continually developing and investing in innovative and novel service offerings that we believe will address needs that we identify in the markets. Nevertheless, for those efforts to produce meaningful value, we are reliant on a number of other factors, some of which are outside of our control. For example, starting each de novo MGU or insurance program takes a certain amount of investment before we are able to secure insurance carriers to support the underwriting, which is a precursor to entering the marketplace. Even after securing insurance carriers, we may not be able to compete effectively with other products in the marketplace on pricing, terms and conditions in order to be successful. The development and implementation of these offerings also may divert the attention of our management team.

***We rely on data from our clients and third parties for pricing and underwriting our insurance policies, the unavailability or inaccuracy of which could limit the functionality of our products and disrupt our business.***

We use data, technology and intellectual property licensed from unaffiliated third parties in certain of our products, including insurance industry proprietary information that we license from third parties, and we may license additional third-party technology and intellectual property in the future. Any errors or defects in this third-party technology and intellectual property could result in errors that could harm our brand and business. In addition, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all. Also, should any third-party refuse to license its proprietary information to us on the same terms that it offers to our competitors, we could be placed at a significant competitive disadvantage.

Further, although we believe that there are currently adequate replacements for the third-party technology and intellectual property we presently use, the loss of our right to use any of this technology and intellectual property could result in delays in producing or delivering affected products until equivalent technology or intellectual property is identified, licensed or otherwise procured, and integrated. Our business would be disrupted if any technology and intellectual property we license from others or functional equivalents of this software were either no longer available to us or no longer offered to us on commercially reasonable terms. In either case, we would be required either to attempt to redesign our products to function with technology and intellectual property available from other parties or to develop these components ourselves, which would result in increased costs and could result in delays in product sales and the release of new product offerings. Alternatively, we might be forced to limit the features available in affected products. Any of these results could harm our business, results of operations and financial condition.

***The reinsurance industry is highly competitive and cyclical and certain subsidiaries and entities in which we have invested may not be able to compete effectively in the future.***

The reinsurance industry is highly competitive and has historically been cyclical. Through our indirect investment in Geneva Re, Ltd. (“Geneva Re”), we compete with numerous reinsurance companies throughout the world. Many of these competitors may have greater financial, marketing and management resources available to them, including greater revenue and scale, have established long-term and continuing business relationships throughout the reinsurance industry and may have higher financial strength ratings, which can be a significant competitive advantage for them.

Soft market conditions could lead to a significant reduction in reinsurance premium rates and less favorable contract terms which could negatively affect the return on our investment in Geneva Re and the commissions earned by Ryan Re. The supply of reinsurance is also related to the level of reinsured losses and the level of industry capital which, in turn, may fluctuate in response to changes in rates of return earned in the reinsurance industry. As a result, the reinsurance business historically has been a cyclical industry characterized by periods of intense price

competition due to excess underwriting capacity as well as periods when shortages of capacity permitted improvements in reinsurance rate levels and terms and conditions.

The low interest rate environment observed in previous years and ease of entry into the reinsurance sector has led to increased competition from non-traditional sources of capital, such as insurance-linked funds or collateralized special purpose insurers, predominantly in the property catastrophe excess reinsurance market. This alternative capital provides collateralized property catastrophe protection in the form of catastrophe bonds, parametric reinsurance, industry loss warranties and other risk-linked products that facilitate the ability of non-reinsurance entities, such as hedge funds and pension funds, to compete for property catastrophe excess reinsurance business outside of the traditional treaty market. This alternative capacity is also expanding into lines of business other than property catastrophe reinsurance.

***The occurrence of natural or man-made disasters could result in declines in business and increases in claims that could adversely affect our financial condition, results of operations and cash flows.***

We are exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, fires, floods, landslides, tornadoes, typhoons, tsunamis, hailstorms, explosions, climate events or weather patterns and pandemic health events, as well as man-made disasters, including acts of terrorism, military actions, cyberterrorism, explosions and biological, chemical or radiological events. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man-made disaster could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business and increased claims from those areas. They could also result in reduced underwriting capacity of our insurance carriers, making it more difficult for our agents to place business. Disasters also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations. Any increases in loss ratios due to natural or man-made disasters could impact our supplemental or contingent commissions, which are primarily driven by growth and profitability metrics. A natural or man-made disaster also could disrupt the operations of our counterparties or result in increased prices for the products and services they provide to us. Finally, a natural or man-made disaster could increase the incidence or severity of E&O claims against us.

***The economic and political conditions of the countries and regions in which we operate could have an adverse impact on our business, financial condition, operating results, liquidity, and prospects for growth.***

Our operations in countries undergoing political change or experiencing economic instability are subject to uncertainty and risks that could materially adversely affect our business. These risks include the possibility we would be subject to, unstable governments and economies, and potential governmental actions affecting the flow of goods, services, and currency.

***We could incur substantial losses from our cash and investment accounts if one of the financial institutions that we use fails or is taken over by the U.S. Federal Deposit Insurance Corporation ("FDIC").***

We maintain cash and investment balances, including funds held in a fiduciary capacity, held in premium trust accounts, at numerous depository institutions in amounts that are significantly in excess of the limits insured by the FDIC. If one or more of the depository institutions with which we maintain significant cash balances were to fail or be taken over by the FDIC, our ability to access these funds might be temporarily or permanently limited, and we could face material liquidity problems and potential material financial losses.

***Our offices are geographically dispersed across the United States, the United Kingdom, Canada and Europe, and we may not be able to respond quickly to operational or financial problems or promote the desired level of cooperation and interaction among our offices, which could harm our business and operating results.***

At December 31, 2022, we had 94 offices across the United States, the United Kingdom, Canada and Europe. Some of these offices are under the day-to-day management of individuals who previously owned acquired businesses or played a key role in the development of an office. These individuals may not report negative developments that occur in their businesses to management on a timely basis because of, among other things, the potential damage to their reputation, the risk that they may lose all or some of their operational control, the risk that it could impair financial earnouts or incentive compensation, or the risk that they may be personally liable to us

under the indemnification provisions of the agreements pursuant to which their businesses were acquired. Moreover, there can be no assurances that management will be able independently to detect adverse developments that occur in particular offices. We review the performance of our offices on a monthly basis, maintain frequent contact with all of our offices and work with our offices on an annual basis to prepare a detailed operating budget for revenue production by office. Although we believe that these and other measures have allowed us generally to detect and address known operational issues that might have a material effect on our operating results, they may not detect all issues in time to permit us to take appropriate corrective action. Our business and operating results may be harmed if our management does not become aware, on a timely basis, of negative business developments, such as the possible loss of an important client, threatened litigation or regulatory action, or other developments.

In addition, our ability to grow organically will require the cooperation of the individuals who manage our offices. We cannot assure you that these individuals will cooperate with our efforts to improve the operating results in offices for which they are not directly responsible. Our dispersed operations may impede our integration efforts and organic growth, which could harm our business and operating results.

***Infringement, misappropriation or dilution of our intellectual property could harm our business.***

We believe our trademarks have significant value and that this and other intellectual property are valuable assets that are critical to our success. Unauthorized uses or other infringement of our trademarks or service marks could diminish the value of our brand and may adversely affect our business. Effective intellectual property protection may not be available in every market. Failure to adequately protect our intellectual property rights could damage our brand and impair our ability to compete effectively. Some of our most important brand names, including “Ryan Specialty” and “RT Specialty,” are not registered, and we rely on common law trademark protection to protect this intellectual property. Even where we have effectively secured statutory protection for our trademarks and other intellectual property, our competitors and other third parties may misappropriate our intellectual property, and in the course of litigation, such competitors and other third parties occasionally attempt to challenge the breadth of our ability to prevent others from using similar marks or designs. If such challenges were to be successful, less ability to prevent others from using similar marks or designs may ultimately result in a reduced distinctiveness of our brand in the minds of consumers. Defending or enforcing our trademark rights, branding practices and other intellectual property could result in the expenditure of significant resources and divert the attention of management, which in turn may materially and adversely affect our business and operating results, even if such defense or enforcement is ultimately successful. Even though competitors occasionally may attempt to challenge our ability to prevent infringers from using our marks, we are not aware of any challenges to our right to use any of our brand names or trademarks.

***Failure to protect our intellectual property rights, or allegations that we have infringed on the intellectual property rights of others, could harm our reputation, ability to compete effectively, and financial condition.***

To protect our intellectual property rights, we rely on a combination of trademark laws, copyright laws, trade secret protection, confidentiality agreements and other contractual arrangements with our affiliates, employees, clients, strategic partners and others, as well as internal policies and procedures regarding our management of intellectual property. However, the protective steps that we take may be inadequate to deter misappropriation of our proprietary information. In addition, we may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Further, we operate in many foreign jurisdictions and effective trademark, copyright and trade secret protection may not be available in every country or jurisdiction in which we offer our services. Additionally, our competitors may develop products similar to our products that do not conflict with our related intellectual property rights. Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively.

In addition, to protect or enforce our intellectual property rights, we may initiate litigation against third parties, such as infringement suits or interference proceedings. Third parties may assert intellectual property rights claims against us, which may be costly to defend, could require the payment of damages, and could limit our ability to use or offer certain technologies, products or other intellectual property. Any intellectual property claims, with or without merit, could be expensive, take significant time and divert management’s attention from other business concerns. Successful challenges against us could require us to modify or discontinue our use of technology or business processes where such use is found to infringe or violate the rights of others, or require us to purchase

licenses from third parties, any of which could adversely affect our business, financial condition and operating results.

***Our international operations expose us to various international risks that could adversely affect our business.***

Our operations are conducted in numerous countries including the United States, United Kingdom, Canada and Europe. Accordingly, we are subject to regulatory, legal, economic and market risks associated with operating in, and sourcing from, foreign countries, including the potential for:

- difficulties in staffing and managing our foreign offices, including due to unexpected wage inflation or job turnover, and the increased travel, infrastructure, and legal and compliance costs and risks associated with multiple international locations;
- hyperinflation in certain foreign countries;
- extensive and conflicting regulations in the countries in which we do business;
- imposition of investment requirements or other restrictions by foreign governments;
- longer payment cycles;
- greater difficulties in collecting accounts receivable;
- insufficient demand for our services in foreign jurisdictions;
- our ability to execute effective and efficient cross-border sourcing of services on behalf of our clients;
- the reliance on or use of third parties to perform services on our behalf;
- disparate tax regimes;
- restrictions on the import and export of technologies; and
- trade barriers.

Our performance can be affected by global economic conditions as well as geopolitical tensions and other conditions with global reach. In recent years, concerns about the global economic outlook have adversely affected economic markets and business conditions in general. Geopolitical tensions, such as Russia's incursion into Ukraine, tension between the United States and China, supply chain issues, economic sanctions, the volatility of oil prices, and heightened concerns about cyber attacks. Inflation and hyper-inflation have resulted in market volatility and rising interest rates, increasing global tensions and creating uncertainty for global commerce and instability in the global capital markets. Sustained or worsening of these and other global economic conditions and increasing geopolitical tensions may negatively impact our business, financial condition and results of operations.

***Our non-U.S. operations expose us to exchange rate fluctuations and various risks that could impact our business.***

Approximately three percent of our revenues for the years ended December 31, 2022 and 2021 were generated outside of the United States. We are exposed to currency risk from the potential changes between the exchange rates of the US Dollar, Canadian Dollar, British Pound, Euro, Swedish Krona, Danish Krone, and other European currencies. Exchange rate movements may change over time, and they could have an adverse impact on our financial results and cash flows reported in U.S. dollars. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars. Due to fluctuations in foreign exchange rates, we are subject to economic exposure as well as currency translation exposure on the net operating results of our operations. Because our non-U.S. based revenue is exposed to foreign exchange fluctuations, exchange rate movement can have an impact on our business, financial condition, results of operations and cash flow. For additional discussion, see "*Quantitative and Qualitative Disclosures about Market Risk*" included in Item 7A of this Annual Report.

## Risks Related to Legal and Regulatory Requirements

***Our businesses are subject to governmental regulation, which could reduce our profitability, limit our growth, or increase competition.***

Our businesses are subject to legal and regulatory oversight throughout the world, including by U.S. state regulators, under the U.K. Companies Act and the rules and regulations promulgated by the FCA, the Foreign Corrupt Practices Act (the "FCPA"), the Bribery Act of 2010 in the U.K. (the "U.K. Bribery Act"), and a variety of other laws, rules and regulations addressing, among other things, licensing, data privacy and protection, anti-money laundering, wage and hour standards, employment and labor relations, anti-competition, and anticorruption. This legal and regulatory oversight could reduce our profitability or limit our growth by: increasing the costs of legal and regulatory compliance; limiting or restricting the products or services we sell, the markets we serve or enter, the methods by which we sell our products and services, the prices we can charge for our services, or the form of compensation we can accept from our clients, insurance carriers and third parties; or by subjecting our businesses to the possibility of legal and regulatory actions or proceedings.

Changes in the regulatory scheme, or even changes in how existing regulations are interpreted, could have an adverse impact on our results of operations by limiting revenue streams or increasing costs of compliance. For instance, The General Data Protection Regulation (the "EU GDPR"), effective in May 2018, created a range of compliance obligations, increased financial penalties for noncompliance, and extended the scope of the EU data protection law to all companies processing data of EU residents, wherever the company's location. Complying with the EU GDPR has required changes in our business practices. Accordingly, we may have a license revoked or be unable to obtain new licenses and therefore be precluded or temporarily suspended from carrying on or developing some or all of our activities or otherwise fined or penalized in a given jurisdiction. Following the implementation of the EU GDPR, other jurisdictions have sought to amend, or propose legislation to amend, their existing data protection laws to align with the requirements of the EU GDPR with the aim of obtaining an adequate level of data protection to facilitate the transfer of personal data to most jurisdictions from the EU. Additionally, some countries have also proposed sweeping new data protection laws. For example, Canada is proposing significant changes to its federal privacy law. Accordingly, the challenges we face in the EU will likely also apply to other jurisdictions that adopt laws similar to the EU GDPR or regulatory frameworks of equivalent complexity.

The U.K. has implemented legislation similar to the EU GDPR (the "U.K. GDPR"), including the U.K. Data Protection Act, which provides for fines of up to the greater of 17.5 million British Pounds or 4% of a company's worldwide turnover, whichever is higher. Additionally, the relationship between the U.K. and the EU in relation to certain aspects of data protection law remains unclear, including with respect to regulation of data transfers between EU Member States and the U.K. On June 28, 2021, the European Commission announced a decision of "adequacy" concluding that the U.K. ensures an equivalent level of data protection to the EU GDPR, which provides some relief regarding the legality of continued personal data flows from the European Economic Area (the "EEA") to the U.K. Some uncertainty remains, however, as this adequacy determination must be renewed after four years and may be modified or revoked in the interim. We cannot fully predict how the Data Protection Act, the U.K. GDPR, and other U.K. data protection laws or regulations may develop in the medium to longer term nor the effects of divergent laws and guidance regarding how data transfers to and from the U.K. will be regulated.

In the United States, the California Consumer Privacy Act (the "CCPA") came into effect in January 2020 and introduced several new concepts to local privacy requirements, including increased transparency and rights such as access and deletion and an ability to opt out of the "sale" of personal information. Following the passage of the CCPA, multiple other U.S. states have introduced similar bills, some more comprehensive than the CCPA. This, along with a growing number of other U.S. states that are proposing new privacy laws, has created the need for multi-state compliance. We continue to monitor and adapt to this evolving privacy landscape. Additionally, also in California, one of the laws effective in 2023, the California Privacy Rights Act (the "CPRA") has imposed additional data protection obligations on companies doing business in California, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. The CPRA also created a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. New regulations under the CPRA are expected to impose more specific requirements under the law. There is also continued legislative interest in passing a federal privacy law. In addition to data protection laws, countries and states in the United States are enacting cybersecurity laws and regulations. For example, the New York State Department of Financial Services

issued in 2017 cybersecurity regulations which imposed an array of detailed security measures on covered entities. Amendments have been proposed to these regulations that are expected to impose additional data security requirements on entities licensed to do business in New York, including the requirement to use an independent third party for audits and risk assessments. A number of states have also adopted laws covering data collected by insurance licensees that include security and breach notification requirements. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time, may divert resources from other initiatives and projects and could restrict the way services involving data are offered, all of which may adversely affect our results of operations.

Certain jurisdictions have enacted data localization laws and cross-border personal data transfer laws, which could make it more difficult to transfer information across jurisdictions (such as transferring or receiving personal data that originates in the EU). Existing mechanisms that may facilitate cross-border personal data transfers may change or be invalidated. For example, absent appropriate safeguards or other circumstances, the EU GDPR generally restricts the transfer of personal data to countries outside of the EEA, such as the United States, which the European Commission does not consider to provide an adequate level of data privacy and security. The European Commission released a set of "Standard Contractual Clauses" in June 2021 that are designed to be a valid mechanism by which entities can transfer personal data out of the EEA to jurisdictions that the European Commission has not found to provide an adequate level of protection. Currently, these Standard Contractual Clauses ("SCCs") are a valid mechanism to transfer personal data outside of the EEA. The Standard Contractual Clauses, however, require parties that rely upon that legal mechanism to comply with additional obligations, such as conducting transfer impact assessments to determine whether additional security measures are necessary to protect the at-issue personal data. New SCCs were adopted, requiring updated contracts, and the U.K. adopted the International Data Transfer addendum and International Data Transfer Agreement, causing additional complexity to privacy compliance. The legal landscape for privacy continues to remain in flux, with President Biden signing Executive Order 14086 which provides a new framework for legal data transfers between the United States and the EU. We will need to continue to carefully monitor developments in this area to help facilitate compliance.

Our acquisitions of new businesses and our continued operational changes and entry into new jurisdictions and new service offerings increase our legal and regulatory compliance complexity, as well as the type of governmental oversight to which we may be subject.

Our continuing ability to provide insurance broking and underwriting services in the jurisdictions in which we operate depends on our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these jurisdictions. Also, we can be affected indirectly by the governmental regulation and supervision of insurance companies. For instance, if we are providing our managing general underwriting services for an insurer, we may have to contend with regulations affecting our clients.

***Our business is subject to risks related to legal proceedings and governmental inquiries.***

We are subject to litigation, regulatory and other governmental investigations and claims arising in the ordinary course of our business operations. The risks associated with these matters often may be difficult to assess or quantify and the existence and magnitude of potential claims often remain unknown for substantial periods of time. While we have insurance coverage for some of these potential claims, others may not be covered by insurance, insurers may dispute coverage, or any ultimate liabilities may exceed our coverage. We may be subject to actions and claims relating to the sale of insurance or our other operations, including the suitability of such products and services. Actions and claims may result in the rescission of such sales; consequently, our trading partners may seek to recoup commissions or other compensation paid to us, which may lead to legal action against us. The outcome of such actions cannot be predicted and such claims or actions could have a material adverse effect on our business, financial condition and results of operations.

We must comply with and are affected by various laws and regulations, as well as regulatory and other governmental investigations, that impact our operating costs, profit margins and our internal organization and operation of our business. The insurance industry, including the premium finance business, has been subject to a significant level of scrutiny by various regulatory and governmental bodies, including state attorneys general offices and state departments of insurance, concerning certain practices within the insurance industry. These practices include, without limitation, the receipt of supplemental and contingent commissions by insurance brokers and agents from insurance companies and the extent to which such compensation has been disclosed, the collection of broker

fees, which we define as fees separate from commissions charged directly to clients for efforts performed in the issuance of new insurance policies, bid rigging and related matters. From time to time, our subsidiaries receive informational requests from governmental authorities.

There have been a number of revisions to existing, or proposals to modify or enact new, laws and regulations regarding insurance agents and brokers. These actions have imposed, or could impose, additional obligations on us with respect to our products sold. Some insurance companies have agreed with regulatory authorities to end the payment of supplemental or contingent commissions on insurance products, which could impact our commissions that are based on the volume, consistency and profitability of business generated by us.

In the past, state regulators have scrutinized the manner in which insurance brokers are compensated. For example, the Attorney General of the State of New York brought charges against members of the insurance brokerage community for anti-competitive practices. These actions have created uncertainty concerning long-standing methods of compensating insurance brokers. Given that the insurance brokerage industry has faced scrutiny from regulators in the past over its compensation practices, and the transparency and discourse to clients regarding brokers' compensation, it is possible that regulators may choose to revisit the same or other practices in the future. If they do so, compliance with new regulations along with any sanctions that might be imposed for past practices deemed improper could have an adverse impact on our future results of operations and inflict significant reputational harm on our business.

We cannot predict the impact that any new laws, rules or regulations may have on our business, financial condition and results of operations. Given the current regulatory environment and the number of our subsidiaries operating in local markets throughout the country, it is possible that we will become subject to further governmental inquiries and subpoenas and have lawsuits filed against us. Regulators may raise issues during investigations, examinations or audits that could, if determined adversely, have a material impact on us. The interpretations of regulations by regulators may change and statutes may be enacted with retroactive impact. We could also be materially adversely affected by any new industry-wide regulations or practices that may result from these proceedings.

Our involvement in any investigations and lawsuits would cause us to incur additional legal and other costs and, if we were found to have violated any laws, we could be required to pay fines, damages and other costs, perhaps in material amounts. Regardless of final costs, these matters could have a material adverse effect on us by exposing us to negative publicity, reputational damage, harm to client relationships or diversion of personnel and management resources.

***We are subject to a number of, or may become subject to, E&O claims as well as other contingencies and legal proceedings which, if resolved unfavorably to us, could have an adverse effect on our results of operations.***

We assist our clients with various matters, including placing insurance, advocating with respect to claims, handling related claims and facilitating premium financing. E&O claims against us may result in potential liability for damages arising from these services. E&O claims could include, for example, the failure of our employees or sub-agents, whether negligently or intentionally, to place coverage correctly or notify insurance carriers of claims on behalf of clients, provide insurance carriers with complete and accurate information relating to the risks being insured, or properly exercise our delegated authority to underwrite or bind coverage, issue policies or other documents or provide proper notices to insureds. In addition, we are subject to other types of claims, litigation and proceedings in the ordinary course of business, which along with E&O claimants may seek damages, including punitive damages, in amounts that could, if awarded, have a material adverse impact on our financial position, earnings and cash flows. In addition to potential liability for monetary damages, such claims or outcomes could harm our reputation or divert management resources away from operating our business.

We have historically purchased, and continue to purchase, insurance to cover E&O claims to provide protection against certain losses that arise in such matters. As of December 31, 2022, our E&O insurance policy tower has a $100.0 million limit per occurrence and in the aggregate, and we are responsible for paying a self-insured retention of up to $2.5 million per claim. If we exhaust or materially deplete our coverage under our E&O policy, it could have a significant adverse financial impact. Accruals for these exposures, when applicable, have been recorded to the extent that losses are deemed probable and are reasonably estimable. These accruals are adjusted from time to

time as developments warrant and may also be adversely affected by disputes we may have with our insurers over coverage.

***Our handling of client funds and surplus lines taxes exposes us to complex fiduciary regulations.***

We collect premiums from insureds and, after deducting our commissions and fees, remit the premiums to insurers. We also collect claims or refunds from insurers on behalf of insureds, which are remitted to those insureds. We also collect surplus line taxes for remittance to state taxing authorities. Consequently, at any given time, we may hold funds of our clients, insurer trading partners and taxes, and we are subject to various laws and regulations governing the holding, management, and investing of these funds. Any loss, theft or misappropriation of these funds, caused by employee or third-party fraud, execution of unauthorized transactions, errors relating to transaction processing, or other events could subject us, in addition to claims brought forth by insureds, insurers and insurance intermediaries, to fines, penalties and reputational risk as a result of fiduciary breach and adversely affect our results of operations.

While we are in possession of client, insurer trading partner and tax funds, we may invest those funds in certain short-term high-quality securities, such as AAA-rated money market funds as rated by Moody’s. We could experience significant losses if those securities decline in value for any reason. Additionally, if the institution with which they are held experiences any illiquidity or insolvency event, we may not be able to access client funds timely, if at all, which could significantly affect our results of operations and financial condition and expose us to additional legal and regulatory fines or sanctions.

Our Company’s regulatory oversight generally also includes licensing of insurance brokers and agents, managing general agency or general underwriting operations, and the regulation of the handling and investment of client, insurer trading partner and tax funds held in a fiduciary capacity.

***Changes in tax laws or regulations that are applied adversely to us or our clients may have a material adverse effect on our business, cash flow, financial condition or results of operations.***

We are subject to taxation at the federal, state and local levels in the United States and various other countries and jurisdictions. Our future effective tax rate and cash flows could be affected by changes in the composition of earnings in jurisdictions with differing tax rates, changes in statutory rates and other legislative changes, changes in the valuation of our deferred tax assets and liabilities, changes in determinations regarding the jurisdictions in which we are subject to tax, and our ability to repatriate earnings from foreign jurisdictions. From time to time, U.S. federal, state and local and foreign governments make substantive changes to tax rules and their application, which could result in materially higher corporate taxes than would be incurred under existing tax law and could adversely affect our financial condition or results of operations. We are subject to ongoing and periodic tax audits and disputes in U.S. federal and various state, local and foreign jurisdictions. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, thereby adversely affecting our financial condition or results of operations.

In addition, we are directly and indirectly affected by new tax legislation and regulation and the interpretation of tax laws and regulations worldwide. Changes in such legislation, regulation or interpretation could increase our taxes and have an adverse effect on our operating results and financial condition. This includes potential changes in tax laws or the interpretation of tax laws arising out of the Base Erosion Profit Shifting project (“BEPS”) initiated by the Organization for Economic Co-operation and Development (OECD”). In July and October of 2021, the OECD/G-20 Inclusive Framework on BEPS released statements outlining a political agreement on the general rules to be adopted for taxing the digital economy, specifically with respect to nexus and profit allocation (Pillar One) and rules for a global minimum tax (Pillar Two). Further details regarding implementation of these rules are expected to be finalized in the near future. These rules, should they implemented via domestic legislation of countries or via international treaties, could have a material impact on our effective tax rate or result in higher cash tax liabilities. There can be no assurance that our tax payments, tax credits, or incentives will not be adversely affected by these or other initiatives.

***Proposed tort reform legislation, if enacted, could decrease demand for casualty insurance, thereby reducing our commission revenues.***

Legislation concerning tort reform has been considered, from time to time, in the United States Congress and in several state legislatures. Among the provisions considered in such legislation have been limitations on damage awards, including punitive damages, and various restrictions applicable to class action lawsuits. Enactment of these or similar provisions by Congress, or by states in which we sell insurance, could reduce the demand for casualty insurance policies or lead to a decrease in policy limits of such policies sold, thereby reducing our commission revenues.

***Regulations affecting insurance carriers with whom we place business affect how we conduct our operations.***

Insurers are also regulated by state insurance departments for solvency issues and are subject to reserve requirements. We cannot guarantee that all insurance carriers with which we do business comply with regulations instituted by state insurance departments. We may need to expend resources to address questions or concerns regarding our relationships with these insurers, diverting management resources away from operating our business.

**Risks Related to Our Indebtedness**

***Our substantial indebtedness could adversely affect our financial flexibility and our competitive position and subject us to restrictions and limitations that could significantly affect our ability to operate.***

We have a substantial amount of indebtedness under our Credit Facilities, which requires significant interest and principal payments. As of December 31, 2022, we had, on a consolidated basis, $2,013 million aggregate principal amount of outstanding indebtedness, including $400.0 million related to the Senior Secured Notes and $1,613 million of borrowings under our Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent (the “Administrative Agent”) and no borrowings under our Revolving Credit Facility. We have commitments available to be borrowed under the Revolving Credit Facility of $599.3 million (not including $0.7 million of undrawn letters of credit), subject to customary conditions, all of which would be secured on a first-priority basis if borrowed.  Our substantial indebtedness could have significant effects on our business. Our substantial indebtedness could have significant effects on our business and consequences to holders of the Notes. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our current and future indebtedness, including the Senior Secured Notes and the indebtedness governed by our Credit Agreement;
- increase our vulnerability to adverse changes in prevailing economic, industry and competitive conditions, including recessions and periods of significant inflation, rising interest rate environments and financial market volatility;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, the execution of our business strategy and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- increase our cost of borrowing;
- restrict us from exploiting business opportunities;
- place us at a disadvantage compared to our competitors that have fewer indebtedness obligations; and
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, indebtedness service requirements, execution of our business strategy and other general corporate purposes.

We expect to use cash flow from operations to meet our current and future financial obligations, including funding our operations, indebtedness service requirements (including payments on the Senior Secured Notes) and capital expenditures. The ability to make these payments depends on our financial and operating performance, which

is subject to prevailing economic, industry and competitive conditions and to certain financial, business, economic and other factors beyond our control.

We are required to regularly pay interest on our debt, and to repay debt principal, and we bear risk associated with retiring or refinancing principal as our debt matures. Our ability to make interest and principal payments, to refinance our debt obligations, and to fund acquisitions, internal investments and capital expenditures is determined by our ability to generate cash from operations, which in turn is subject to general economic, industry, financial, business, competitive, legislative, regulatory and other factors that are beyond our control. Interest and principal obligations reduce our ability to use that cash for other purposes, including working capital, distributions, acquisitions, capital expenditures and general corporate purposes. If we cannot service our debt obligations, we may have to take actions such as selling assets, raising equity on terms dilutive to existing stockholders, or reducing or delaying acquisitions, capital expenditures or investments, any of which could limit our ability to execute our business strategy.

If we cannot make scheduled payments on our indebtedness, we will be in default and holders of the Senior Secured Notes could declare all outstanding principal and interest to be due and payable, the lenders under the Credit Agreement governing our Term Loan and Revolving Credit Facility could foreclose against the assets securing their borrowings, and we could be forced into bankruptcy or liquidation.  Additionally, we may need to refinance all or a portion of our indebtedness before maturity. It cannot be assured that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all.

***Despite current indebtedness levels, we may incur substantially more indebtedness, which could further exacerbate the risks associated with our substantial indebtedness.***

We may be able to incur significantly more indebtedness in the future, resulting in higher leverage. The indenture that governs the Senior Secured Notes and the Credit Agreement governing our Term Loan and Revolving Credit Facility allows us to incur additional indebtedness, including secured debt. Such additional indebtedness may be substantial. Our ability to recapitalize, incur additional debt and take a number of other actions that are not prohibited by the terms of the Senior Secured Notes or the Credit Agreement could have the effect of exacerbating the risks associated with our substantial indebtedness or diminishing our ability to make payments on our debt when due, and may also require us to dedicate a substantial portion of our cash flow from operations to payments on our other indebtedness, which would reduce the availability of cash flow to fund our operations, working capital and capital expenditures.

***We may not be able to generate sufficient cash flow to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.***

Our ability to make scheduled payments or to refinance outstanding debt obligations depends on our financial and operating performance, which will be affected by general economic, industry, financial, business, competitive, legislative, regulatory and other factors beyond our control. We may not be able to maintain a sufficient level of cash flow from operating activities to permit us to pay the principal, premium, if any, and interest on our indebtedness. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit worthiness, which would also harm our ability to incur additional indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures and acquisitions, sell assets, seek additional capital or seek to restructure or refinance our indebtedness. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants. Refinancings may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service obligations. If we cannot meet our debt service obligations, the holders of our indebtedness may accelerate such indebtedness and, to the extent such indebtedness is secured, foreclose on our assets. In such an event, we may not have sufficient assets to repay all of our indebtedness.

***Our business, and therefore our results of operations and financial condition, may be adversely affected by further changes in the U.S.-based credit markets.***

Although we are not currently experiencing any limitation of access to our Revolving Credit Facility and are not aware of any issues impacting the ability or willingness of our lenders under such Revolving Credit Facility to honor their commitments to extend us credit, the failure of a lender could adversely affect our ability to borrow on that Revolving Credit Facility, which over time could negatively impact our ability to consummate acquisitions or make other capital expenditures. Tightening conditions in the credit markets could adversely affect the availability and terms of future borrowings or renewals or refinancing.

***Our credit ratings are subject to change.***

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our securities. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing agency. Each agency's rating should be evaluated independently of any other agency's rating.

***Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future could reduce our ability to compete successfully and harm our competitive position and results of operations.***

We may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms or at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests. If we raise additional debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things:

- develop and enhance our product offerings;
- continue to expand our organization;
- hire, train and retain employees;
- respond to competitive pressures or unanticipated working capital requirements; or
- pursue acquisition opportunities.

***The agreements governing our debt, including the Senior Secured Notes, contain various covenants that impose restrictions on us that may affect our ability to operate our business and to make payments on the Senior Secured Notes.***

The indenture that governs the Senior Secured Notes and the Credit Agreement that governs our Term Loan and Revolving Credit Agreement impose, and future financing agreements, may impose, operating and financial restrictions on our activities. In particular, the agreements limit or prohibit our ability to, among other things:

- incur additional debt and guarantees;
- pay distributions or dividends and repurchase stock;
- make other restricted payments, including, without limitation, certain restricted investments and certain repayments of other debt;
- change the composition of our business;
- create liens;
- enter into agreements that restrict dividends from subsidiaries;
- issue certain types of equity which have debt-like features
- engage in transactions with affiliates; and

- enter into mergers, consolidations or sales of substantially all of our assets.

The Credit Agreement also requires us to comply with a leverage-based financial maintenance covenant applicable when our borrowings under the Revolving Credit Facility exceed 35% of the corresponding commitments from lenders. These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities.

Further, various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default or cross-acceleration provisions. Such a default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. We cannot assure you that we will be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements or that we will be able to refinance our debt on terms acceptable to us or at all. The occurrence of a default that remains uncured or the inability to secure a necessary consent or waiver could cause our obligations with respect to our debt to be accelerated and have a material adverse effect on our financial condition and results of operations.

## Risks Related to Our Organizational Structure

***We are a holding company and our sole material asset is our ownership of LLC Common Units of the LLC, and, accordingly, we depend on distributions from the LLC to pay our taxes and expenses, including payments under the Tax Receivable Agreement. The LLC's ability to make such distributions may be subject to various limitations and restrictions.***

We are a holding company and have no material assets other than our ownership of LLC Common Units of the LLC. As such, we have no independent means of generating revenue or cash flow, and our ability to pay our taxes, satisfy our obligations under the Tax Receivable Agreement and pay operating expenses or declare and pay dividends, if any, in the future depends on the financial results and cash flows of the LLC and its subsidiaries and distributions we receive from the LLC. There can be no assurance that the LLC and its subsidiaries will generate sufficient cash flow to distribute funds to us in the future or that applicable state law and contractual restrictions, including negative covenants in debt instruments of the LLC and its subsidiaries, will permit such distributions.

The LLC is treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to any entity-level U.S. federal income tax. Instead, for U.S. federal income tax purposes, taxable income of the LLC is allocated to the LLC Unitholders, including us. Accordingly, we incur income taxes on our distributive share of any net taxable income of the LLC. Under the terms of the LLC Operating Agreement, the LLC is obligated to make tax distributions to the LLC Unitholders, including us. In addition to tax and dividend payments, we also incur expenses related to our operations, including obligations to make payments under the Tax Receivable Agreement. Due to the uncertainty of various factors, we cannot precisely quantify the likely tax benefits we may realize as a result of the Organizational Transactions, and the resulting amounts we are likely to pay out to current and certain former LLC Unitholders pursuant to the Tax Receivable Agreement; however, as of December 31, 2022, the Company has recorded Tax Receivable Agreement liabilities in the Consolidated Balance Sheets for the amount of $295.3 million associated with the payments to be made to current and certain former LLC Unitholders subject to the Tax Receivable Agreement. Under the LLC Operating Agreement, tax distributions shall be made on a pro rata basis among the LLC Unitholders and will be calculated without regard to any applicable basis adjustment from which we may benefit under Section 743(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code").

We intend to cause the LLC to make cash distributions to the owners of LLC Common Units in amounts sufficient to (1) fund all or part of their tax obligations in respect of taxable income allocated to them and (2) cover our operating expenses, including payments under the Tax Receivable Agreement.

However, the LLC’s ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would violate either any contract or agreement to which the LLC or its

subsidiaries is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering the LLC or its subsidiaries insolvent. For instance, the Credit Agreement and the indenture which governs the Senior Secured Notes restricts certain of our subsidiaries' ability to pay dividends to us, subject to certain exceptions, including if such distributions meet certain requirements such as caps on amounts, pro forma leverage ratios and absence of defaults applicable to certain types of distributions, among others. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations, we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. To the extent that we are unable to make payments under the Tax Receivable Agreement, such payments generally will be deferred and will accrue interest until paid. Nonpayment for a specified period, however, may constitute a breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement, unless, generally, such nonpayment is due to a lack of sufficient funds.

***The Ryan Parties control us and their interests may conflict with or differ from the interests of our stockholders.***

As of December 31, 2022, the Ryan Parties beneficially own approximately 77% of the LLC Common Units.  Each LLC Unitholder, other than the Company, has an equivalent number of shares of our Class B common stock which are entitled to 10 votes per share, thereby giving the Ryan Parties the ability to control the outcome of matters requiring the approval of our stockholders, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets. Even if the Ryan Parties own significantly less than a majority of the shares of our outstanding Class A and Class B common stock, they will still have the ability to control the outcome of matters requiring the approval of our stockholders. Because the Ryan Parties hold most of their economic ownership interest in our business through the LLC, rather than through the public company, the Ryan Parties may have conflicting interests with holders of shares of our Class A common stock. For example, the Ryan Parties may have different tax positions from us which could influence their decisions regarding whether and when to dispose of assets and whether and when to incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement. In addition, the structuring of future transactions may take into consideration these tax considerations or other considerations even where no similar benefit would accrue to us.

***Conflicts of interest could arise between our stockholders and the LLC Unitholders, which may impede business decisions that could benefit our stockholders.***

The LLC Unitholders, other than the Company, have the right to consent to certain amendments to the LLC Operating Agreements, as well as to certain other matters. The LLC Unitholders may exercise these voting rights in a manner that conflicts with the interests of our stockholders. Circumstances may arise in the future when the interests of the LLC Unitholders conflict with the interests of our stockholders. As we control the LLC, we have certain obligations to the LLC Unitholders that may conflict with fiduciary duties our officers and directors owe to our stockholders. These conflicts may result in decisions that are not in the best interests of stockholders.

***The Tax Receivable Agreement requires us to make cash payments to the current and certain former LLC Unitholders in respect of certain tax benefits to which we may become entitled, and we expect that the payments we will be required to make may be substantial.***

In connection with the consummation of the IPO, we entered into a Tax Receivable Agreement with the current and certain former LLC Unitholders. Pursuant to the Tax Receivable Agreement, we may be required to make cash payments to the current and certain former LLC Unitholders, collectively, equal to 85% of the tax benefits, if any, that we actually realize, or, in some circumstances, are deemed to realize, as a result of (i) certain increases in the tax basis of assets of the LLC and its subsidiaries resulting from purchases or exchanges of LLC Common Units, (ii) certain tax attributes of the LLC and subsidiaries of the LLC that existed prior to the IPO, (iii) certain favorable "remedial" partnership tax allocations to which we become entitled (if any), and (iv) certain other tax benefits related to our entering into the Tax Receivable Agreement, including tax benefits attributable to payments that we make under the Tax Receivable Agreement.  Due to the uncertainty of various factors, we cannot precisely quantify the likely tax benefits we will realize as a result of the LLC Common Unit exchanges and the resulting amounts we are likely to pay out to the current or certain former LLC Unitholders, collectively, pursuant to the Tax Receivable Agreement; however, as of December 31, 2022, the Company has recorded Tax Receivable Agreement liabilities in the Consolidated Balance Sheets for the amount of $295.3 million associated with the payments to be made to current and certain former LLC Unit holders subject to the TRA. Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine, which tax reporting positions will be based on the

advice of our tax advisors. Any payments made by us to the current and certain former LLC Unitholders under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that may be deemed realized under the Tax Receivable Agreement. The payments under the Tax Receivable Agreement are also not conditioned upon the LLC Unitholders maintaining a continued ownership interest in the LLC.

The actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the timing of any future exchanges, the price of shares of our Class A common stock at the time of any future exchanges, the extent to which such exchanges are taxable, the amount and timing of our income and applicable tax rates.

***The amounts that we may be required to pay to the current and certain former LLC Unitholders under the Tax Receivable Agreement may be accelerated in certain circumstances and may also significantly exceed the actual tax benefits that we ultimately realize.***

The Tax Receivable Agreement provides that if (i) certain mergers, asset sales, other forms of business combination or other changes of control were to occur or (ii) we breach any of our material obligations under the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor's obligations, to make payments under the Tax Receivable Agreement would accelerate and become immediately due and payable. The amount due and payable in that circumstance is based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. We may need to incur debt to finance payments under the Tax Receivable Agreement to the extent our cash resources are insufficient to meet our obligations under the Tax Receivable Agreement as a result of timing discrepancies or otherwise.

As a result of a change in control or a material breach of the Tax Receivable Agreement, (i) we could be required to make cash payments to the current and certain former LLC Unitholders that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement and (ii) we would be required to make an immediate cash payment equal to the anticipated future tax benefits that are the subject of the Tax Receivable Agreement discounted in accordance with the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination, or other changes of control. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

***Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the current and certain former LLC Unitholders that do not benefit the other common stockholders to the same extent as they will benefit the current and certain former LLC Unitholders.***

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the current and certain former LLC Unitholders that do not benefit the holders of our common stock to the same extent. We have entered into a Tax Receivable Agreement with the current and certain former LLC Unitholders, which provides for the payment by us to the current and certain former LLC Unitholders, collectively, of 85% of the amount of tax benefits, if any, that we actually realize, or in some circumstances are deemed to realize, as a result of the Tax Attributes. Due to the uncertainty of various factors, we cannot precisely quantify the likely tax benefits we will realize as a result of future purchases of LLC Common Units and LLC Common Unit exchanges and the resulting amounts we are likely to pay out to the current and certain former LLC Unitholders pursuant to the Tax Receivable Agreement. Although we will retain 15% of the amount of such tax benefits that are actually realized, this and other aspects of our organizational structure may adversely impact the future trading market for the Class A common stock.

***We may not be able to realize all or a portion of the tax benefits that are currently expected to result from the Tax Attributes covered by the Tax Receivable Agreement and from payments made under the Tax Receivable Agreement.***

Our ability to realize the tax benefits that we currently expect to be available as a result of the Tax Attributes, the payments made pursuant to the Tax Receivable Agreement, and the interest deductions imputed under the Tax Receivable Agreement all depend on a number of assumptions, including that we earn sufficient taxable income each year during the period over which such deductions are available and that there are no adverse changes in applicable law or regulations. Additionally, if our actual taxable income were insufficient or there were additional adverse changes in applicable law or regulations, we may be unable to realize all or a portion of the expected tax benefits and our cash flows and stockholders' equity could be negatively affected.

***We will not be reimbursed for any payments made to the beneficiaries under the Tax Receivable Agreement in the event that any purported tax benefits are subsequently disallowed by the IRS.***

If the IRS or a state or local taxing authority challenges the tax basis adjustments and/or deductions that give rise to payments under the Tax Receivable Agreement and the tax basis adjustments and/or deductions are subsequently disallowed, the recipients of payments under the agreement will not reimburse us for any payments we previously made to them. Any such disallowance would be taken into account in determining future payments under the Tax Receivable Agreement and may, therefore, reduce the amount of any such future payments. Nevertheless, if the claimed tax benefits from the tax basis adjustments and/or deductions are disallowed, our payments under the Tax Receivable Agreement could exceed our actual tax savings, and we will not be able to recoup payments under the Tax Receivable Agreement that were calculated on the assumption that the disallowed tax savings were available.

***In certain circumstances, the LLC will be required to make distributions to the LLC Unitholders and the distributions may be substantial.***

The LLC is treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to U.S. federal income tax. Instead, taxable income is allocated to its members. The LLC is obligated to make tax distributions quarterly to the LLC Unitholders (including us), in each case on a pro rata basis based on the LLC's net taxable income and without regard to any applicable basis adjustment under Section 743(b) of the Code and based on an assumed tax rate. Funds used by the LLC to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, these tax distributions may be substantial, and will likely exceed (as a percentage of the LLC's income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. As a result, it is possible that we will receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreement. While our Board may choose to distribute such cash balances as dividends on our Class A common stock, it will not be required to do so, and may in its sole discretion choose to use such excess cash for any other purpose depending upon the facts and circumstances at the time of determination.

***Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.***

We are subject to income taxes in the United States, and our tax liabilities are subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- expiration of, or detrimental changes in, research and development tax credit laws; or
- changes in tax laws, regulations or interpretations thereof.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal and state authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition.

***If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.***

Interests in the LLC could be deemed to be "investment securities" under the 1940 Act. We conduct our operations in a manner such that we believe we will not be deemed to be an investment company. However, if we were deemed to be an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

**Risks Related to Our Class A Common Stock**

***The dual-class structure of our common stock has the effect of concentrating voting control with the Ryan Parties, which includes our founder, chairman and chief executive officer, which limits your ability to influence the outcome of important transactions, including a change in control, and the Ryan Parties interests' may conflict with ours or yours in the future.***

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. As of December 31, 2022, the Ryan Parties, which include our founder, chairman and chief executive officer, control approximately 72% of the voting power of our outstanding capital stock, which means that, based on their percentage voting power the Ryan Parties control the vote of all matters submitted to a vote of our stockholders. This control enables the Ryan Parties to control the election of the members of the Board and all other corporate decisions. Even when the Ryan Parties cease to control a majority of the total voting power, for so long as the Ryan Parties continue to own a significant percentage of our common stock, the Ryan Parties will still be able to significantly influence the composition of our Board and the approval of actions requiring stockholder approval as set forth in a Director Nomination Agreement. Accordingly, for such period of time, the Ryan Parties will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers, decisions on whether to raise future capital and amending our charter and bylaws, which govern the rights attached to our common stock. In particular, for so long as the Ryan Parties continue to own a significant percentage of our common stock, the Ryan Parties will be able to cause or prevent a change of control of us or a change in the composition of our Board and could preclude any unsolicited acquisition of us. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of Class A common stock as part of a sale of the Company and ultimately might affect the market price of our Class A common stock.

In addition, we entered into a Director Nomination Agreement with the Ryan Parties and Onex that provides the Ryan Parties the right to designate (in each instance, rounded up to the nearest whole number if necessary): (i) all of the nominees (with the exception of the nominee of Onex, if applicable) for election to our Board for so long as the Ryan Parties control, in the aggregate, 50% or more of the total number of shares of our common stock beneficially owned by the Ryan Parties upon completion of our IPO, as adjusted for any reorganization, recapitalization, stock dividend, stock split, reverse stock split or similar changes in our capitalization (the "*Original Amount*"); (ii) 50% of the nominees for election to our Board for so long as the Ryan Parties control, in the aggregate, more than 40%, but less than 50% of the Original Amount; (iii) 40% of the nominees for election to our Board for so long as the Ryan Parties control, in the aggregate, more than 30%, but less than 40% of the Original Amount; (iv) 30% of the nominees for election to our Board for so long as the Ryan Parties control, in the aggregate, more than 20%, but less than 30% of the Original Amount; and (v) 20% of the nominees for election to our Board for so long as the Ryan Parties control, in the aggregate, more than 10%, but less than 20% of the Original Amount, which could result in representation on our Board that is disproportionate to the Ryan Parties' beneficial ownership. Upon the death or disability of Patrick G. Ryan, or at such time that he is longer on the Board or actively involved in the operations of the Company, the Ryan Parties will no longer hold the nomination rights specified in (i) through (v); however, the Ryan Parties will have the right to designate one nominee for so long as the Ryan Parties control, in the aggregate, 10% or more of the Original Amount. Onex has the right to designate one nominee for election to our Board for so long as Onex controls more than 50% of the total number of shares of our common stock beneficially owned by Onex upon completion of our IPO, as adjusted for any reorganization, recapitalization, stock dividend, stock split, reverse stock split or similar changes in our capitalization. In addition, for so long as the Ryan Parties hold the

nomination rights specified in (i) through (v), the Ryan Parties have the right to nominate the chairman of the Board. The Director Nomination Agreement also provides that the Ryan Parties and Onex may assign such rights to an affiliate. The Director Nomination Agreement prohibits us from increasing or decreasing the size of our Board without the prior written consent of the Ryan Parties.

The Ryan Parties and their affiliates engage in a broad spectrum of activities, including investments in our industry generally. In the ordinary course of their business activities, the Ryan Parties and their affiliates may engage in activities where their interests conflict with our interests or those of our other stockholders, such as investing in or advising businesses that directly or indirectly compete with certain portions of our business or are suppliers or clients of ours. Our certificate of incorporation provides that none of the Ryan Parties, any of their affiliates or any director who is not employed by us or our affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. The Ryan Parties also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, the Ryan Parties may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, respectively, could enhance their investment, respectively, even though such transactions might involve risks to you or may not prove beneficial.

Future transfers by the holders of LLC Common Units (who own an equal number of 10 votes per share Class B common stock related thereto) will generally result in those shares converting into shares of Class A common stock and the cancellation of the related Class B common stock, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes. For a description of the dual-class structure, see Exhibit 4.4 to this Annual Report.

***We cannot predict the future impact our dual-class structure may have on our stock price or our business.***

We cannot predict whether our dual-class structure will result in a lower or more volatile trading price of our Class A common stock, in adverse publicity, or other adverse consequences in the future. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it plans to require new constituents of its indices to have greater than 5% of a company's voting rights in the hands of public stockholders, and S&P Dow Jones announced that it will no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400, and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under such announced policies, the dual-class structure of our common stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track those indices would not invest in our Class A common stock. These policies are relatively new and it is unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from such indices, but it is possible that they may depress valuations as compared to similar companies that are included. Because of the dual-class structure of our common stock, we will likely be excluded from certain indices, and we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and would make our Class A common stock less attractive to other investors. As a result, the trading price of our Class A common stock could be adversely affected.

***The requirements of being a public company strain our resources and distract our management, which could make it difficult to manage our business.***

As a public company, we have incurred legal, accounting and other expenses that we did not previously incur. We have become subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Sarbanes-Oxley Act, the listing requirements of NYSE and other applicable securities rules and regulations. Compliance with these rules and regulations have increased our legal and financial compliance costs, made some activities more difficult, time-consuming or costly and increased demand on our systems and resources, particularly as we are no longer an "emerging growth company." The Exchange Act requires

that we file annual, quarterly and current reports with respect to our business, financial condition, results of operations, cash flows and prospects. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert our management's attention from implementing our growth strategy, which could prevent us from improving our business, financial condition, results of operations, cash flows and prospects. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. These additional obligations could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We have invested, and intend to further invest, resources to comply with evolving laws, regulations and standards, and this investment has resulted in increased general and administrative expenses and may result in a diversion of our management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and there could be a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

***Provisions of our corporate governance documents could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.***

Our certificate of incorporation and bylaws and the Delaware General Corporation Law (the "DGCL") contain provisions that could make it more difficult for a third-party to acquire us, even if doing so might be beneficial to our stockholders. Among other things:

- our dual-class common stock structure provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring stockholder approval;
- these provisions allow us to authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include supermajority voting, special approval, dividend, or other rights or preferences superior to the rights of stockholders;
- these provisions provide for a classified board of directors with staggered three-year terms;
- these provisions provide that, at any time when the Ryan Parties control, in the aggregate, less than 40% in voting power of our stock entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 2/3% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class;
- these provisions prohibit stockholder action by consent in lieu of a meeting from and after the date on which the Ryan Parties control, in the aggregate, less than 40% of the voting power of our stock entitled to vote generally in the election of directors;
- these provisions provide that for as long as the Ryan Parties control, in the aggregate, less than 40% in voting power of all outstanding shares of our stock entitled to vote generally in the election of directors, any amendment, alteration, rescission or repeal of our bylaws or certain provisions of our certificate of incorporation by our stockholders requires the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class; and

- these provisions establish advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by stockholders at stockholder meetings; provided, however, at any time when the Ryan Parties control, in the aggregate, at least 10% ownership of the outstanding Class B common stock, in the aggregate, such advance notice procedure does not apply to the Ryan Parties.

We have opted out of Section 203 of the DGCL, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder. However, our certificate of incorporation contains a provision that provides us with protections similar to Section 203, and prevents us from engaging in a business combination with a person (excluding the Ryan Parties and any of their direct or indirect transferees and any group as to which such persons are a party) who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless board or stockholder approval is obtained prior to the acquisition. These provisions could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you desire, including actions that you may deem advantageous, or negatively affect the trading price of our Class A common stock. In addition, because our Board is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team.

These and other provisions in our certificate of incorporation, bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our Board or initiate actions that are opposed by our then-current Board, including actions to delay or impede a merger, tender offer or proxy contest involving our company. The existence of these provisions could negatively affect the price of our Class A common stock and limit opportunities for you to realize value in a corporate transaction.

For information regarding these and other provisions, see Exhibit 4.4 to this Annual Report.

***Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders and the federal district courts of the United States as the exclusive forum for litigation arising under the Securities Act, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.***

Pursuant to our certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any current or former director, officer, employee or agent of ours owed to us or our stockholders, or a claim of aiding and abetting any such breach of fiduciary duty, (iii) any action asserting a claim against the Company or any director, officer, employee or agent of ours arising pursuant to any provision of the DGCL, the certificate of incorporation or the bylaws (as either may be amended, restated, modified, supplemented or waived from time to time) (iv) any action to interpret, apply, enforce or determine the validity of the certificate of incorporation or the bylaws (as either may be amended), (v) any action asserting a claim against the us or any director, officer, employee or agent of ours that is governed by the internal affairs doctrine or (vi) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. This provision would not apply to any action or proceeding asserting a claim under the Securities Act of 1933 or the Exchange Act of 1934 for which the federal courts have exclusive jurisdiction or any other claim for which the federal courts have exclusive jurisdiction. Furthermore, our certificate of incorporation also provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, against us or any director, officer, employee or agent of ours. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder; accordingly, we cannot be certain that a court would enforce such provision. Our certificate of incorporation further provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and

consented to the provisions of our certificate of incorporation described above; however, our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. The forum selection provisions in our certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. If the enforceability of our forum selection provision were to be challenged, we may incur additional costs associated with resolving such a challenge. While we currently have no basis to expect any such challenge would be successful, if a court were to find our forum selection provision to be inapplicable or unenforceable, we may incur additional costs associated with having to litigate in other jurisdictions, which could have an adverse effect on our business, financial condition and results of operations and result in a diversion of the time and resources of our employees, management and Board.

***Future sales, or the possibility of future sales, of a substantial number of our shares of Class A common stock could adversely affect the price of our shares of Class A common stock.***

Future sales of a substantial number of our shares of Class A common stock, or the perception that such sales will occur, could cause a decline in the market price of our shares of Class A common stock. As of December 31, 2022, a significant number of Class A common stock (or LLC Common Units exchangeable for Class A common stock) were held by certain of our pre-IPO equity holders which are not otherwise, or are no longer, subject to either vesting or other sales restrictions imposed by the Company. If these stockholders sell substantial amounts of shares of Class A common stock in the public market (including any shares of Class A common stock issued upon the exchange of LLC Common Units), or the market perceives that such sales may occur, the market price of our shares of Class A common stock could be adversely affected. We have also entered into the registration rights agreement pursuant to which we have agreed under certain circumstances to file a registration statement to register the resale of shares of our Class A commons stock held by the Ryan Parties, as well as to cooperate in certain public offerings of such shares. We have also filed registration statements to register all shares of Class A common stock and other equity securities that we have issued, or may issue, under the Omnibus Incentive Plan and Employee Stock Purchase Plan. These shares of Class A common stock may be freely sold in the public market upon issuance, subject to vesting and certain limitations imposed by us and as applicable to affiliates. If a large number of our shares of Class A common stock are sold in the public market, the sales could reduce the trading price of shares of Class A common stock.

***Because we have no current plans to pay regular cash dividends on our Class A common stock for the foreseeable future, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.***

We do not anticipate paying any regular cash dividends on our Class A common stock for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our Board may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur. Therefore, any return on investment in our Class A common stock is solely dependent upon the appreciation of the price of our Class A common stock on the open market, which may not occur.

***We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.***

Our certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our Class A common stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

***If securities or industry analysts publish unfavorable research or reports, or adversely change their recommendations regarding our Class A common stock or if our results of operations do not meet their expectations, our stock price and trading volume could decline.***

The trading market for our Class A common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If the analysts who cover us provide inaccurate or unfavorable research, issue an adverse opinion regarding our stock price or if our results of operations do not meet their expectations, our stock price could decline. Moreover, if one or more of these analysts cease their coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***Our operating results and stock price may be volatile.***

Our quarterly operating results are likely to fluctuate in the future. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. Our operating results and the trading price of our Class A common stock may fluctuate in response to various factors, including:

- market conditions in our industry or the broader stock market;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products or services by us or our competitors;
- issuance of new or changed securities analysts’ reports or recommendations;
- sales, or anticipated sales, of large blocks of our stock;
- additions or departures of key personnel;
- regulatory or political developments;
- litigation and governmental investigations;
- changing economic conditions;
- investors’ perception of us;
- events beyond our control such as weather, war and health crises; and
- any default on our indebtedness.

These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for our Class A common stock to fluctuate substantially. Fluctuations in our quarterly operating results could limit or prevent investors from readily selling their shares of Class A common stock and may otherwise negatively affect the market price and liquidity of our shares of Class A common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

Our corporate headquarters are in Chicago, Illinois, where we currently lease 56,250 square feet of office space under a lease that we have elected to terminate as of December 31, 2023. On December 22, 2022, we entered into a new lease for space in the city containing approximately 40,000 square feet and plan to move into the space prior to year-end. This new lease incorporates our remote work flexibility into our post-pandemic operating model and we will continue to look at all of our offices to maximize size and efficiency. We have additional office locations in 28 U.S. states as well as in Canada, the United Kingdom, and Europe where we lease a total of approximately 1,084,000 square feet. We believe that our facilities are adequate for our current needs.

## ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of litigation and claims are inherently unpredictable and uncertain, we are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. For further information, please see "*Note 18, Commitments and Contingencies"* in Part II, Item 8 of this Annual Report.

## ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

# PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our shares of Class A common stock, $0.001 par value per share, are traded on the NYSE under the trading symbol RYAN. Our Class B common stock is not listed nor traded on any stock exchange.

On February 27, 2023 we had approximately 293 stockholders of record of our Class A common stock and 77 stockholders of record of our Class B common stock.

### Dividend Policy

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness and, therefore, we do not anticipate paying any cash dividends in the foreseeable future. Additionally, because we are a holding company, our ability to pay dividends on our Class A common stock may be limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us. Any future determination to pay dividends will be at the discretion of our Board, subject to compliance with covenants in current and future agreements governing our and our subsidiaries' indebtedness, including our Credit Agreement and the indenture which governs our Senior Secured Notes, and will depend on our results of operations, financial condition, capital requirements and other factors that our Board deems relevant.

Under the terms of the LLC Operating Agreement, the LLC is obligated to make tax distributions to current and future unitholders, including us, with such distributions to be made on a pro rata basis among the LLC Unitholders based on the LLC's net taxable income and without regard to any applicable basis adjustment under Section 743(b) of the Code. These tax distributions may be substantial and will likely exceed (as a percentage of the LLC's income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. As a result, it is possible that we will receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreement. While our Board may choose to distribute such cash balances as dividends on our Class A common stock (subject to the limitations set forth in the preceding paragraph), it will not be required (and does not currently intend) to do so and may in its sole discretion choose to use such excess cash for any purpose depending upon the facts and circumstances at the time of determination.

### Related Stockholder Matters and Securities Authorized for Issuance Under Equity Compensation Plans

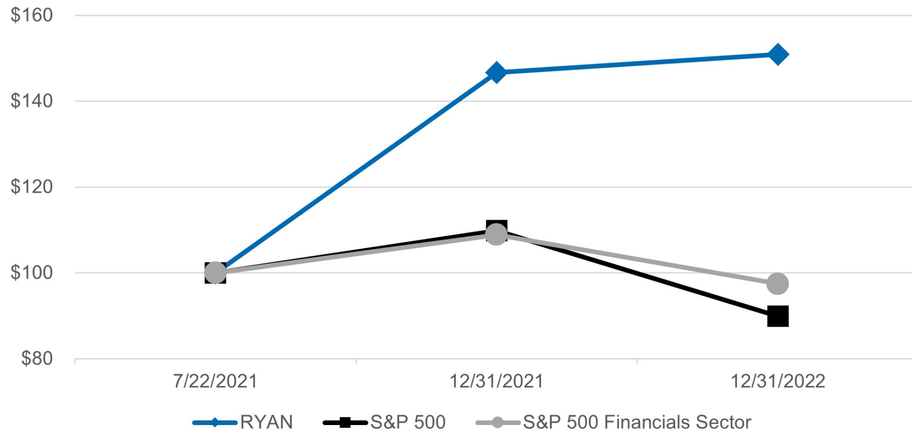
We did not repurchase any of our equity securities during the fourth quarter of the fiscal year covered by this report. On December 20, 2022, Ryan Specialty Holdings, Inc., issued 18,953 shares of Class A Common Stock in a private placement transaction to a former employee in connection with the settlement of pending litigation in reliance on 4(a)(2).

Information relating to the compensation plans under which equity securities of Ryan Specialty are authorized for issuance is set forth under Part III, Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Annual Report and is incorporated herein by reference.

### Stock Performance Graph

The following graph illustrate the total return from July 22, 2021, the first trading date of our Class A common stock after our IPO, through December 31, 2022 for (i) our Class A common stock, (ii) the Standard and Poor's 500

Index, and (iii) the Standard and Poor's 500 Financials Sector Index, assuming an investment of $100 on July 22, 2021, including the reinvestment of dividends:




**ITEM 6. [RESERVED]**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity, and cash flows of our Company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and the related notes included elsewhere in this Annual Report on Form 10-K. The discussion contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by such forward-looking statements as a result of various factors, including those discussed below and in the sections entitled "Risk Factors" and "Information Concerning Forward-Looking Statements".*

*The following discussion provides commentary on the financial results derived from our audited financial statements for the years ended December 31, 2022, 2021, and 2020 prepared in accordance with U.S. GAAP. In addition, we regularly review the following Non-GAAP measures when assessing performance: Organic revenue growth rate, Adjusted compensation and benefits expense, Adjusted compensation and benefits expense 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. See "Non-GAAP Financial Measures and Key Performance Indicators" for further information.*

### Overview

Founded by Patrick G. Ryan in 2010, we are a service provider of specialty products and solutions for insurance brokers, agents, and carriers. We provide distribution, underwriting, product development, administration, and risk management services by acting as a wholesale broker and a managing underwriter or a program administrator with delegated authority from insurance carriers. Our mission is to provide industry-leading innovative specialty insurance solutions for insurance brokers, agents, and carriers.

For retail insurance agents and brokers, we assist in the placement of complex or otherwise hard-to-place risks. For insurance carriers, we work with retail and wholesale insurance brokers to source, onboard, underwrite, and service these same types of risks. A significant majority of the premiums we place are bound in the E&S market, which includes Lloyd's of London. There is often significantly more flexibility in terms, conditions, and rates in the E&S market relative to the Admitted or "standard" insurance market. We believe that the additional freedom to craft bespoke terms and conditions in the E&S market allows us to best meet the needs of our trading partners, provide unique solutions, and drive innovation. We believe our success has been achieved by providing best-in-class intellectual capital, leveraging our trusted and long-standing relationships and developing differentiated solutions at a scale unmatched by many of our competitors.

### Significant Events and Transactions

#### Corporate Structure

We are a holding company and our sole material asset is a controlling equity interest in New LLC, which is also a holding company and its sole material asset is a controlling equity interest in the LLC. The Company operates and controls the business and affairs of, and consolidates the financial results of, the LLC through New LLC. We conduct our business through the LLC. As the LLC is substantively the same as New LLC, for the purpose of this discussion, we will refer to both New LLC and the LLC as the "LLC."

The LLC is a limited liability company taxed as a partnership for income tax purposes, and its taxable income or loss is passed through to its members, including the Company. The LLC is subject to income taxes on its taxable income in certain foreign countries, in certain state and local jurisdictions that impose income taxes on partnerships, and on the taxable income of its U.S. corporate subsidiaries. As a result of our ownership of LLC Common Units, we are subject to U.S. federal, state, and local income taxes with respect to our allocable share of any taxable income of the LLC and are taxed at the prevailing corporate tax rates. We intend to cause the LLC to make distributions in an amount sufficient to allow us to pay our tax obligations and operating expenses, including distributions to fund any ordinary course payments due under the Tax Receivable Agreement. See "Liquidity and Capital Resources - Tax Receivable Agreement" for additional information about the TRA.

**ACCELERATE 2025 Program**

In the first quarter of 2023 we are initiating a two-year restructuring program that will enable continued growth, drive innovation, and deliver sustainable productivity improvements over the long term. The program will result in approximately $65 million of cumulative one-time charges through 2024, and we expect it to generate annual savings of approximately $35 million in 2025.

**Acquisitions**

During the fourth quarter of 2022 we completed one strategic acquisition and signed a definitive agreement for another. We believe these acquisitions complement our product capabilities, enhance our human capital, and provide us access to new markets in new geographies.

On November 1, 2022, we acquired Centurion Liability Insurance Services, LLC, ("Centurion"). Centurion is a professional lines wholesale insurance broker and has employees based in Florida and California. Prior to the acquisition, Centurion was partially owned by Insurance Office of America.

In December 2022 we announced the signing of a definitive agreement to acquire certain assets of Griffin Underwriting Services, a binding authority specialist and wholesale insurance broker headquartered in Bellevue, WA. This acquisition was completed in January 2023.

See *"Note 4, Mergers and Acquisitions"* and *"Note 22, Subsequent Events"* of the audited consolidated financial statements in this Annual Report for further discussion.

**COVID-19**

While we believe our business and operations have thus far performed at a high level of efficiency throughout the pandemic, the final impact of the pandemic remains uncertain, particularly if the pandemic persists beyond current expectations, new variants of the virus continue to develop, vaccines and boosters are either not widely embraced or prove to be less effective than anticipated, and/or the global economy does not recover as expected, especially in light of current inflationary trends and other challenging macroeconomic conditions. The effects could yet have a material impact on our results of operations.

## Key Factors Affecting Our Performance

Our historical financial performance has been, and we expect our financial performance in the future to be, driven by our ability to:

**Pursue Strategic Acquisitions**

We have successfully integrated businesses complementary to our own to increase both our distribution reach and our product and service capabilities. We continuously evaluate acquisitions and intend to further pursue targeted acquisitions that complement our product and service capabilities or provide us access to new markets. We have previously made, and intend to continue to make, acquisitions with the objective of enhancing our human capital and product and service capabilities, entering natural adjacencies, and expanding our geographic presence. Our ability to successfully pursue strategic acquisitions is dependent upon a number of factors, including sustained execution of a disciplined and selective acquisition strategy which requires acquisition targets to have a cultural and strategic fit, competition for these assets, purchase price multiples that we deem appropriate and our ability to effectively integrate targeted companies or assets and grow our business. We do not have agreements or commitments for any material acquisitions at this time.

**Deepen and Broaden our Relationships with Retail Broker Trading Partners**

We have deep engagement with our retail broker trading partners, and we believe we have the ability to transact in even greater volume with nearly all of them. For example, in 2022, our revenue derived from the Top 100 firms (as ranked by Business Insurance) expanded faster than our Organic revenue growth rate of 16.4%. Our ability to deepen and broaden relationships with our retail broker trading partners and increase sales is dependent upon a number of factors, including client satisfaction with our distribution reach and our product capabilities, retail brokers

continuing to require or desire our services, competition, pricing, economic conditions, and spending on our product offerings.

**Build Our National Binding Authority Specialty**

We believe there is substantial opportunity to continue to grow our Binding Authority Specialty, as we believe that both M&A consolidation and panel consolidation are in nascent stages in the binding authority market. Our ability to grow our Binding Authority Specialty is dependent upon a number of factors, including a continuing ability to secure sufficient capital support from insurers, the quality of our services and product offerings, marketing and sales efforts to drive new business prospects and execution, new product offerings, the pricing and quality of our competitors' offerings, and the growth in demand for the insurance products.

**Invest in Operation and Growth**

We have invested heavily in building a durable business that is able to adapt to the continuously evolving E&S market and intend to continue to do so. We are focused on enhancing the breadth of our product and service offerings as well as developing and launching new solutions to address the evolving needs of the specialty insurance industry and markets. Our future success is dependent upon a number of factors, including on our ability to successfully develop, market, and sell existing and new products and services to both new and existing trading partners.

**Generate Commission Regardless of the State of the E&S Market**

We earn commissions, which are calculated as a percentage of the total insurance policy premium, and fees. Changes in the insurance market or specialty lines that are our focus, characterized by a period of increasing (or declining) premium rates, could positively (or negatively) impact our profitability.

**Managing Changing Macroeconomic Conditions**

Growth in certain lines of business, such as project-based construction and M&A transactional liability insurance, is partially dependent on a variety of macroeconomic factors inasmuch as binding the underlying insurance coverage is subject to the underlying activity occurring. In periods of economic growth and liquid credit markets, this underlying activity can accelerate and provide tailwinds to our growth. In periods of economic decline and tight credit markets, this underlying activity can slow or be delayed and provide headwinds to our growth. As interest rates have rapidly risen, leading to friction in debt markets, we have started to observe some delays to both construction projects and M&A activity which, in turn, pauses the binding of construction and M&A transactional liability insurance policies. We believe over time these lines of business will continue to grow as the economy steadies and again grows.

**Leverage the Growth of the E&S Market**

The growing relevance of the E&S market has been driven by the rapid emergence of large, complex, high-hazard, and otherwise hard-to-place risks across many lines of insurance. This trend continued in 2022, with 14 named storms – including Hurricane Ian with estimated losses of $50 to $65 billion during the 2022 Atlantic hurricane season – following 21 named storms totaling over $70 billion in estimated losses during the 2021 Atlantic hurricane season, escalating jury verdicts and social inflation, a proliferation of cyber threats, novel health risks, and the transformation of the economy to a "digital first" mode of doing business. We believe that as the complexity of the E&S market continues to escalate, wholesale brokers and managing underwriters that do not have sufficient scale, or the financial and intellectual capital to invest in the required specialty capabilities, will struggle to compete effectively. This will further the trend of market share consolidation among the wholesale firms that do have these capabilities. We will continue to invest in our intellectual capital to innovate and offer custom solutions and products to better address these evolving market fundamentals.

Although we believe this growth will continue, we recognize that the growth of the E&S market might not be linear as risks can and do shift between the E&S and non-E&S markets as market factors change and evolve. For example, we benefited from a rapid increase in both the rate and flow of public company D&O policies into the wholesale channel in 2020 and 2021. Throughout 2022 as the public company D&O insurance markets stabilized,

the number of IPOs slowed, and new insurance capital that previously entered the market impacted the public company D&O space, public company D&O rate decreases have accelerated. We believe these factors have also created opportunities for retailers to place some of that coverage directly.

**Address Costs of Being a Public Company**

As we are in the early stages of our operation as a public company, we will continue to implement changes in certain aspects of our business and develop, manage, and train management level and other employees to comply with ongoing best practices and/or requirements for public companies. We have incurred new expenses as a public company, including public reporting obligations, expenses for complying with securities laws and regulations, Sarbanes-Oxley Act compliance expenses, additional headcount, increased professional fees for accounting, proxy statements, stockholder meetings, stock exchange fees, transfer agent fees, SEC and FINRA filing fees, legal fees, franchise taxes, and insurance expenses.

**Summary of Financial Performance Highlights**

| | Year Ended December 31, | | |
|---|---|---|---|
| *(in thousands, except percentages and per share data)* | **2022** | **2021** | **2020** |
| **GAAP financial measures** | | | |
| Total revenue | $ 1,725,193 | $ 1,432,771 | $ 1,018,274 |
| Compensation and benefits | 1,128,981 | 991,618 | 686,155 |
| General and administrative | 196,971 | 138,955 | 107,381 |
| Total operating expenses | 1,435,685 | 1,246,147 | 859,736 |
| Operating income | 289,508 | 186,624 | 158,538 |
| Net income | 163,257 | 56,632 | 70,513 |
| Net income attributable to Ryan Specialty Holdings, Inc. | 61,052 | 65,873 | 68,104 |
| Total revenue growth rate (1) | 20.4 % | 40.7 % | 33.1 % |
| Compensation and benefits expense ratio (2) | 65.4 % | 69.2 % | 67.4 % |
| General and administrative expense ratio (3) | 11.4 % | 9.7 % | 10.5 % |
| Net income margin | 9.5 % | 4.0 % | 6.9 % |
| Earnings (loss) per share (4) | $ 0.57 | $ (0.07 ) | $ — |
| Diluted earnings (loss) per share (4) | $ 0.52 | $ (0.07 ) | $ — |
| **Non-GAAP financial measures*** | | | |
| Organic revenue growth rate | 16.4 % | 22.4 % | 20.4 % |
| Adjusted compensation and benefits expense | $ 1,021,823 | $ 846,563 | $ 632,241 |
| Adjusted compensation and benefits expense ratio | 59.2 % | 59.1 % | 62.1 % |
| Adjusted general and administrative expense | $ 185,956 | $ 125,977 | $ 92,525 |
| Adjusted general and administrative expense ratio | 10.8 % | 8.8 % | 9.1 % |
| Adjusted EBITDAC | $ 517,414 | $ 460,231 | $ 293,508 |
| Adjusted EBITDAC margin | 30.0 % | 32.1 % | 28.8 % |
| Adjusted net income | $ 311,991 | $ 290,117 | $ 185,426 |
| Adjusted net income margin | 18.1 % | 20.2 % | 18.2 % |
| Adjusted diluted earnings per share | $ 1.15 | $ 1.08 | $ — |

* For a definition and a reconciliation of Organic revenue growth rate, Adjusted compensation and benefits, Adjusted compensation and benefits expense 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."*

(1)Total revenue growth rate, defined as December 31, 2022 revenue of $1,725.2 million less December 31, 2021 revenue of $1,432.8 million is a $292.4 million year-over-year change. The change, $292.4 million, divided by the December 31, 2021 revenue of $1,432.8 million is a total revenue change of 20.4%. December 31, 2021 revenue of $1,432.8 million less December 31, 2020 revenue of $1,018.3 million is a $414.5 million year-over-year change. The change, $414.5 million divided by the December 31, 2020 revenue of $1,018.3 million, is a total revenue change of 40.7%. December 31, 2020 revenue of $1,018.3 million less December 31, 2019

revenue of $765.1 million is a $253.2 million year-over-year change. The change, $253.2 million divided by the December 31, 2019 revenue of $765.1 million, is a total revenue change of 33.1%.

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

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

(4)See *"Note 13, Earnings (Loss) Per Share"* of the audited consolidated financial statements in this Annual Report for further discussion of how these metrics are calculated.

**Comparison of the Year Ended December 31, 2022 and 2021**

- Revenue increased $292.4 million, or 20.4% period-over-period, to $1,725.2 million.
- Compensation and benefits expense increased $137.4 million, or 13.9% period-over-period, and the Compensation and benefits expense ratio decreased 3.8%, from 69.2% to 65.4%.
- General and administrative expense increased $58.0 million, or 41.8% period-over-period, and the General and administrative expense ratio increased 1.7%, from 9.7% to 11.4%.
- Total operating expenses increased $189.5 million, or 15.2% period-over-period, to $1,435.7 million.
- Operating income increased $102.9 million period-over-period to $289.5 million.
- Net income increased by $106.7 million period-over-period to $163.3 million.
- Net income margin was 9.5% for the year ended December 31, 2022, compared to 4.0% in the same period in the prior year.
- Earnings per share was $0.57 for the year ended December 31, 2022 compared to a Loss per share of $0.07 in the prior year.
- Diluted earnings per share was $0.52 for the year ended December 31, 2022 compared to a Diluted loss per share of $0.07 in the prior year.
- Organic revenue growth rate for the year ended December 31, 2022 was 16.4%, compared to 22.4% for the prior year – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.
- Adjusted compensation and benefits expense increased $175.3 million, or 20.7%, and the Adjusted compensation and benefits expense ratio increased 0.1% from 59.1% to 59.2% period-over-period – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.
- Adjusted general and administrative expense increased $60.0 million, or 47.6% period-over-period, and the Adjusted general and administrative expense ratio increased 2.0%, from 8.8% to 10.8% – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.
- Adjusted EBITDAC increased $57.2 million period-over-period to $517.4 million – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.
- Adjusted EBITDAC margin decreased 2.1% period-over-period from 32.1% to 30.0% – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.
- Adjusted net income increased to $312.0 million from $290.1 million in the prior period and Adjusted net income margin declined 2.1% from 20.2% to 18.1%– see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.
- Adjusted diluted earnings per share was $1.15 for the year ended December 31, 2022 compared to $1.08 in the same period in the prior year – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.

## Comparison of the Year Ended December 31, 2021 and 2020

•Revenue increased $414.5 million, or 40.7% period-over-period, to $1,432.8 million.

•Compensation and benefits expense increased $305.4 million, or 44.5% period-over-period, and the Compensation and benefits expense ratio increased 1.8% from 67.4% to 69.2%.

•General and administrative expense increased $31.6 million, or 29.4% period-over-period, and the General and administrative expense ratio decreased 0.8% from 10.5% to 9.7%.

•Total operating expenses increased $386.4 million, or 44.9% period-over-period, to $1,246.1 million.

•Operating income increased $28.1 million period-over-period to $186.6 million.

•Net income decreased $13.9 million period-over-period to $56.6 million.

•Net income margin was 4.0% for the year ended December 31, 2021 compared to 6.9% in the same period in the prior year.

•Loss per share and Diluted loss per share was $0.07 for the year ended December 31, 2021.

•Organic revenue growth rate for the year ended December 31, 2021 was 22.4%, compared to 20.4% in the prior year – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.

•Adjusted compensation and benefits expense increased $214.3 million, or 33.9%, and the Adjusted compensation and benefits expense ratio decreased 3.0% from 62.1% to 59.1% period-over-period – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.

•Adjusted general and administrative expense increased $33.5 million, or 36.2%, and the Adjusted general and administrative expense ratio decreased 0.3% from 9.1% to 8.8% period-over-period – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.

•Adjusted EBITDAC increased $166.7 million period-over-period to $460.2 million – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.

•Adjusted EBITDAC margin increased 3.3% period-over-period from 28.8% to 32.1% – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.

•Adjusted net income and Adjusted net income margin increased to $290.1 million and 20.2%, respectively, from $185.4 million and 18.2% in the prior period – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.

•Adjusted diluted earnings per share was $1.08 for the year ended December 31, 2021 – see *"Non-GAAP Financial Measures and Key Performance Indicators"* for further information.

## Components of Results of Operations

### Revenue

#### *Net Commissions and Fees*

Net commissions and fees are derived primarily by commissions from our three Specialties and are paid for our role as an intermediary in facilitating the placement of coverage in the insurance distribution chain. Net commissions and policy fees are generally calculated as a percentage of the total insurance policy premium placed, but we also receive supplemental commissions based on the volume placed or profitability of a book of business. We share a portion of these net commissions and policy fees with the retail insurance broker and recognize revenue on a net basis. Additionally, carriers may also pay us a contingent commission or volume-based commission, both of which represent forms of contingent or supplemental consideration associated with the placement of coverage and are based primarily on underwriting results, but may also contain considerations for only volume, growth and/or retention. Although we have compensation arrangements called contingent commissions in all three Specialties that are based in whole or in part on the underwriting performance, we do not take any direct insurance risk other than through our equity method investment in Geneva Re through Ryan Investment Holdings, LLC. We also receive loss mitigation and other fees, some of which are not dependent on the placement of a risk.

In our Wholesale Brokerage and Binding Authority Specialties, we generally work with retail insurance brokers to secure insurance coverage for their clients, who are the ultimate insured party. Our Wholesale Brokerage and Binding Authority Specialties generate revenues through commissions and fees from clients, as well as through supplemental commissions, which may be contingent commissions or volume-based commissions from carriers. Commission rates and fees vary depending upon several factors, which may include the amount of premium, the type of insurance coverage provided, the particular services provided to a client or carrier, and the capacity in which we act. Payment terms are consistent with current industry practice.

In our Underwriting Management Specialty, we generally work with retail insurance brokers and often other wholesale brokers to secure insurance coverage for the ultimate insured party. Our Underwriting Management Specialty generates revenues through commissions and fees from clients and through contingent commissions from carriers. Commission rates and fees vary depending upon several factors including the premium, the type of coverage, and additional services provided to the client. Payment terms are consistent with current industry practice.

***Fiduciary Investment Income***

Fiduciary investment income consists of interest earned on insurance premiums and surplus lines taxes that are held in a fiduciary capacity, in cash and cash equivalents, until disbursed.

**Expenses**

***Compensation and Benefits***

Compensation and benefits is our largest expense. It consists of (i) salary, incentives and benefits paid and payable to employees, and commissions paid and payable to our producers and (ii) equity-based compensation associated with the grants of awards to employees, executive officers and directors. We operate in competitive markets for human capital and we need to maintain competitive compensation levels in order to maintain and grow our talent base.

***General and Administrative***

General and administrative expense includes travel and entertainment expenses, office expenses, accounting, legal, insurance and other professional fees, and other costs associated with our operations. Our occupancy-related costs and professional services expenses, in particular, generally increase or decrease in relative proportion to the number of our employees and the overall size and scale of our business operations.

***Amortization***

Amortization expense consists primarily of amortization related to intangible assets we acquired in connection with our acquisitions. Intangible assets consist of customer relationships, trade names, and internally developed software.

***Interest Expense, Net***

Interest expense, net consists of interest payable on indebtedness, amortization of the Company's interest rate cap, imputed interest on finance leases and contingent consideration, and amortization of deferred debt issuance costs, offset by interest income on the Company's Cash and cash equivalents balances and payments received in relation to the interest rate cap.

**Other Non-Operating Loss**

In 2022, Other non-operating loss included a change related to the TRA liability caused by an update in our blended state tax rates. In 2021, Other non-operating loss included the change in fair value of the embedded derivatives on the Redeemable Preferred Units. This change in fair value was due to the occurrence of a Realization Event in the third quarter of 2021, which was defined as a Qualified Public Offering or a Sale Transaction in the Onex Purchase Agreement. It also includes the expense associated with the extinguishment of a portion of our deferred debt issuance costs on the term debt in the first quarter of 2021.

**Income Tax Expense**

Income tax expense includes tax on the Company's allocable share of any net taxable income from the LLC, from certain state and local jurisdictions that impose taxes on partnerships, as well as earnings from our foreign subsidiaries and C-Corporations subject to entity level taxation.

**Non-Controlling Interest**

For the periods presented prior to March 31, 2021, our financial statements include the non-controlling interest related to the net income attributable to Ryan Re. Post-IPO, we report a non-controlling interest based on the LLC Common Units not owned by the Company. Net income (loss) and Other comprehensive income (loss) is attributed to the non-controlling interests based on the weighted average LLC Common Units outstanding during the period and is presented on the Consolidated Statements of Income. Refer to *"Note 11, Stockholders' and Members' Equity"* of the audited consolidated financial statements in this Annual Report for more information.

**Results of Operations**

Below is a summary table of the financial results and Non-GAAP measures that we find relevant to our business operations:

| *(in thousands, except percentages and per share data)* | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| **Revenue** | | | |
| Net commissions and fees | $ 1,711,861 | $ 1,432,179 | $ 1,016,685 |
| Fiduciary investment income | 13,332 | 592 | 1,589 |
| **Total revenue** | **$ 1,725,193** | **$ 1,432,771** | **$ 1,018,274** |
| **Expenses** | | | |
| Compensation and benefits | 1,128,981 | 991,618 | 686,155 |
| General and administrative | 196,971 | 138,955 | 107,381 |
| Amortization | 103,601 | 107,877 | 63,567 |
| Depreciation | 5,690 | 4,806 | 3,934 |
| Change in contingent consideration | 442 | 2,891 | (1,301 ) |
| **Total operating expenses** | **$ 1,435,685** | **$ 1,246,147** | **$ 859,736** |
| **Operating income** | **$ 289,508** | **$ 186,624** | **$ 158,538** |
| Interest expense, net | 104,829 | 79,354 | 47,243 |
| Loss (income) from equity method investment in related party | 414 | 759 | (440 ) |
| Other non-operating loss | 5,073 | 44,947 | 32,270 |
| **Income before income taxes** | **$ 179,192** | **$ 61,564** | **$ 79,465** |
| Income tax expense | 15,935 | 4,932 | 8,952 |
| **Net income** | **$ 163,257** | **$ 56,632** | **$ 70,513** |
| **GAAP financial measures** | | | |
| Revenue | $ 1,725,193 | $ 1,432,771 | $ 1,018,274 |
| Compensation and benefits | 1,128,981 | 991,618 | 686,155 |
| General and administrative | 196,971 | 138,955 | 107,381 |
| Net income | $ 163,257 | $ 56,632 | $ 70,513 |
| Total revenue growth rate | 20.4 % | 40.7 % | 33.1 % |
| Compensation and benefits expense ratio | 65.4 % | 69.2 % | 67.4 % |
| General and administrative expense ratio | 11.4 % | 9.7 % | 10.5 % |
| Net income margin | 9.5 % | 4.0 % | 6.9 % |
| Earnings (loss) per share | $ 0.57 | $ (0.07 ) | $ — |
| Diluted earnings (loss) per share | $ 0.52 | $ (0.07 ) | $ — |
| **Non-GAAP financial measures*** | | | |
| Organic revenue growth rate | 16.4 % | 22.4 % | 20.4 % |
| Adjusted compensation and benefits expense | $ 1,021,823 | $ 846,563 | $ 632,241 |
| Adjusted compensation and benefits expense ratio | 59.2 % | 59.1 % | 62.1 % |
| Adjusted general and administrative expense | $ 185,956 | $ 125,977 | $ 92,525 |
| Adjusted general and administrative expense ratio | 10.8 % | 8.8 % | 9.1 % |
| Adjusted EBITDAC | $ 517,414 | $ 460,231 | $ 293,508 |
| Adjusted EBITDAC margin | 30.0 % | 32.1 % | 28.8 % |
| Adjusted net income | $ 311,991 | $ 290,117 | $ 185,426 |
| Adjusted net income margin | 18.1 % | 20.2 % | 18.2 % |
| Adjusted diluted earnings per share | $ 1.15 | $ 1.08 | $ — |

* These measures are Non-GAAP. Please refer to the section entitled *"Non-GAAP Financial Measures and Key Performance Indicators"* below for definitions and reconciliations to the most directly comparable GAAP measure.

**Comparison of the Year Ended December 31, 2022 and 2021**

**Revenue**

***Net Commissions and Fees***

Net commissions and fees increased by $279.7 million, or 19.5%, from $1,432.2 million to $1,711.9 million for the year ended December 31, 2022 as compared to the same period in the prior year. The two main drivers of the

revenue increase are 16.4% of organic revenue growth and 2.8% growth from the Keystone, Crouse, and Centurion acquisitions.

| | Year Ended December 31, | | | | Period over Period | |
|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | 2022 | % of total | 2021 | % of total | Change | |
| Wholesale Brokerage | $ 1,129,241 | 66.0 % | $ 931,979 | 65.1 % | $ 197,262 | 21.2 % |
| Binding Authority | 231,048 | 13.5 | 209,622 | 14.6 | 21,426 | 10.2 |
| Underwriting Management | 351,572 | 20.5 | 290,578 | 20.3 | 60,994 | 21.0 |
| **Total Net commissions and fees** | **$ 1,711,861** | | **$ 1,432,179** | | **$ 279,682** | **19.5 %** |

Wholesale Brokerage net commissions and fees increased by $197.3 million, or 21.2%, period-over-period, primarily due to strong organic growth within the Specialty as well as contributions from the Crouse and Centurion acquisitions. Crouse contributed to organic growth starting in December of 2022.

Binding Authority net commissions and fees increased by $21.4 million, or 10.2%, period-over-period, primarily due to strong organic growth within the Specialty as well as contributions from the Crouse acquisition. Crouse contributed to organic growth starting in December of 2022.

Underwriting Management net commissions and fees increased by $61.0 million, or 21.0%, period-over-period, primarily due to strong organic growth within the Specialty as well as contributions from the Keystone acquisition.

The following table sets forth our revenue by type of commission and fees:

| | Year Ended December 31, | | | | Period over Period | |
|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | 2022 | % of total | 2021 | % of total | Change | |
| Net commissions and policy fees | $ 1,633,325 | 95.4 % | $ 1,370,955 | 95.7 % | $ 262,370 | 19.1 % |
| Supplemental and contingent commissions | 50,005 | 2.9 % | 36,750 | 2.6 % | 13,255 | 36.1 |
| Loss mitigation and other fees | 28,531 | 1.7 % | 24,474 | 1.7 % | 4,057 | 16.6 |
| **Total Net commissions and fees** | **$ 1,711,861** | | **$ 1,432,179** | | **$ 279,682** | **19.5 %** |

Net commissions and policy fees grew 19.1%, slightly lower than the overall net commissions and fee revenue growth of 19.5% for the year ended December 31, 2022, period-over-period as compared to the prior year. The main drivers of this growth continue to be the acquisition of new business and expansion of ongoing client relationships in response to the increasing demand for new, complex E&S products as well as the inflow of risks from the Admitted market into the E&S market. In aggregate, we experienced stable commission rates period over period.

Supplemental and contingent commissions increased 36.1% period-over-period driven by the performance of risks placed on eligible business earning profit-based or volume-based commissions.

Loss mitigation and other fees grew 16.6% period-over-period primarily due to captive management and other risk management services fees from the placement of alternative risk insurance solutions in 2022.

**Expenses**

***Compensation and Benefits***

Compensation and benefits expense increased by $137.4 million, or 13.9%, from $991.6 million to $1,129.0 million for the year ended December 31, 2022 compared to the same period in 2021. The following were the principal drivers of this increase:

- Commissions increased $95.2 million, or 22.0%, period-over-period, driven by the 19.5% increase in total Net Commissions and Fees discussed above;

- The remaining $42.2 million period-over-period increase was driven by a $80.3 million increase generated from (i) the addition of 304 employees compared to the same period prior year and (ii) growth in the business. This growth of $80.3 million was offset by a $21.8 million decrease to IPO- related expense and a $16.3 million decrease to Acquisition related long-term incentive compensation. Overall headcount increased to 3,850 full-time employees as of December 31, 2022 compared to 3,546 as of December 31, 2021.

The net impact of revenue growth and the factors above resulted in a Compensation and benefits expense ratio decrease of 3.8% from 69.2% to 65.4% period-over-period.

In general, we expect to continue experiencing a rise in commissions, salaries, incentives, and benefits expense commensurate with our expected growth in business volume, revenue, and headcount.

***General and Administrative***

General and administrative expense increased by $58.0 million, or 41.8%, from $139.0 million to $197.0 million for the year ended December 31, 2022 as compared to 2021. A main driver of this increase was $25.7 million of increased travel and entertainment expense as travel restrictions associated with the pandemic lessened compared to 2021. Insurance expense contributed $4.7 million to the period-over-period increase due to increased costs associated with being a public company. An increase in E&O claims and other commercial accommodations contributed $4.5 million to the period-over-period increase. The remaining increase of $23.1 million was driven by growth in the business. Such expenses incurred to accommodate both organic and inorganic revenue growth include IT, occupancy, and professional services. The net impact of revenue growth and the factors listed above resulted in a General and administrative expense ratio increase of 1.7% from 9.7% to 11.4% period-over-period.

***Amortization***

Amortization expense decreased by $4.3 million, or 4.0%, from $107.9 million to $103.6 million for the year ended December 31, 2022 compared to the prior year. The main driver for the decrease is certain previously acquired intangible assets became fully amortized. Our intangible assets decreased by $87.5 million when comparing the balance as of December 31, 2022 to the balance as of December 31, 2021.

***Interest Expense, Net***

Interest expense, net increased $25.4 million, or 32.0%, from $79.4 million to $104.8 million for the year ended December 31, 2022 compared to the prior year. The main drivers of the change in Interest expense, net for the year ended December 31, 2022 were the issuance of $400.0 million of Senior Secured Notes on February 3, 2022 and an increase in the floating rate applied to our Term Loan on account of the rising interest rate environment. On April 7, 2022, the Company entered into an interest rate cap agreement to manage its exposure to interest rate fluctuations related to the Company's Term Loan for an upfront cost of $25.5 million. The interest rate cap has a $1,000.0 million notional amount, 2.75% strike, and terminates on December 31, 2025. For each of the twelve months ended December 31, 2023, 2024, and 2025 we expect to incur approximately $7.0 million of interest expense related to the cap.

**Other Non-Operating Loss**

Other non-operating loss decreased by $39.8 million from to a loss of $44.9 million for the year ended December 31, 2021 to a loss of $5.1 million in the current period. For the year ended December 31, 2022, Other non-operating loss included a $5.6 million change in the TRA liability caused by a change in our blended state tax rates. For the year ended December 31, 2021, Other non-operating loss included a $36.9 million change in the fair value of the embedded derivatives of our Redeemable Preferred Units as well as $8.6 million of debt issuance costs written off due to the extinguishment of a portion of the term debt in connection with a repricing.

**Income Before Income Taxes**

Due to the factors above, Income before income taxes increased $117.6 million from $61.6 million to $179.2 million for the year ended December 31, 2022 compared to the same period in the prior year.

**Income Tax Expense**

Income tax expense increased $11.0 million from $4.9 million to $15.9 million for the year ended December 31, 2022 as compared to the same period in the prior year due to the Company being allocated pre-tax book loss for the post-IPO period ended December 31, 2021 compared to pre-tax book income for the year ended December 31, 2022. The increase in tax expense was offset by an increase in the Company's state tax rate during 2022 which resulted in a tax benefit recognized related to the increase in our Deferred tax assets and by a tax benefit recognized as a result of equity-based compensation vesting and resulting increase in the Company's tax basis in excess of GAAP basis.

**Net Income**

Net income increased $106.7 million from $56.6 million to $163.3 million for the year ended December 31, 2022 compared to the same period in the prior year as a result of the factors described above.

**Comparison of the Year Ended December 31, 2021 and 2020**

**Revenue**

***Net Commissions and Fees***

Net commissions and fees increased by $415.5 million, or 40.9%, from $1,016.7 million to $1,432.2 million for the year ended December 31, 2021 as compared to the same period in the prior year. The two main drivers of the revenue increase are 18.3% growth from the All Risks and Crouse acquisitions and 22.4% of organic revenue growth.

| | Year Ended December 31, | | | | Period over Period | |
|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | **2021** | **% of total** | **2020** | **% of total** | **Change** | |
| Wholesale Brokerage | $ 931,979 | 65.1 % | $ 673,090 | 66.2 % | $ 258,889 | 38.5 % |
| Binding Authority | 209,622 | 14.6 | 144,837 | 14.2 | 64,785 | 44.7 |
| Underwriting Management | 290,578 | 20.3 | 198,758 | 19.6 | 91,820 | 46.2 |
| **Total Net commissions and fees** | **$ 1,432,179** | | **$ 1,016,685** | | **$ 415,494** | **40.9 %** |

Wholesale Brokerage net commissions and fees increased by $258.9 million, or 38.5%, period-over-period, primarily due to strong organic growth within the Specialty as well as contributions from the All Risks Acquisition through August and the Crouse acquisition in December. All Risks contributed to organic growth for the period September through December 2021.

Binding Authority net commissions and fees increased by $64.8 million, or 44.7%, period-over-period, primarily due to strong organic growth within the Specialty as well as contributions from the All Risks Acquisition through August and the Crouse acquisition in December. All Risks contributed to organic growth for the period September through December 2021.

Underwriting Management net commissions and fees increased by $91.8 million, or 46.2%, period-over-period, primarily due to strong organic growth within the Specialty as well as contributions from the All Risks Acquisition through August. All Risks contributed to organic growth for the period September through December 2021.

In 2021, certain business previously transacted by Ryan Specialty's underwriting managers was renegotiated to a wholesale binding authority contract. For comparability, revenues in Binding Authority increased by $13.0 million in 2020 with an offset to revenues in Underwriting Management.

The following table sets forth our revenue by type of commission and fees:

| | | Year Ended December 31, | | | Period over Period | |
|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | **2021** | **% of total** | **2020** | **% of total** | **Change** | |
| Net commissions and policy fees | $ 1,370,955 | 95.7 % | $ 968,551 | 95.3 % | $ 402,404 | 41.5 % |
| Supplemental and contingent commissions | 36,750 | 2.6 | 30,835 | 3.0 | 5,915 | 19.2 |
| Loss mitigation and other fees | 24,474 | 1.7 | 17,299 | 1.7 | 7,175 | 41.5 |
| **Total Net commissions and fees** | **$ 1,432,179** | | **$ 1,016,685** | | **$ 415,494** | **40.9 %** |

Net commissions and policy fees grew 41.5%, slightly greater than the overall net commissions and fee revenue growth of 40.9% for the year ended December 31, 2021 as compared to the prior year. The main drivers of this growth continue to be the acquisition of new business and expansion of ongoing client relationships in response to the increasing demand for new, complex E&S products as well as the inflow of risks from the Admitted market into the E&S market. In aggregate, we experienced stable commission rates period over period.

Supplemental and contingent commissions increased 19.2% period-over-period driven by the performance of risks placed on eligible business and the addition to the supplemental and contingent commissions contributed by the All Risks Acquisition.

Loss mitigation and other fees grew 41.5% period-over-period primarily due to increased capital markets activity in 2021.

**Expenses**

***Compensation and Benefits***

Compensation and benefits expense increased by $305.4 million, or 44.5%, from $686.2 million to $991.6 million for the year ended December 31, 2021 compared to the same period in 2020. The following were the principal drivers of this increase:

- Commissions increased $138.5 million, or 47.0%, period-over-period, driven by the 40.9% increase in total Net Commissions and Fees discussed above;
- A $75.9 million increase from IPO related compensation expense, which reflects charges associated with both the revaluation of existing equity grants at the time of our IPO as well as expense related to the new awards issued in connection with the IPO. The expense associated with both the revaluation of existing awards as well as the issuance of new equity awards both directly relate to the Organizational Transactions and IPO, however amounts related to each will continue to be expensed over future periods as the underlying awards vest;
- A $25.3 million impact from acquisition related long-term incentive compensation, reflecting our assumption of obligations in the All Risks Acquisition. All Risks had previously established various performance and service based long-term incentive plans for executives, producers, and key employees which provided that upon a change of control event, the aggregate amount payable under each plan would be calculated and fixed upon close of the change of control event; and
- The remaining $65.7 million period-over-period increase was driven by (i) the addition of 840 employees through the All Risks Acquisition, which closed on September 1, 2020 and (ii) growth in the business. Overall headcount increased to 3,546 full-time employees as of December 31, 2021 from 3,313 as of December 31, 2020.

The increase in Compensation and benefits expense was partially offset by $12.3 million of net savings related to the Restructuring Plan, which represents approximately $22.2 million of work-force related savings less one-time work-force related expense of $9.9 million for the year ended December 31, 2021.

The net impact of revenue growth and the factors above resulted in a Compensation and Benefits Expense Ratio increase of 1.8% from 67.4% to 69.2% period-over-period. We expect to continue experiencing a general rise in

commissions, salaries, incentives and benefits expense commensurate with our expected growth in business volume, revenue and headcount.

***General and Administrative***

General and administrative expense increased by $31.6 million, or 29.4%, from $107.4 million to $139.0 million for the year ended December 31, 2021 as compared to 2020. Travel and entertainment contributed $5.8 million to the period-over-period increase, however the current period expense was limited due to travel restrictions from the COVID-19 pandemic. As travel restrictions are lifted we expect travel and entertainment expense to increase. Insurance expense contributed $5.1 million to the period-over-period increase as a result of revenue expansion, the All Risks Acquisition, and increased costs associated with being a public company. The remaining increase is a result of revenue expansion and the All Risks Acquisition. Such expenses incurred to accommodate both organic and inorganic revenue growth include IT, occupancy, and professional services. The net impact of revenue growth and the factors above resulted in a General and administrative expense ratio decrease of 0.8% from 10.5% to 9.7% period-over-period.

***Amortization***

Amortization expense increased by $44.3 million, or 69.7%, from $63.6 million to $107.9 million for the year ended December 31, 2021 compared to the prior year. The main driver was approximately $48.4 million of additional amortization from acquired intangibles from the All Risks Acquisition in 2021 compared to 2020. Our intangible assets decreased by $30.8 million as of December 31, 2021 as compared to December 31, 2020.

***Interest Expense, Net***

Interest expense, net increased $32.2 million, or 68.2%, from $47.2 million to $79.4 million for the year ended December 31, 2021 compared to the prior year. The main driver of the change in Interest expense, net for the year ended December 31, 2021 was an increase in debt, which was undertaken in connection with the All Risks Acquisition completed in September 2020.

***Other Non-Operating Loss***

Other non-operating loss increased by $12.6 million to a loss of $44.9 million for the year ended December 31, 2021 as compared to a loss of $32.3 million in the same period in the prior year. The main driver of the loss was a $36.9 million change in the fair value of the embedded derivatives of our Redeemable Preferred Units in 2021 compared to a $28.7 million change in 2020. The loss recorded in 2021 represents the recognition of the remaining make whole charge for the Redeemable Preferred Units, which were redeemed in connection with the Organizational Transactions and IPO. The second driver of this increase was $8.6 million of debt issuance costs written off due to the extinguishment of a portion of the term debt in connection with the repricing in the first quarter of 2021, which is partially offset by a loss on the interest rate swaps for the year ended December 31, 2020. The outstanding interest rate swaps were settled during 2020.

**Income Before Income Taxes**

Due to the factors above, Income before income taxes decreased $17.9 million from $79.5 million to $61.6 million for the year ended December 31, 2021 compared to the same period in the prior year.

**Income Tax Expense**

Income tax expense decreased $4.1 million from $9.0 million to $4.9 million for the year ended December 31, 2021 as compared to the same period in the prior year as a result of the liquidation of one of our taxable C-Corporation subsidiaries in the fourth quarter of 2020 and an audit by a local taxing jurisdiction in the same year.

**Net Income**

Net income decreased $13.9 million from $70.5 million to $56.6 million for the year ended December 31, 2021 compared to the same period in the prior year as a result of the factors described above.

## Non-GAAP Financial Measures and Key Performance Indicators

In assessing the performance of our business, we use non-GAAP financial measures that are derived from our consolidated financial information, but which are not presented in our consolidated financial statements prepared in accordance with GAAP. We consider 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 we believe are not representative of our core business. We use the following non-GAAP measures for business planning purposes, in measuring our performance relative to that of our competitors, to help investors to understand the nature of our 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 this Annual Report. Industry peers may provide similar supplemental information but may not define similarly-named metrics in the same way we do and may not make identical adjustments.

### Organic Revenue Growth Rate

Organic revenue growth rate represents the percentage change in Total revenue, as compared to the same period for the year prior, adjusted for revenue attributable to recent acquisitions during the first 12 months of Ryan Specialty's ownership, and other adjustments such as contingent commissions, fiduciary investment income, and the impact of changes in foreign exchange rates.

A reconciliation of Organic revenue growth rate to Total revenue growth rate, the most directly comparable GAAP measure, for each of the periods indicated is as follows (in percentages):

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| **Total revenue growth rate (GAAP) (1)** | **20.4 %** | **40.7 %** | **33.1 %** |
| Less: Mergers and acquisitions (2) | (2.8 ) | (18.3 ) | (12.9 ) |
| Change in other (3) | (1.2 ) | 0.0 | 0.2 |
| **Organic revenue growth rate (Non-GAAP)** | **16.4 %** | **22.4 %** | **20.4 %** |

(1)December 31, 2022 revenue of $1,725.2 million less December 31, 2021 revenue of $1,432.8 million is a $292.4 million year-over-year change. The change, $292.4 million, divided by the December 31, 2021 revenue of $1,432.8 million is a total revenue change of 20.4%. December 31, 2021 revenue of $1,432.8 million less December 31, 2020 revenue of $1,018.3 million is a $414.5 million year-over-year change. The change, $414.5 million, divided by the December 31, 2020 revenue of $1,018.3 million is a total revenue change of 40.7%. December 31, 2020 revenue of $1,018.3 million less December 31, 2019 revenue of $765.1 million is a $253.2 million year-over-year change. The change, $253.2 million, divided by the December 31, 2019 revenue of $765.1 million is a total revenue change of 33.1%. See *"Comparison of the Year Ended December 31, 2022 and 2021"* and *"Comparison of the Year Ended December 31, 2021 and 2020"* for further discussion.

(2)The mergers and acquisitions adjustment excludes net commission and fees revenue generated during the first 12 months following an acquisition. The total adjustment for the years ended December 31, 2022, 2021, and 2020 was $40.0 million $186.4 million and $98.4 million, respectively.

(3)The other adjustments exclude the year-over-year change in contingent commissions, fiduciary investment income, and foreign exchange rates. The total adjustment for the years ended December 31, 2022, 2021, and 2020 was $16.0 million $0.6 million and $1.6 million, respectively.

### Adjusted Compensation and Benefits Expense and Adjusted Compensation and Benefits Expense Ratio

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

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

A reconciliation of Adjusted compensation and benefits expense and Adjusted compensation and benefits expense ratio to Compensation and benefits expense and Compensation and benefits expense ratio, the most directly comparable GAAP measures, for each of the periods indicated, is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| *(in thousands, except percentages)* | **2022** | **2021** | **2020** |
| **Total Revenue** | **$ 1,725,193** | **$ 1,432,771** | **$ 1,018,274** |
| **Compensation and Benefits Expense** | **$ 1,128,981** | **$ 991,618** | **$ 686,155** |
| Acquisition-related expense | (122 ) | — | (4,479 ) |
| Acquisition related long-term incentive compensation | (22,093 ) | (38,405 ) | (13,064 ) |
| Restructuring and related expense | (724 ) | (9,934 ) | (10,465 ) |
| Amortization and expense related to discontinued prepaid incentives | (6,738 ) | (7,209 ) | (14,173 ) |
| Equity-based compensation | (23,390 ) | (13,639 ) | (10,800 ) |
| Discontinued programs expense | — | — | (996 ) |
| Other non-recurring expense | — | — | 63 |
| IPO related expenses | (54,091 ) | (75,868 ) | — |
| **Adjusted Compensation and Benefits Expense (1)** | **$ 1,021,823** | **$ 846,563** | **$ 632,241** |
| **Compensation and Benefits Expense Ratio** | **65.4 %** | **69.2 %** | **67.4 %** |
| **Adjusted Compensation and Benefits Expense Ratio** | **59.2 %** | **59.1 %** | **62.1 %** |

(1)Adjustments made to Compensation and benefits expense are described in the footnotes of the reconciliation of Adjusted EBITDAC to Net income in "*Adjusted EBITDAC and Adjusted EBITDAC Margin*".

**Adjusted General and Administrative Expense and Adjusted General and Administrative Expense Ratio**

We define Adjusted general and administrative expense as General and administrative expense adjusted to reflect items such as (i) acquisition and restructuring general and administrative related expense and (ii) other exceptional or non-recurring items, as applicable. The most comparable GAAP financial metric is General and administrative expense. Adjusted general and administrative expense ratio is defined as Adjusted general and administrative expense as a percentage of Total revenue. The most comparable GAAP financial metric is General and administrative expense ratio.

A reconciliation of Adjusted general and administrative expense and Adjusted general and administrative expense ratio to General and administrative expense and General and administrative expense ratio, the most directly comparable GAAP measures, for each of the periods indicated is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| *(in thousands, except percentages)* | **2022** | **2021** | **2020** |
| **Total Revenue** | **$ 1,725,193** | **$ 1,432,771** | **$ 1,018,274** |
| **General and Administrative Expense** | **$ 196,971** | **$ 138,955** | **$ 107,381** |
| Acquisition-related expense | (4,477 ) | (4,275 ) | (13,807 ) |
| Restructuring and related expense | (4,993 ) | (4,727 ) | (2,425 ) |
| Discontinued programs expense | — | — | 1,785 |
| Other non-recurring expense | — | (351 ) | (409 ) |
| IPO related expenses | (1,545 ) | (3,625 ) | — |
| **Adjusted General and Administrative Expense (1)** | **$ 185,956** | **$ 125,977** | **$ 92,525** |
| **General and Administrative Expense Ratio** | **11.4 %** | **9.7 %** | **10.5 %** |
| **Adjusted General and Administrative Expense Ratio** | **10.8 %** | **8.8 %** | **9.1 %** |

(1)Adjustments made to General and administrative expense are described in the footnotes of the reconciliation of Adjusted EBITDAC to Net income in "*Adjusted EBITDAC and Adjusted EBITDAC Margin*" in this Annual Report.

**Adjusted EBITDAC and Adjusted EBITDAC Margin**

We define Adjusted EBITDAC as Net income (loss) 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 and restructuring related expenses, and (iii) other exceptional or non-recurring items, as applicable. Total revenue less Adjusted compensation and benefits expense and Adjusted general and administrative expense is equivalent to Adjusted EBITDAC. The most directly comparable GAAP financial metric is Net income. Adjusted EBITDAC margin is defined as Adjusted EBITDAC as a percentage of Total revenue. The most comparable GAAP financial metric is Net income margin. These measures start with consolidated Net income and do not deduct earnings related to the non-controlling interest in Ryan Re for the period of time prior to March 31, 2021 when we did not own 100% of the business or the non-controlling interest attributed to the retained ownership of the LLC.

A reconciliation of Adjusted EBITDAC and Adjusted EBITDAC margin to Net income (loss) and Net income margin, the most directly comparable GAAP measures, for each of the periods indicated is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| *(in thousands, except percentages)* | **2022** | **2021** | **2020** |
| **Total Revenue** | **$ 1,725,193** | **$ 1,432,771** | **$ 1,018,274** |
| **Net Income** | **$ 163,257** | **$ 56,632** | **$ 70,513** |
| Interest expense, net | 104,829 | 79,354 | 47,243 |
| Income tax expense | 15,935 | 4,932 | 8,952 |
| Depreciation | 5,690 | 4,806 | 3,934 |
| Amortization | 103,601 | 107,877 | 63,567 |
| Change in contingent consideration | 442 | 2,891 | (1,301 ) |
| **EBITDAC** | **$ 393,754** | **$ 256,492** | **$ 192,908** |
| Acquisition-related expense (1) | 4,599 | 4,275 | 18,286 |
| Acquisition related long-term incentive compensation (2) | 22,093 | 38,405 | 13,064 |
| Restructuring and related expense (3) | 5,717 | 14,661 | 12,890 |
| Amortization and expense related to discontinued prepaid incentives (4) | 6,738 | 7,209 | 14,173 |
| Other non-operating loss (income) (5) | 5,073 | 44,947 | 32,270 |
| Equity-based compensation (6) | 23,390 | 13,639 | 10,800 |
| Discontinued programs expense (7) | — | — | (789 ) |
| Other non-recurring expense (8) | — | 351 | 346 |
| IPO related expenses (9) | 55,636 | 79,493 | — |
| (Income) / loss from equity method investments in related party | 414 | 759 | (440 ) |
| **Adjusted EBITDAC** | **$ 517,414** | **$ 460,231** | **$ 293,508** |
| **Net Income Margin (10)** | **9.5 %** | **4.0 %** | **6.9 %** |
| **Adjusted EBITDAC Margin** | **30.0 %** | **32.1 %** | **28.8 %** |

(1)Acquisition-related expense includes diligence, transaction-related, and integration costs. Compensation and benefits expenses were $0.1 million, $0.0 million and $4.5 million for the years ended December 31, 2022, 2021, and 2020, respectively, while General and administrative expenses contributed to $4.5 million, $4.3 million, and $13.8 million of the acquisition-related expense for the years ended December 31, 2022, 2021, and 2020, respectively.

(2)Acquisition related long-term incentive compensation arises from long-term incentive plans associated with acquisitions.

(3)Restructuring and related expense consists of compensation and benefits of $0.7 million, $9.9 million, and $10.5 million for the years ended December 31, 2022, 2021, and 2020, respectively, and General and administrative costs including occupancy and professional services fees of $5.0 million, $4.7 million, and $2.4 million for the years ended December 31, 2022, 2021, and 2020, respectively, related to the Restructuring Plan. The compensation and benefits expense includes severance as well as employment costs related to services rendered between the notification and termination dates. See "*Note 5, Restructuring*" of the audited consolidated financial statements in this Annual Report for further discussion. The remaining costs that preceded the Restructuring Plan were associated with organizational design, other severance, and non-recurring lease costs.

(4)Amortization and expense related to discontinued prepaid incentive programs – see "*Note 15, Employee Benefit Plans, Prepaid and Long-Term Incentives*" of the audited consolidated financial statements in this Annual Report for further discussion.

(5)For the year ended December 31, 2022, Other non-operating loss includes a $5.6 million charge related to the change in the TRA liability caused by a change in our blended state tax rates. For the year ended December 31, 2021, Other non-operating loss includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units. This change in fair value of $36.9 million was due to the occurrence of a Realization Event in the third quarter of 2021, which is defined as a Qualified Public Offering or a Sale Transaction in the Onex Purchase Agreement. The loss in 2021 also includes expense of $8.6 million associated with the extinguishment of a portion of our deferred debt issuance costs on the term debt. For the year ended December 31, 2020, Other non-operating loss includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units of $28.7 million and the change in fair value of interest rate swaps which were discontinued in 2020.

(6)Equity-based compensation reflects non-cash equity-based expense.

(7)Discontinued programs expense includes $0.0 million, $0.0 million, and $(1.8) million of General and administrative expense for the years ended December 31, 2022, 2021, and 2020, respectively. Compensation and benefits expense was $0.0 million, $0.0 million, and $1.0 million for the years ended December 31, 2022, 2021, and 2020, respectively. These costs were associated with concluding specific programs that are no longer core to our business. This adjustment also includes $0.0 million, $0.0 million, and $(0.1) million of General and administrative expense related to additional cancellation activity associated with these programs for the years ended December 31, 2022, 2021, and 2020, respectively.

(8)Other non-recurring expense includes one-time impacts that do not reflect the core performance of the business, including General and administrative expenses of $0.0 million, $0.4 million, and $0.4 million for the years ended December 31, 2022, 2021, and 2020, respectively, and Compensation and benefits expense was $0.0 million, $0.0 million, and $(0.1) million for the years ended December 31, 2022, 2021, and 2020, respectively. Other non-recurring items include one-time professional services costs associated with term debt repricing, and one-time non-income tax charges and tax and accounting consultancy costs associated with potential structure changes.

(9)IPO related expenses includes $1.5 million, $3.6 million, and $0.0 million for the years ended December 31, 2022, 2021, and 2020, respectively of General and administrative expense associated with the preparations for Sarbanes-Oxley compliance, tax and accounting advisory services on IPO-related structure changes, and Compensation-related expense of $54.1 million, $75.9 million, and $0.0 million for the years ended December 31, 2022, 2021, and 2020, respectively, related primarily to the revaluation of existing equity awards at IPO as well as expense for new awards issued at IPO.

(10)Net income margin is Net income as a percentage of Total revenue.

**Adjusted Net Income and Adjusted Net Income Margin**

We define Adjusted net income 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 the IPO, and certain exceptional or non-recurring items. The most

comparable GAAP financial metric is Net income. Adjusted net income margin is calculated as Adjusted net income as a percentage of Total revenue. The most comparable GAAP financial metric is Net income margin. These measures start with consolidated Net income and do not deduct earnings related to the non-controlling interest in Ryan Re for the period of time prior to March 31, 2021 when we did not own 100% of the business or the non-controlling interest attributed to the retained ownership of the LLC.

Following the IPO 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 comparability purposes, this calculation incorporates the impact of federal and state statutory tax rates on 100% of our adjusted pre-tax income as if the Company owned 100% of the LLC.

A reconciliation of Adjusted net income and Adjusted net income margin to Net income and Net income margin, the most directly comparable GAAP measures, for each of the periods indicated is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| *(in thousands, except percentages)* | **2022** | **2021** | **2020** |
| **Total Revenue** | **$ 1,725,193** | **$ 1,432,771** | **$ 1,018,274** |
| **Net Income** | **$ 163,257** | **$ 56,632** | **$ 70,513** |
| Income tax expense | 15,935 | 4,932 | 8,952 |
| Amortization | 103,601 | 107,877 | 63,567 |
| Amortization of deferred debt issuance costs (1) | 12,054 | 11,372 | 5,002 |
| Change in contingent consideration | 442 | 2,891 | (1,301 ) |
| Acquisition-related expense (2) | 4,599 | 4,275 | 18,286 |
| Acquisition related long-term incentive compensation (3) | 22,093 | 38,405 | 13,064 |
| Restructuring and related expense (4) | 5,717 | 14,661 | 12,890 |
| Amortization and expense related to discontinued prepaid incentives (5) | 6,738 | 7,209 | 14,173 |
| Other non-operating loss (income) (6) | 5,073 | 44,947 | 32,270 |
| Equity-based compensation (7) | 23,390 | 13,639 | 10,800 |
| Discontinued programs expense (8) | — | — | (789 ) |
| Other non-recurring expense (9) | — | 351 | 346 |
| IPO related expenses (10) | 55,636 | 79,493 | — |
| (Income) / loss from equity method investments in related party | 414 | 759 | (440 ) |
| **Adjusted Income before Income Taxes** | **$ 418,949** | **$ 387,443** | **$ 247,333** |
| Adjusted tax expense (11) | (106,958 ) | (97,326 ) | (61,907 ) |
| **Adjusted Net Income** | **$ 311,991** | **$ 290,117** | **$ 185,426** |
| **Net Income Margin (12)** | **9.5 %** | **4.0 %** | **6.9 %** |
| **Adjusted Net Income Margin** | **18.1 %** | **20.2 %** | **18.2 %** |

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

(2)Acquisition-related expense includes diligence, transaction-related, and integration costs. Compensation and benefits expenses were $0.1 million, $0.0 million, and $4.5 million for the years ended December 31, 2022, 2021, and 2020, respectively, while General and administrative expenses contributed to $4.5 million, $4.3 million, and $13.8 million of the acquisition-related expense for the years ended December 31, 2022, 2021, and 2020, respectively.

(3)Acquisition related long-term incentive compensation arises from long-term incentive plans associated with acquisitions.

(4)Restructuring and related expense consists of compensation and benefits of $0.7 million, $9.9 million, and $10.5 million for the years ended December 31, 2022, 2021, and 2020, respectively, and General and administrative costs including occupancy and professional services fees of $5.0 million, $4.7 million, and $2.4 million for the years ended December 31, 2022, 2021, and 2020, respectively, related to the Restructuring

Plan. The compensation and benefits expense includes severance as well as employment costs related to services rendered between the notification and termination dates. See "*Note 5, Restructuring*" of the audited consolidated financial statements in this Annual Report for further discussion. The remaining costs that preceded the Restructuring Plan were associated with organizational design, other severance, and non-recurring lease costs.

(5)Amortization and expense related to discontinued prepaid incentive programs – see "*Note 15, Employee Benefit Plans, Prepaid and Long-Term Incentives*" of the audited consolidated financial statements in this Annual Report for further discussion.

(6)For the year ended December 31, 2022, Other non-operating loss includes a $5.6 million charge related to the change in the TRA liability caused by a change in our blended state tax rates. For the year ended December 31, 2021, Other non-operating loss includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units. This change in fair value of $36.9 million was due to the occurrence of a Realization Event in the third quarter of 2021, which is defined as a Qualified Public Offering or a Sale Transaction in the Onex Purchase Agreement. The loss in 2021 also includes expense of $8.6 million associated with the extinguishment of a portion of our deferred debt issuance costs on the term debt. For the year ended December 31, 2020, Other non-operating loss includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units of $28.7 million and the change in fair value of interest rate swaps which were discontinued in 2020.

(7)Equity-based compensation reflects non-cash equity-based expense.

(8)Discontinued programs expense includes $0.0 million, $0.0 million, and $(1.8) million of General and administrative expense for the years ended December 31, 2022, 2021, and 2020, respectively. Compensation and benefits expense was $0.0 million, $0.0 million, and $1.0 million for the years ended December 31, 2022, 2021, and 2020, respectively. These costs were associated with concluding specific programs that are no longer core to our business. This adjustment also includes $0.0 million, $0.0 million, and $(0.1) million of General and administrative expense related to additional cancellation activity associated with these programs for the years ended December 31, 2022, 2021, and 2020, respectively.

(9)Other non-recurring expense includes one-time impacts that do not reflect the core performance of the business, including General and administrative expenses of $0.0 million, $0.4 million, and $0.4 million for the years ended December 31, 2022, 2021, and 2020, respectively, and Compensation and benefits expense was $0.0 million, $0.0 million, and $(0.1) million for the years ended December 31, 2022, 2021, and 2020, respectively. Other non-recurring items include one-time professional services costs associated with term debt repricing, and one-time non-income tax charges and tax and accounting consultancy costs associated with potential structure changes.

(10)IPO related expenses includes $1.5 million, $3.6 million, and $0.0 million for the years ended December 31, 2022, 2021, and 2020, respectively of General and administrative expense associated with the preparations for Sarbanes-Oxley compliance, tax and accounting advisory services on IPO-related structure changes, and Compensation-related expense of $54.1 million, $75.9 million, and $0.0 million for the years ended December 31, 2022, 2021, and 2020, respectively, related primarily to the revaluation of existing equity awards at IPO as well as expense for new awards issued at IPO.

(11)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 year ended December 31, 2022 this calculation of adjusted tax expense is based on a federal statutory rate of 21% and a combined state income tax rate net of federal benefits of 4.53% on 100% of our adjusted income before income taxes as if the Company owned 100% of the LLC. For the year ended December 31, 2021 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 4.12% on 100% of our adjusted income before income taxes as if the Company owned 100% of the LLC. For the year ended December 31, 2020 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 4.03% on 100% of our adjusted income before income taxes as if the Company owned 100% of the LLC.

(12)Net income margin is Net income as a percentage of Total revenue.

**Adjusted Diluted Earnings Per Share**

We define Adjusted diluted earnings per share as Adjusted net income divided by diluted shares outstanding after adjusting for the effect of the exchange of 100% of the outstanding LLC Common Units (together with the shares of Class B common stock) into shares of Class A common stock and the effect of unvested equity awards. The most directly comparable GAAP financial metric is Diluted earnings per share.

A reconciliation of Adjusted diluted earnings per share to Diluted earnings per share, the most directly comparable GAAP measure, for each of the periods indicated is as follows:

| | Year Ended December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | | Adjustments | | | | |
| *(in thousands, except per share data)* | **U.S. GAAP** | **Less: Net income attributed to dilutive awards and substantively vested shares (1)** | **Plus: Net income attributed to non-controlling interests (2)** | **Plus: Adjustments to Adjusted net income (3)** | **Plus: Dilutive impact of unvested equity awards (4)** | **Adjusted diluted earnings per share** |
| **Numerator:** | | | | | | |
| Net income attributable to Class A common shareholders- diluted | $ 137,370 | $ (76,318 ) | $ 102,205 | $ 148,734 | $ — | $ 311,991 |
| **Denominator:** | | | | | | |
| Weighted-average shares of Class A common stock outstanding- diluted | 265,750 | — | — | — | 4,731 | 270,481 |
| **Net income per share of Class A common stock- diluted** | **$ 0.52** | **$ (0.29 )** | **$ 0.38** | **$ 0.56** | **$ (0.02 )** | **$ 1.15** |

(1)Adjustment removes the impact of Net income attributed to dilutive awards and substantively vested RSUs to arrive at Net income attributable to Ryan Specialty Holdings, Inc. See *"Note 13, Earnings (Loss) Per Share"* of the audited consolidated financial statements in this Annual Report.

(2)For comparability purposes, this calculation incorporates the Net income as if all LLC Common Units (together with shares of Class B common stock) were exchanged for shares of Class A common stock at the beginning of the period. 143,992 weighted average outstanding LLC Common Units were considered dilutive for the year ended December 31, 2022 and included in the 265,750 Weighted-average shares outstanding within Diluted EPS. See *"Note 13, Earnings (Loss) Per Share"* of the audited consolidated financial statements in this Annual Report.

(3)Adjustments to Adjusted net income are described in the footnotes of the reconciliation of Adjusted net income to Net income in "*Adjusted Net Income and Adjusted Net Income Margin*" in this Annual Report.

(4)For comparability purposes and to be consistent with the treatment of the adjustments to arrive at Adjusted net income, the dilutive effect of unvested equity awards is calculated using the treasury stock method as if the weighted average unrecognized cost associated with the awards was $0 over the period, less any unvested equity awards determined to be dilutive within the Diluted earnings per share calculation disclosed in "*Note 13, Earnings (Loss) Per Share*" of the audited consolidated financial statements in this Annual Report.

| (in thousands, except per share data) | U.S. GAAP | Plus: Net income (loss) attributable to the LLC before the Organizational Transactions | Plus: Impact of all LLC Common Units exchanged for Class A shares (1) | Plus: Adjustments to Adjusted net income (2) | Plus: Dilutive impact of unvested equity awards (3) | Adjusted diluted earnings per share |
|---|---|---|---|---|---|---|
| | Year Ended December 31, 2021 | | | | | |
| | | Adjustments | | | | |
| **Numerator:** | | | | | | |
| Net income (loss) attributable to Class A common shareholders- diluted | $ (7,064 ) | $ 72,937 | $ (9,241 ) | $ 233,485 | $ — | $ 290,117 |
| **Denominator:** | | | | | | |
| Weighted-average shares of Class A common stock outstanding- diluted | 105,730 | — | 142,968 | — | 19,313 | 268,011 |
| **Net income (loss) per share of Class A common stock- diluted** | **$ (0.07 )** | **$ 0.69** | **$ (0.40 )** | **$ 0.94** | **$ (0.08 )** | **$ 1.08** |

(1)For comparability purposes, this calculation incorporates the Net income (loss) and weighted average shares of Class A common stock 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 and the non-controlling interest in Ryan Re for the period of time prior to March 31, 2021 when we did not own 100% of the business.

(2)Adjustments to Adjusted net income are described in the footnotes of the reconciliation of Adjusted net income to Net income in "*Adjusted Net Income and Adjusted Net Income Margin*" in this Annual Report.

(3)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 loss per share calculation disclosed in "*Note 13, Earnings (Loss) Per Share*" of the audited consolidated financial statements in this Annual Report.

## Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations. We believe that the balance sheet and strong cash flow profile of our business provides adequate liquidity. The primary sources of liquidity are Cash and cash equivalents on the Consolidated Balance Sheets, cash flows provided by operations, and debt capacity available under our Revolving Credit Facility, Term Loan, and Senior Secured Notes. The primary uses of liquidity are operating expenses, seasonal working capital needs, business combinations, capital expenditures, obligations under the TRA, taxes, and distributions to LLC Unitholders. We believe that Cash and cash equivalents, cash flows from operations, and amounts available under our Revolving Credit Facility will be sufficient to meet liquidity needs, including principal and interest payments on debt obligations, capital expenditures, and anticipated working capital requirements, for the next 12 months and beyond. Our future capital requirements will depend on many factors including continuance of historical working capital levels and capital expenditure needs, investment in de novo offerings, and the flow of deals in our merger and acquisition program.

We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations, this could reduce our ability to compete successfully and harm the results of our operations.

Cash and cash equivalents on the Consolidated Balance Sheets includes funds available for general corporate purposes. Fiduciary cash and receivables cannot be used for general corporate purposes. Insurance premiums, claims funds, and surplus lines taxes are held in a fiduciary capacity and the obligation to remit these funds is recorded as Fiduciary liabilities in the Consolidated Balance Sheets. We recognize fiduciary amounts due to others as Fiduciary liabilities and fiduciary amounts collectible and held on behalf of others, including insurance carriers, other insurance intermediaries, surplus lines taxing authorities, clients, and insurance policy holders, as Fiduciary cash and receivables in the Consolidated Balance Sheets.

In our capacity as an insurance broker or agent, we collect premiums from insureds and, after deducting our commission, remit the premiums to the respective insurance markets and carriers. We also collect claims prefunding or refunds from carriers on behalf of insureds, which are then returned to the insureds, and surplus lines taxes, which are then remitted to surplus lines taxing authorities. Insurance premiums, claim funds, and surplus lines taxes are held in a fiduciary capacity. The levels of Fiduciary cash and receivables and Fiduciary liabilities can fluctuate significantly depending on when we collect the premiums, claims prefunding, and refunds, make payments to markets, carriers, surplus lines taxing authorities, and insureds, and collect funds from clients and make payments on their behalf, and upon the impact of foreign currency movements. Fiduciary cash, because of its nature, is generally invested in very liquid securities with a focus on preservation of principal. To minimize investment risk, we maintain cash holdings pursuant to an investment policy which contemplates all relevant rules established by states with regard to fiduciary cash and is approved by our Board of Directors. The policy requires broad diversification of holdings across a variety of counterparties utilizing limits set by our Board of Directors, primarily based on credit rating and type of investment. Fiduciary cash and receivables included cash of $744.7 million and $752.7 million as of December 31, 2022 and 2021, respectively, and fiduciary receivables of $1,837.0 million and $1,637.5 million as of December 31, 2022 and 2021, respectively. While we may earn interest income on fiduciary cash held in cash and investments, the fiduciary cash may not be used for general corporate purposes. Of the $992.6 million of Cash and cash equivalents on the Consolidated Balance Sheet as of December 31, 2022, $66.2 million was held in fiduciary accounts representing collected revenue and was available to be transferred to operating accounts and used for general corporate purposes.

***Credit Facilities***

We expect to have sufficient financial resources to meet our business requirements for the next 12 months. Although cash from operations is expected to be sufficient to service our activities, including servicing our debt and contractual obligations, and financing capital expenditures, we have the ability to borrow under our Revolving Credit Facility to accommodate any timing differences in cash flows. Additionally, under current market conditions, we believe that we could access capital markets to obtain debt financing for longer-term funding, if needed.

On September 1, 2020, we entered into the Credit Agreement with leading institutions, including JPMorgan Chase Bank, N.A., the Administrative Agent, for Term Loan borrowings totaling $1,650.0 million and a Revolving Credit Facility totaling $300.0 million, in connection with financing the All Risks Acquisition. Borrowings under our Revolving Credit Facility are permitted to be drawn for our working capital and other general corporate financing purposes and those of certain of our subsidiaries. Borrowings under our Credit Agreement are unconditionally guaranteed by various subsidiaries and are secured by a lien and security interest in substantially all of our assets.

On July 26, 2021, we entered into an amendment to our Credit Agreement, which provided for an increase in the size of our Revolving Credit Facility from $300.0 million to $600.0 million. Interest on the upsized Revolving Credit Facility bore interest at the Eurocurrency Rate (LIBOR) plus a margin that ranged from 2.50% to 3.00%, based on the first lien net leverage ratio defined in our Credit Agreement. No other significant terms under our agreement governing the Revolving Credit Facility were changed in connection with such amendment.

On February 3, 2022, the LLC issued $400.0 million of Senior Secured Notes. The notes have a 4.375% interest rate and will mature on February 1, 2030.

On April 29, 2022, the Company entered into the Fourth Amendment to the Credit Agreement on its Term Loan and Revolving Credit Facility to transition its LIBOR rate to a Benchmark Replacement of Adjusted Term SOFR plus a Credit Spread Adjustment of 10 basis points, 15 basis points, or 25 basis points for the one-month, three-month, or six-month borrowing periods, respectively.

As of December 31, 2022, the interest rate on the Term Loan was 3.00% plus Adjusted Term SOFR, subject to a 75 basis point floor.

As of December 31, 2022, we were in compliance with all of the covenants under our Credit Agreement and there were no events of default for the year ended December 31, 2022.

***Tax Receivable Agreement***

The Company is party to a TRA with current and certain former LLC Unitholders. The TRA provides for the payment by the Company, to current and certain former LLC Unitholders, of 85% of the net cash savings, if any, in U.S. federal, state, and local income taxes that the Company realizes (or is deemed to realize in certain circumstances) as a result of (i) certain increases in the tax basis of the assets of the LLC resulting from purchases or exchanges of LLC Common Units ("Exchange Tax Attributes"), (ii) certain tax attributes of the LLC that existed prior to the IPO ("Pre-IPO M&A Tax Attributes"), (iii) certain favorable "remedial" partnership tax allocations to which the Company becomes entitled to (if any), and (iv) certain other tax benefits related to the Company entering into the TRA, including tax benefits attributable to payments that the Company makes under the TRA ("TRA Payment Tax Attributes"). The Company recognizes a liability on the Consolidated Balance Sheets based on the undiscounted estimated future payments under the TRA.

Due to the uncertainty of various factors, we cannot precisely quantify the likely tax benefits we will realize as a result of the LLC Common Unit exchanges and the resulting amounts we are likely to pay out to current and certain former LLC Unitholders pursuant to the TRA; however, we estimate that such tax benefits and the related TRA payments may be substantial. As set forth in the table below, and assuming no changes in the relevant tax law and that we earn sufficient taxable income to realize all cash tax savings that are subject to the TRA as a result of transaction, we expect future payments under the TRA as a result of transactions as of December 31, 2022 will be $295.3 million in aggregate. Future payments in respect to subsequent exchanges would be in addition to these amounts and are expected to be substantial. The foregoing amounts are merely estimates and the actual payments could differ materially. In the highly unlikely event of an early termination of the TRA (e.g., a default by the Company or a Change of Control) the Company is required to pay to each holder of the TRA an early termination payment equal to the discounted present value of all unpaid TRA Payments. The Company has not made and is not likely to make an election for an early termination. We expect to fund future TRA payments with tax distributions from the LLC that come from cash on hand and cash generated from operations.

| *(in thousands)* | Exchange Tax Attributes [1] | Pre-IPO M&A Tax Attributes [2] | TRA Payment Tax Attributes [3] | TRA Liabilities |
|---|---|---|---|---|
| **Balance at December 31, 2021** | **$ 136,704** | **$ 83,389** | **$ 52,007** | **$ 272,100** |
| Exchange of LLC Common Units | 16,207 | 3,680 | 6,116 | 26,003 |
| Remeasurement - change in state rate | 2,157 | 1,351 | 1,897 | 5,405 |
| Accrued interest | - | - | 148 | 148 |
| Payments | (4,757 ) | (3,404 ) | (148 ) | (8,309 ) |
| **Balance at December 31, 2022** | **$ 150,311** | **$ 85,016** | **$ 60,020** | **$ 295,347** |

Total realized tax savings for the year ended December 31, 2021 from each of the tax attributes associated with the TRA were (i) Exchange Tax Attributes of $5.6 million, (ii) Pre-IPO M&A Tax Attributes of $4.0 million, and (iii) TRA Payment Tax Attributes of $0.0 million. 85% of the realized savings ($8.2 million, plus interest) were paid to the current and certain former LLC Unitholders and the remaining 15% of the realized tax savings ($1.4 million) were retained by the Company.

Total expected estimated tax savings from each of the tax attributes associated with the TRA as of December 31, 2022 are (i) Exchange Tax Attributes of $176.8 million, (ii) Pre-IPO M&A Tax Attributes of $100.0 million, and (iii) TRA Payment Tax Attributes of $70.6 million. The Company will retain the benefit of 15% of these cash savings.

**Comparison of Cash Flows for the Year Ended December 31, 2022 and 2021**

Cash and cash equivalents increased $605.7 million from $387.0 million at December 31, 2021 to $992.7 million at December 31, 2022. A summary of our cash flows provided by and used for ongoing operations from operating, investing, and financing activities is as follows:

***Cash Flows From Operating Activities***

Net cash provided by operating activities during the year ended December 31, 2022 increased $62.0 million from the year ended December 31, 2021 to $335.5 million. Strong organic revenue growth along with the Keystone and Crouse acquisitions completed in the fourth quarter of 2021 drove operating cash flow period-over-period. Net income increased $106.7 million which was offset by a decline in accrued liabilities period-over-period related to long-term incentives within Accounts payable and accrued liabilities.

***Cash Flows From Investing Activities***

Cash flows used for investing activities during the year ended December 31, 2022 were $22.4 million, a decrease of $435.5 million compared to the $457.9 million of cash flows used for investing activities during the year ended December 31, 2021. The main driver of the cash flows used for investing activities in the year ended December 31, 2022 was $15.0 million of capital expenditures and $7.7 million related to the Centurion acquisition completed in November of 2022, compared to the $343.2 million acquisition of the entity through which Onex held its preferred and other interests, $9.8 million of capital expenditures, and $108.9 million of acquisition payments made for the Crouse and Keystone acquisitions for the year ended December 31, 2021.

***Cash Flows From Financing Activities***

Cash flows provided by financing activities during the year ended December 31, 2022 were $314.8 million, a decrease of $114.5 million compared to cash flows provided by financing activities of $429.3 million during the year ended December 31, 2021. The main drivers of cash flows provided by financing activities during the year ended December 31, 2022 were the issuance of the Senior Secured Notes generating $394.0 million in net proceeds and the net change in fiduciary liabilities of $17.4 million, offset by cash distributions to LLC Unitholders of $39.9 million, payment of interest rate cap premium of $25.5 million, the repayment of term debt of $16.5 million, and the payment of contingent consideration of $6.2 million. The main drivers of cash flows provided by financing activities during the year ended December 31, 2021 was the issuance of Class A common stock in the IPO of $1,448.1 million, offset by the repurchase of pre-IPO LLC units and Alternative TRA payments of $780.4 million, the repurchase of Class A common stock in the IPO of $183.6 million, the repurchase of preferred equity for $78.3 million, $48.4 million in cash paid for the remaining 53% non-controlling common equity interest in Ryan Re, $47.1 million of cash distributions paid to pre-IPO unitholders, and $16.5 million repayment of term debt.

## Contractual Obligations and Commitments

Our principal commitments consist of contractual obligations in connection with investing and operating activities. These obligations are described within "*Note 9, Leases*" and "*Note 10, Debt*" in the notes to our audited consolidated financial statements in this Annual Report and provide further description on provisions that create, increase or accelerate obligations, or other pertinent data to the extent necessary for an understanding of the timing and amount of the specified contractual obligations.

Within Current accrued compensation and Non-current accrued compensation we have various long-term incentive compensation agreements accrued for.  These agreements are typically associated with an acquisition.

Below we have outlined the liabilities accrued as of December 31, 2022, the projected future expense, and the projected timing of future cash outflows associated with these arrangements.

**Long-term Incentive Compensation Agreements**

| *(in thousands)* | | December 31, 2022 |
|---|---|---|
| Current accrued compensation | $ | — |
| Non-current accrued compensation | | 83 |
| **Total liability** | **$** | **83** |
| Projected future expense | | 195 |
| **Total projected future cash outflows** | **$** | **278** |

**Projected Future Cash Outflows**

| *(in thousands)* | | |
|---|---|---|
| 2023 | $ | — |
| 2024 | | — |
| 2025 | | — |
| 2026 | | 56 |
| Thereafter | $ | 223 |

Within "*Note 4, Mergers and Acquisitions*" in the notes to our audited consolidated financial statements in this Annual Report we outline various contingent consideration arrangements and their impact. Below we have outlined the liabilities accrued as of December 31, 2022, the projected future expense, and the projected timing of future cash outflows associated with these contingent consideration agreements.

**Contingent Consideration**

| *(in thousands)* | | December 31, 2022 |
|---|---|---|
| Current accounts payable and accrued liabilities | $ | 7,537 |
| Other non-current liabilities | | 21,714 |
| **Total liability** | **$** | **29,251** |
| Projected future expense | | 5,163 |
| **Total projected future cash outflows** | **$** | **34,414** |

**Projected Future Cash Outflows**

| *(in thousands)* | | |
|---|---|---|
| 2023 | $ | 7,837 |
| 2024 | | — |
| 2025 | | 26,577 |
| 2026 | | — |
| Thereafter | $ | — |

For further discussion, see *"Note 4, Mergers and Acquisitions", "Note 9, Leases", "Note 10, Debt", "Note 15, Employee Benefit Plans, Prepaid and Long-Term Incentives"*, and "*Note 18, Commitments and Contingencies"* of the notes to the consolidated financial statements in this Annual Report.

## Critical Accounting Policies and Estimates

The methods, assumptions, and estimates that we use in applying the accounting policies may require us to apply judgments regarding matters that are inherently uncertain. We consider an accounting policy to be a critical estimate if: (i) the Company must make assumptions that were uncertain when the judgment was made and (ii) changes in the estimate assumptions or selection of a different estimate methodology could have a significant impact on our financial position and the results that we report in the consolidated financial statements. While we believe that the estimates, assumptions, and judgments are reasonable, they are based on information available when the estimate was made.

Refer to "*Note 2, Summary of Significant Accounting Policies"* in the consolidated financial statements in this Annual Report for further information on the critical accounting estimates and policies. Refer to "*Note 4, Mergers and Acquisitions"* in the consolidated financial statements in this Annual Report for further information on the critical accounting policies over business combinations and contingent consideration. Refer to "*Note 12, Equity-Based Compensation"* in the consolidated financial statements in this Annual Report for the critical accounting estimates and policies related to equity-based compensation. Refer to "*Note 17, Fair Value Measurements"* in the consolidated financial statements in this Annual Report for further information on pricing of contingent consideration, derivative instruments and liabilities for which only fair value is disclosed. Refer to "*Note 20, Income Taxes"* in the consolidated financial statements in this Annual Report for further information on the estimates involved in income taxes and the TRA liability.

A summary of the critical accounting policies and corresponding judgments are as follows:

**Revenue Recognition**

The timing of revenue recognition and constraints applied to both supplemental and contingent commissions is based on estimates and assumptions. These commissions are paid to the Company based on the achievement of volume and/or underwriting profitability targets on the eligible insurance contracts placed. Because of our limited visibility into the satisfaction of performance indicators outlined in the contracts, the Company constrains such revenues until such time that the carrier provides explicit confirmation of amounts owed to us to avoid a significant reversal of revenue in a future period. The uncertainty regarding the ultimate transaction price for contingent commissions is principally the profitability of the underlying insurance policies placed as determined by the development of loss ratios maintained by the carriers. The uncertainty is resolved over the contractual term. We evaluate the assumptions applied and make adjustments as experience changes.

**Business Combinations**

The Company accounts for transactions that represent business combinations under the acquisition method of accounting, which requires us to allocate the total consideration transferred for each acquisition to the assets we acquire and liabilities we assume based on their fair values as of the date of acquisition, including identifiable intangible assets. The allocation of the consideration utilizes significant estimates in determining the fair values of identifiable assets acquired, especially with respect to intangible assets. We may refine our estimates and make adjustments to the assets acquired and liabilities assumed over a measurement period, not to exceed one year from the date of acquisition.

The Company has financial liabilities resulting from our business combinations, namely contingent consideration arrangements. We estimate the fair value of these contingent consideration arrangements using Level 3 inputs that require the use of numerous assumptions and Monte Carlo simulations, which may change based on the occurrence of future events and lead to increased or decreased operating income in future periods. Estimating the fair value at an acquisition date and in subsequent periods involves significant judgments, including projecting the future financial performance of the acquired businesses. The Company updates its assumptions each reporting period based on new developments and records such amounts at fair value based on the revised assumptions. Changes in the fair value of these contingent consideration arrangements are recorded in Change in contingent consideration within the Consolidated Statements of Income.

**Goodwill and Other Intangible Assets**

The Company reviews goodwill for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value of the reporting unit may not be recoverable. In the performance of the annual evaluation, the Company also considers qualitative and quantitative developments between the date of the goodwill impairment review and the fiscal year end to determine if an impairment should be recognized.

The Company reviews goodwill for impairment at the reporting unit level, which coincides with the operating segment, Ryan Specialty. The determinations of impairment indicators and the fair value of the reporting unit are based on estimates and assumptions related to the amount and timing of future cash flows and future interest rates.

Such estimates and assumptions could change in the future as more information becomes available, which could impact the amounts reported and disclosed herein.

The other intangible assets balance is primarily made up of customer relationship intangible asset acquired from All Risks. We review intangible assets that are being amortized for impairment whenever events or changes in circumstance indicate that their carrying amount may not be recoverable.

We have not made any material changes in the accounting methodology used to evaluate the impairment of amortizable intangible assets during the last three fiscal years. We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate impairments or useful lives of amortizable intangible assets. However, if actual results are not consistent with our estimates and assumptions, we may be exposed to impairment losses that could be material.

**Income Taxes**

We recognize deferred tax assets to the extent that it is believed that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations. A valuation allowance is provided if it is determined that it is more likely than not that the deferred tax asset will not be realized. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, we consider our historical results and incorporate certain assumptions. We expect to realize future tax benefits related to the utilization of these assets. If we determine in the future that we will not be able to fully utilize all or part of these deferred tax assets, we would record a valuation allowance through earnings in the period the determination was made, which would have an adverse effect on our results of operations and earnings in future periods.

Changes in tax laws and rates could affect recorded deferred tax assets and liabilities in the future. Other than those potential impacts, we do not believe there is a reasonable likelihood there will be a material change in the tax related balances or valuation allowances. However, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the tax liabilities.

**Tax Receivable Agreement Liabilities**

As described in "*Note 20, Income Taxes"* in the notes to the consolidated financial statements in this Annual Report, in connection with the Organizational Transactions and IPO, the Company entered into a TRA with current and certain former LLC Unitholders. The TRA provides for the payment by the Company, to current and certain former LLC Unitholders, of 85% of the net cash savings, if any, in U.S. federal, state, and local income taxes that the Company realizes (or is deemed to realize in certain circumstances) as a result of (i) certain increases in the tax basis of the assets of the LLC resulting from purchases or exchanges of LLC Common Units, (ii) certain tax attributes of the LLC that existed prior to the IPO, (iii) certain favorable "remedial" partnership tax allocations to which the Company becomes entitled to (if any), and (iv) certain other tax benefits related to the Company entering into the TRA, including tax benefits attributable to payments that the Company makes under the TRA. Amounts payable under the TRA are contingent upon, among other things: (i) generation of future taxable income over the term of the TRA and (ii) future changes in tax laws. If we do not generate sufficient taxable income in the aggregate over the term of the TRA to utilize the tax benefits, then we would not be required to make the related TRA payments. Therefore, we only recognize a liability for TRA payments if we determine it is probable that we will generate sufficient future taxable income over the term of the TRA to utilize the related tax benefits. Estimating future taxable income is inherently uncertain and requires judgment. As of December 31, 2022, we recognized $295.3 million of liabilities relating to our obligations under the TRA, after concluding that it was probable that we would have sufficient future taxable income to utilize the related tax benefits.

**Recent Accounting Pronouncements**

For a description of our recently adopted accounting pronouncements see "*Note 2, Summary of Significant Accounting Policies*" in the notes to our audited consolidated financial statements in this Annual Report.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks in the day-to-day operations of our business. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest and foreign currency exchange rates.

### Foreign Currency Risk

For the year ended December 31, 2022, approximately 3% of revenues were generated from activities in the United Kingdom, Europe, and Canada. We are exposed to currency risk from the potential changes between the exchange rates of the US Dollar, Canadian Dollar, British Pound, Euro, Swedish Krona, Danish Krone, and other European currencies. The exposure to foreign currency risk from the potential changes between the exchange rates between the USD and other currencies is immaterial.

### Interest Rate Risk

Fiduciary investment income is affected by changes in international and domestic short-term interest rates.

As of December 31, 2022, we had $1,612.9 million of outstanding principal on our Term Loan borrowings, which bears interest on a floating rate, subject to a 0.75% floor. We are subject to Adjusted Term SOFR interest rate changes and exposure in excess of the floor. The fair value of the Term Loan approximates the carrying amount as of December 31, 2022 and 2021, as determined based upon information available.

On April 7, 2022, the Company entered into an interest rate cap agreement to manage its exposure to interest rate fluctuations related to the Company's Term Loan for an upfront cost of $25.5 million. The interest rate cap has a $1,000.0 million notional amount, 2.75% strike, and terminates on December 31, 2025.

On April 29, 2022, the Company entered into the Fourth Amendment to the Credit Agreement on its Term Loan and Revolving Credit Facility to transition its Eurocurrency Rate (LIBOR) to a Benchmark Replacement of Adjusted Term SOFR plus a Credit Spread Adjustment of 10 basis points, 15 basis points, or 25 basis points for the one-month, three-month, or six-month borrowing periods, respectively.

Other financial instruments consist of Cash and cash equivalents, Commissions and fees receivable – net, Other current assets, and Accounts payable and accrued liabilities. The carrying amounts of Cash and cash equivalents, Commissions and fees receivable – net, and Accounts payable and accrued liabilities approximate fair value because of the short-term nature of the instruments.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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## Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Ryan Specialty Holdings, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ryan Specialty Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, mezzanine equity and stockholders'/members' equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Realizability of Deferred Tax Assets— Refer to Notes 2 and 20 to the consolidated financial statements***

*Critical Audit Matter Description*

As a result of the Organizational Transactions and the IPO, the Company acquired an interest in the LLC and has recognized a deferred tax asset for the difference between the financial reporting and tax basis of its investment in Ryan Specialty, LLC.

Deferred tax assets are reduced by a valuation allowance if, based on the weight of all available evidence, in management's judgment it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

Conclusions on the realizability of the net deferred tax assets involve significant management judgment including assumptions and estimates related to the amount and timing of future taxable income. Auditing the deferred tax asset calculation and the related forecast of future taxable income involved a high degree of auditor judgment around management's assumptions and estimates.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the realizability of deferred tax assets included the following, among others:

- We obtained an understanding and evaluated the design and implementation of internal controls that address the risks of material misstatement relating to the realizability of deferred tax assets, including controls over management's projections of future taxable income and the related assumptions.
- With the assistance of our income tax specialists, we performed the following:
    - We evaluated the assumptions used by the Company to develop projections of future taxable income by income tax jurisdiction and tested the completeness and accuracy of the underlying data used in the projections.
    - We tested the accuracy of the valuation of the deferred tax asset.
    - We evaluated the reasonableness of the methods, significant assumptions, and judgments used by management to determine whether it was more likely than not that the Company would be able to realize its deferred tax assets.

/s/ Deloitte & Touche LLP

Chicago, Illinois
March 1, 2023

We have served as the Company's auditor since 2011.

**Ryan Specialty Holdings, Inc.**
**Consolidated Statements of Income**
All balances presented in thousands, except share and per share data

| | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| **REVENUE** | | | |
| Net commissions and fees | $ 1,711,861 | $ 1,432,179 | $ 1,016,685 |
| Fiduciary investment income | 13,332 | 592 | 1,589 |
| **Total revenue** | **$ 1,725,193** | **$ 1,432,771** | **$ 1,018,274** |
| **EXPENSES** | | | |
| Compensation and benefits | 1,128,981 | 991,618 | 686,155 |
| General and administrative | 196,971 | 138,955 | 107,381 |
| Amortization | 103,601 | 107,877 | 63,567 |
| Depreciation | 5,690 | 4,806 | 3,934 |
| Change in contingent consideration | 442 | 2,891 | (1,301 ) |
| **Total operating expenses** | **$ 1,435,685** | **$ 1,246,147** | **$ 859,736** |
| **OPERATING INCOME** | **$ 289,508** | **$ 186,624** | **$ 158,538** |
| Interest expense, net | 104,829 | 79,354 | 47,243 |
| Loss (income) from equity method investment in related party | 414 | 759 | (440 ) |
| Other non-operating loss | 5,073 | 44,947 | 32,270 |
| **INCOME BEFORE INCOME TAXES** | **$ 179,192** | **$ 61,564** | **$ 79,465** |
| Income tax expense | 15,935 | 4,932 | 8,952 |
| **NET INCOME** | **$ 163,257** | **$ 56,632** | **$ 70,513** |
| Net income (loss) attributable to non-controlling interests, net of tax | 102,205 | (9,241 ) | 2,409 |
| **NET INCOME ATTRIBUTABLE TO RYAN SPECIALTY HOLDINGS, INC.** | **$ 61,052** | **$ 65,873** | **$ 68,104** |
| **NET INCOME (LOSS) PER SHARE OF CLASS A COMMON STOCK:** | | | |
| Basic | $ 0.57 | $ (0.07 ) | — |
| Diluted | $ 0.52 | $ (0.07 ) | — |
| **WEIGHTED-AVERAGE SHARES OF CLASS A COMMON STOCK OUTSTANDING:** | | | |
| Basic | 108,616,420 | 105,730,008 | — |
| Diluted | 265,750,444 | 105,730,008 | — |

Refer to Notes to the Consolidated Financial Statements

**Ryan Specialty Holdings, Inc.**
**Consolidated Statements of Comprehensive Income**
All balances presented in thousands

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| **NET INCOME** | **$ 163,257** | **$ 56,632** | **$ 70,513** |
| Net income (loss) attributable to non-controlling interests, net of tax | 102,205 | (9,241 ) | 2,409 |
| **NET INCOME ATTRIBUTABLE TO RYAN SPECIALTY HOLDINGS, INC.** | **$ 61,052** | **$ 65,873** | **$ 68,104** |
| **Other comprehensive income (loss), net of tax:** | | | |
| Gain on interest rate cap | 9,010 | — | — |
| (Gain) on interest rate cap reclassified to earnings | (945 ) | — | — |
| Foreign currency translation adjustments | (1,670 ) | (121 ) | 1,084 |
| Change in share of equity method investment in related party other comprehensive income (loss) | (2,074 ) | (867 ) | 754 |
| **Total other comprehensive income (loss), net of tax** | **$ 4,321** | **$ (988 )** | **$ 1,838** |
| **COMPREHENSIVE INCOME ATTRIBUTABLE TO RYAN SPECIALTY HOLDINGS, INC.** | **$ 65,373** | **$ 64,885** | **$ 69,942** |

Refer to Notes to the Consolidated Financial Statements

**Ryan Specialty Holdings, Inc.**
**Consolidated Balance Sheets**
All balances presented in thousands, except share and per share data

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **CURRENT ASSETS** | | | | |
| Cash and cash equivalents | $ | 992,723 | $ | 386,962 |
| Commissions and fees receivable – net | | 231,423 | | 210,252 |
| Fiduciary cash and receivables | | 2,611,647 | | 2,390,185 |
| Prepaid incentives – net | | 8,584 | | 7,726 |
| Other current assets | | 49,690 | | 15,882 |
| **Total current assets** | **$** | **3,894,067** | **$** | **3,011,007** |
| **NON-CURRENT ASSETS** | | | | |
| Goodwill | | 1,314,984 | | 1,309,267 |
| Other intangible assets | | 486,444 | | 573,930 |
| Prepaid incentives – net | | 20,792 | | 25,382 |
| Equity method investment in related party | | 38,514 | | 45,417 |
| Property and equipment – net | | 31,271 | | 15,290 |
| Lease right-of-use assets | | 143,870 | | 84,874 |
| Deferred tax assets | | 396,814 | | 382,753 |
| Other non-current assets | | 56,987 | | 10,788 |
| **Total non-current assets** | **$** | **2,489,676** | **$** | **2,447,701** |
| **TOTAL ASSETS** | **$** | **6,383,743** | **$** | **5,458,708** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Accounts payable and accrued liabilities | | 119,022 | | 99,403 |
| Accrued compensation | | 350,369 | | 386,301 |
| Operating lease liabilities | | 22,744 | | 18,783 |
| Short-term debt and current portion of long-term debt | | 30,587 | | 23,469 |
| Fiduciary liabilities | | 2,611,647 | | 2,390,185 |
| **Total current liabilities** | **$** | **3,134,369** | **$** | **2,918,141** |
| **NON-CURRENT LIABILITIES** | | | | |
| Accrued compensation | | 10,048 | | 4,371 |
| Operating lease liabilities | | 151,944 | | 74,386 |
| Long-term debt | | 1,951,900 | | 1,566,627 |
| Deferred tax liabilities | | 562 | | 631 |
| Tax Receivable Agreement liabilities | | 295,347 | | 272,100 |
| Other non-current liabilities | | 21,761 | | 27,675 |
| **Total non-current liabilities** | **$** | **2,431,562** | **$** | **1,945,790** |
| **TOTAL LIABILITIES** | **$** | **5,565,931** | **$** | **4,863,931** |
| **STOCKHOLDERS' EQUITY** | | | | |
| Class A common stock ($0.001 par value; 1,000,000,000 shares authorized, 112,437,825 and 109,894,548 shares issued and outstanding at December 31, 2022 and 2021, respectively) | | 112 | | 110 |
| Class B common stock ($0.001 par value; 1,000,000,000 shares authorized, 147,214,275 and 149,162,107 shares issued and outstanding at December 31, 2022 and 2021, respectively) | | 147 | | 149 |
| Class X common stock ($0.001 par value; 10,000,000 shares authorized, 640,784 shares issued and 0 outstanding at December 31, 2022 and 2021) | | — | | — |
| Preferred stock ($0.001 par value; 500,000,000 shares authorized, 0 shares issued and outstanding at December 31, 2022 and 2021) | | — | | — |
| Additional paid-in capital | | 418,123 | | 348,865 |
| Retained earnings (accumulated deficit) | | 53,988 | | (7,064 ) |
| Accumulated other comprehensive income | | 6,035 | | 1,714 |
| **Total stockholders' equity attributable to Ryan Specialty Holdings, Inc.** | **$** | **478,405** | **$** | **343,774** |
| Non-controlling interests | | 339,407 | | 251,003 |
| **Total stockholders' equity** | **$** | **817,812** | **$** | **594,777** |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **$** | **6,383,743** | **$** | **5,458,708** |

Refer to Notes to the Consolidated Financial Statements

**Ryan Specialty Holdings, Inc.**
**Consolidated Statements of Cash Flow**
All balances presented in thousands

| | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net income | $ 163,257 | $ 56,632 | $ 70,513 |
| Adjustments to reconcile net income to cash flows provided by operating activities: | | | |
| Loss (gain) from equity method investment in related party | 414 | 759 | (440 ) |
| Amortization | 103,601 | 107,877 | 63,567 |
| Depreciation | 5,690 | 4,806 | 3,934 |
| Prepaid and deferred compensation expense | 28,831 | 46,470 | 21,619 |
| Non-cash equity-based compensation | 77,480 | 67,534 | 10,800 |
| Amortization of deferred debt issuance costs | 12,054 | 11,372 | 5,002 |
| Amortization of interest rate cap premium | 4,636 | — | — |
| Deferred income tax expense (benefit) | 8,986 | (1,154 ) | 203 |
| Loss on extinguishment of existing debt | — | 8,634 | 1,708 |
| Loss on Tax Receivable Agreement | 5,553 | — | — |
| Change (net of acquisitions) in: | | | |
| Commissions and fees receivable – net | (20,370 ) | (29,657 ) | (31,174 ) |
| Accrued interest liability | 7,776 | 760 | 4 |
| Other current assets and accrued liabilities | (63,659 ) | 78,728 | 15,516 |
| Other non-current assets and accrued liabilities | 1,265 | (79,268 ) | (25,859 ) |
| **Total cash flows provided by operating activities** | **$ 335,514** | **$ 273,493** | **$ 135,393** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Business combinations - net of cash acquired and cash held in a fiduciary capacity | — | (108,883 ) | (717,961 ) |
| Asset acquisitions | (7,714 ) | (343,158 ) | (5,236 ) |
| Prepaid incentives issued – net of repayments | 337 | 3,885 | (9,313 ) |
| Equity method investment in related party | — | — | (23,500 ) |
| Capital expenditures | (15,043 ) | (9,781 ) | (12,498 ) |
| **Total cash flows used for investing activities** | **$ (22,420 )** | **$ (457,937 )** | **$ (768,508 )** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Contributions of members' and mezzanine equity | — | — | 118,122 |
| Allocation of contribution to Redeemable Preferred Units embedded derivative | — | — | 814 |
| Proceeds from senior secured notes | 394,000 | — | — |
| Payment of interest rate cap premium | (25,500 ) | — | — |
| Interest rate cap receipts | 2,174 | — | — |
| Repayment of term debt | (16,500 ) | (16,500 ) | (144,750 ) |
| Borrowing of term debt | — | — | 1,650,000 |
| Debt issuance costs paid | (2,369 ) | (2,431 ) | (78,799 ) |
| Finance lease and other costs paid | (36 ) | (129 ) | 235 |
| Payment of contingent consideration | (6,241 ) | (4,495 ) | — |
| Purchase of remaining interest in Ryan Re | — | (48,368 ) | — |
| Repurchase of preferred equity | — | (78,256 ) | — |
| Tax distributions to LLC unitholders | (39,883 ) | (47,096 ) | (50,121 ) |
| Equity repurchases from pre-IPO unitholders | — | (3,880 ) | (52,562 ) |
| Repurchase of Class A common stock in the IPO | — | (183,616 ) | — |
| Repurchase of pre-IPO LLC Units and payment of Alternative TRA Payments | — | (780,352 ) | — |
| Issuance of Class A common stock in the IPO, net of offering costs paid | — | 1,448,097 | — |
| Repayment of unsecured promissory notes | — | (1,108 ) | — |
| Repayment of subordinated notes | — | — | (25,000 ) |
| Borrowings on revolving credit facilities | — | — | 305,517 |
| Repayments on revolving credit facilities | — | — | (734,214 ) |
| Receipt of taxes related to net share settlement of equity awards | 7,168 | — | — |
| Taxes paid related to net share settlement of equity awards | (7,168 ) | — | — |
| Payment of Tax Receivable Agreement liabilities | (8,309 ) | — | — |
| Net change in fiduciary liabilities | 17,420 | 147,418 | 136,062 |
| **Total cash flows provided by financing activities** | **$ 314,756** | **$ 429,284** | **$ 1,125,304** |
| **Effect of changes in foreign exchange rates on cash, cash equivalents, and cash held in a fiduciary capacity** | **(126 )** | **(883 )** | **1,353** |
| **NET CHANGE IN CASH, CASH EQUIVALENTS, AND CASH HELD IN A FIDUCIARY CAPACITY** | **$ 627,724** | **$ 243,957** | **$ 493,542** |
| **CASH, CASH EQUIVALENTS, AND CASH HELD IN A FIDUCIARY CAPACITY—Beginning balance** | **1,139,661** | **895,704** | **402,162** |
| **CASH, CASH EQUIVALENTS, AND CASH HELD IN A FIDUCIARY CAPACITY—Ending balance** | **$ 1,767,385** | **$ 1,139,661** | **$ 895,704** |
| **Reconciliation of cash, cash equivalents, and cash held in a fiduciary capacity** | | | |
| Cash and cash equivalents | 992,723 | 386,962 | 312,651 |
| Cash held in a fiduciary capacity | 774,662 | 752,699 | 583,053 |
| **Total cash, cash equivalents, and cash held in a fiduciary capacity** | **$ 1,767,385** | **$ 1,139,661** | **$ 895,704** |

Refer to Notes to the Consolidated Financial Statements

**Ryan Specialty Holdings, Inc.**
**Consolidated Statements of Mezzanine Equity and Stockholders'/ Members’ Equity**
All balances presented in thousands

| | Mezzanine Equity | Members' Interest | Accumulated Other Comprehensive Income | Non-controlling Interests | Total Members’ Equity (Deficit) |
|---|---|---|---|---|---|
| **Balance at December 31, 2019** | **$ 139,644** | **$ (76,244 )** | **$ 864** | **$ (1,109 )** | **$ (76,489 )** |
| Net income | — | 68,104 | — | 2,409 | 70,513 |
| Foreign currency translation adjustments | — | — | 1,084 | — | 1,084 |
| Accretion of premium on mezzanine equity | 1,618 | (1,618 ) | — | — | (1,618 ) |
| Change in share of equity method investment in related party other comprehensive income | — | — | 754 | — | 754 |
| Accumulation of preferred dividends (% return) | — | (12,032 ) | — | — | (12,032 ) |
| Related party asset acquisition | — | (3,039 ) | — | — | (3,039 ) |
| Equity issued to the Board of Directors | — | 640 | — | — | 640 |
| Contribution to Class A units | — | 111,100 | — | — | 111,100 |
| Contribution to Redeemable Preferred Units | 98,373 | — | — | — | — |
| Contribution to Class B common units | | 10,649 | — | — | 10,649 |
| Equity issued to related party in exchange for extinguishment of subordinated promissory notes | — | 81,931 | — | — | 81,931 |
| Loss on extinguishment of related party subordinated promissory notes | — | (6,941 ) | — | — | (6,941 ) |
| Distributions declared – tax advances | — | (63,402 ) | — | — | (63,402 ) |
| Repurchases of Class A units | — | (52,220 ) | — | — | (52,220 ) |
| Equity-based compensation expense | — | 10,160 | — | — | 10,160 |
| **Balance at December 31, 2020** | **$ 239,635** | **$ 67,088** | **$ 2,702** | **$ 1,300** | **$ 71,090** |

Refer to Notes to the Consolidated Financial Statements

**Ryan Specialty Holdings, Inc.**
**Consolidated Statements of Mezzanine Equity and Stockholders'/ Members’ Equity**
All balances presented in thousands, except share data

Refer to Notes to the Consolidated Financial Statements

| | Mezzanine Equity | Members' Interest | Class A Common Stock Shares | Class A Common Stock Amount | Class B Common Stock Shares | Class B Common Stock Amount | Class X Common Stock Shares | Class X Common Stock Amount | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Non-controlling Interests | Stockholders'/ Members' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2020** | **$ 239,635** | **$ 67,088** | **—** | **$ —** | **—** | **$ —** | **—** | **$ —** | **$ —** | **$ —** | **$ 2,702** | **$ 1,300** | **$ 71,090** |
| Net income prior to the Organizational Transactions | — | 72,937 | — | — | — | — | — | — | — | — | — | 2,450 | 75,387 |
| Foreign currency translation adjustments | — | — | — | — | — | — | — | — | — | — | 444 | — | 444 |
| Unpaid preferred return on Mezzanine Equity | — | (1,728 ) | — | — | — | — | — | — | — | — | — | — | (1,728 ) |
| Equity-based compensation prior to the Organizational Transactions | — | 8,457 | — | — | — | — | — | — | — | — | — | — | 8,457 |
| Related party acquisition | — | (44,618 ) | — | — | — | — | — | — | — | — | — | (3,750 ) | (48,368 ) |
| Accumulation of preferred dividends (% return), net of tax distributions | — | (5,663 ) | — | — | — | — | — | — | — | — | — | — | (5,663 ) |
| Members' tax distributions | — | (23,757 ) | — | — | — | — | — | — | — | — | — | — | (23,757 ) |
| Repurchases of Class A units | — | (4,625 ) | — | — | — | — | — | — | — | — | — | — | (4,625 ) |
| Reclassification from preferred units to repurchase | — | (75,012 ) | — | — | — | — | — | — | — | — | — | — | (75,012 ) |
| Change in share of equity method investment in related party other comprehensive income | — | — | — | — | — | — | — | — | — | — | (738 ) | — | (738 ) |
| Accretion of premium on Mezzanine Equity | 20,365 | (20,365 ) | — | — | — | — | — | — | — | — | — | — | (20,365 ) |
| **LLC equity prior to the Organizational Transactions** | **$ 260,000** | **$ (27,286 )** | **—** | **$ —** | **—** | **$ —** | **—** | **$ —** | **$ —** | **$ —** | **$ 2,408** | **$ —** | **$ (24,878 )** |
| Effect of Common Blocker Merger exchange of LLC units for Class A and Class X common stock | — | (71,874 ) | 20,680,420 | 21 | — | — | 640,784 | 1 | 147,331 | — | — | (75,479 ) | — |
| Exchange of LLC Units from pre-IPO unitholders for Class A common stock | — | (29,675 ) | 31,992,135 | 32 | — | — | — | — | 59,318 | — | — | (29,675 ) | — |
| Repurchase of Class A common stock in IPO | — | — | (8,224,708 ) | (8 ) | — | — | — | — | (183,608 ) | — | — | — | (183,616 ) |

Refer to Notes to the Consolidated Financial Statements

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Impact of the Participation and related Alternative TRA Payments | — | (29,047 ) | — | — | — | — | — | — | 29,047 | — | — | (761,706 ) | (761,706 ) |
| Equity grant modification and related Alternative TRA Payments | — | — | — | — | — | — | — | — | (18,645 ) | — | — | 12,333 | (6,312 ) |
| Issuance of Class B common stock | — | — | — | — | 149,162,107 | 149 | — | — | (149 ) | — | — | — | — |
| Effect of Preferred Blocker Merger | (260,000 ) | — | — | — | — | — | — | — | 343,515 | — | — | (343,515 ) | — |
| Establishment of deferred tax asset arising from exchanges of LLC Units | — | — | — | — | — | — | — | — | 329,000 | — | — | — | 329,000 |
| Establishment of liabilities under TRA | — | — | — | — | — | — | (640,784 ) | (1 ) | (282,470 ) | — | — | — | (282,471 ) |
| Establishment of deferred tax asset arising from investment in the LLC | — | — | — | — | — | — | — | — | 61,143 | — | — | — | 61,143 |
| Reclassification of pre-IPO Members' Equity | — | 157,882 | — | — | — | — | — | — | (1,627,480 ) | — | — | 1,469,598 | — |
| **Effect of the Organizational Transactions** | **$ (260,000 )** | **$ 27,286** | **44,447,847** | **$ 45** | **149,162,107** | **$ 149** | **—** | **$ —** | **$ (1,142,998 )** | **$ —** | **$ —** | **$ 271,556** | **$ (843,962 )** |
| Distributions declared – Members' tax | — | — | — | — | — | — | — | — | — | — | — | (11,155 ) | (11,155 ) |
| Issuance of Class A common stock in the IPO, net of offering costs | — | — | 65,456,020 | 65 | — | — | — | — | 1,448,033 | — | — | — | 1,448,098 |
| Issuance of common stock | — | — | 9,634 | 0 | — | — | — | — | (0 ) | — | — | — | — |
| Forfeiture of common stock | — | — | (18,953 ) | (0 ) | — | — | — | — | 0 | — | — | — | — |
| Tax Receivable Agreement liability and deferred taxes arising from LLC interest ownership exchanges | — | — | — | — | — | — | — | — | 984 | — | — | — | 984 |
| Foreign currency translation subsequent to the Organizational Transactions, net of tax | — | — | — | — | — | — | — | — | — | — | (565 ) | (1,080 ) | (1,645 ) |
| Equity-based compensation subsequent to the Organizational Transactions | — | — | — | — | — | — | — | — | 42,846 | — | — | 3,546 | 46,392 |
| Change in share of equity method investment in related party other comprehensive income | — | — | — | — | — | — | — | — | — | — | (129 ) | (173 ) | (302 ) |
| Net loss subsequent to Organizational Transactions | — | — | — | — | — | — | — | — | — | (7,064 ) | — | (11,691 ) | (18,755 ) |
| **Balance at December 31, 2021** | **$ —** | **$ —** | **109,894,548** | **$ 110** | **149,162,107** | **$ 149** | **—** | **$ —** | **$ 348,865** | **$ (7,064 )** | **$ 1,714** | **$ 251,003** | **$ 594,777** |

Refer to Notes to the Consolidated Financial Statements

**Ryan Specialty Holdings, Inc.**
**Consolidated Statements of Mezzanine Equity and Stockholders'/ Members' Equity**
All balances presented in thousands, except share data

| | Class A Common Stock | | Class B Common Stock | | Class X Common Stock | | Additional Paid-in | Retained Earnings (Accumulated | Accumulated Other Comprehensive | Non-controlling | Stockholders' |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Capital | Deficit) | Income (Loss) | Interests | Equity |
| **Balance at December 31, 2021** | **109,894,548** | **$ 110** | **149,162,107** | **$ 149** | **—** | **$ —** | **$ 348,865** | **$ (7,064 )** | **$ 1,714** | **$ 251,003** | **$ 594,777** |
| Net income | — | — | — | — | — | — | — | 61,052 | — | 102,205 | 163,257 |
| Issuance of common stock | 599,559 | 1 | 17,856 | — | — | — | 771 | — | — | — | 772 |
| Exchange of LLC equity for common stock | 1,968,793 | 2 | (1,965,688 ) | (2 ) | — | — | 8,937 | — | — | (8,937 ) | — |
| Forfeiture of common stock | (25,075 ) | (1 ) | — | — | — | — | — | — | — | — | (1 ) |
| Tax Receivable Agreement liability and deferred taxes arising from LLC interest ownership changes | — | — | — | — | — | — | (1,501 ) | — | — | — | (1,501 ) |
| Distributions declared – Members' tax | — | — | — | — | — | — | — | — | — | (28,728 ) | (28,728 ) |
| Change in share of equity method investment in related party other comprehensive income (loss) | — | — | — | — | — | — | — | — | (2,074 ) | (3,700 ) | (5,774 ) |
| Gain on interest rate cap, net | — | — | — | — | — | — | — | — | 8,065 | 14,149 | 22,214 |
| Foreign currency translation adjustments | — | — | — | — | — | — | — | — | (1,670 ) | (3,014 ) | (4,684 ) |
| Equity-based compensation | — | — | — | — | — | — | 61,051 | — | — | 16,429 | 77,480 |
| **Balance at December 31, 2022** | **112,437,825** | **$ 112** | **147,214,275** | **$ 147** | **—** | **$ —** | **$ 418,123** | **$ 53,988** | **$ 6,035** | **$ 339,407** | **$ 817,812** |

Refer to Notes to the Consolidated Financial Statements

## 1.BASIS OF PRESENTATION

***Nature of Operations***

Ryan Specialty Holdings, Inc., (the "Company") is a service provider of specialty products and solutions for insurance brokers, agents, and carriers. These services encompass distribution, underwriting, product development, administration, and risk management by acting as a wholesale broker and a managing underwriter or a program administrator with delegated authority from insurance carriers. The Company's offerings cover a wide variety of sectors including commercial, industrial, institutional, governmental, and personal through one operating segment, Ryan Specialty. With the exception of the Company's equity method investment, the Company does not take on any underwriting risk.

The Company is headquartered in Chicago, Illinois, and has operations in the United States, Canada, the United Kingdom, and Europe.

***IPO and Reorganization***

The Company was formed as a Delaware corporation on March 5, 2021, for the purpose of completing an IPO and related transactions in order to carry on the business of the LLC. On July 26, 2021, the Company completed its IPO of 65,456,020 shares of Class A common stock, $0.001 par value per share, at an offering price of $23.50 per share. The Company received net proceeds of $1,448.1 million after deducting underwriting discounts, commissions, and other offering costs. The Company's Class A common stock is traded on the New York Stock Exchange under the ticker symbol "RYAN".

New Ryan Specialty, LLC, or New LLC, was formed as a Delaware limited liability company on April 20, 2021, for the purpose of becoming, subsequent to our IPO, an intermediate holding company between Ryan Specialty Holdings, Inc., and the LLC. The Company is the sole managing member of New LLC. Pursuant to contribution agreements, on September 30, 2021, the Company, the non-controlling interest LLC Unitholders, and New LLC exchanged equity interests in the LLC for LLC Common Units in New LLC, with the intent that New LLC be the new holding company for the LLC interests. At that time, the LLC adopted the LLC Operating Agreement and New LLC adopted the New LLC Operating Agreement. As a result, the Company is a holding company, with its sole material asset being a controlling equity interest in New LLC, which became a holding company with its sole material asset being a controlling equity interest in the LLC. The Company operates and controls the business and affairs of the LLC through New LLC, and through the LLC, conducts its business. Accordingly, the Company consolidates the financial results of New LLC, and therefore the LLC, and reports the non-controlling interests of New LLC's Common Units on its consolidated financial statements. As of December 31, 2022, the Company owned 43.3% of the outstanding LLC Common Units of New LLC, and New LLC owned 99.9% of the outstanding LLC Common Units of the LLC. The remaining 0.1% of the outstanding LLC Common Units of the LLC were owned by a subsidiary of the Company. As the LLC is substantively the same as New LLC, for the purpose of this document, we will refer to both New LLC and the LLC as the "LLC".

***Basis of Presentation***

The accompanying audited consolidated financial statements and notes thereto have been prepared in accordance with U.S. GAAP. The audited consolidated financial statements include the Company's accounts and those of all controlled subsidiaries.

Intercompany accounts and transactions have been eliminated. In the opinion of management, the consolidated financial statements include all normal recurring adjustments necessary to present fairly the Company's consolidated financial position, results of operations, and cash flows for all periods presented.

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its subsidiaries that it controls due to ownership of a majority voting interest or pursuant to variable interest entity ("VIE") accounting guidance. All intercompany transactions and balances have been eliminated in consolidation.

The Company, through its intermediate holding company New LLC, owns a minority economic interest in, and operates and controls the businesses and affairs of, the LLC. The LLC is a VIE of the Company and the Company is the primary beneficiary of the LLC as the Company has both the power to direct the activities that most significantly impact the LLC's economic performance and has the obligation to absorb losses of, and receive benefits from, the LLC, which could be significant to the Company. Accordingly, the Company has prepared these consolidated financial statements in accordance with Accounting Standards Codification ("ASC") 810, *Consolidation* ("ASC 810"). ASC 810 requires that if an entity is the primary beneficiary of a VIE, the assets, liabilities, and results of operations of the VIE should be included in the consolidated financial statements of such entity. The Company's relationship with the LLC results in no recourse to the general credit of the Company and the Company has no contractual requirement to provide financial support to the LLC. The Company shares in the income and losses of the LLC in direct proportion to the Company's ownership percentage.

The Organizational Transactions were considered to be transactions between entities under common control. The historical operations of the LLC are deemed to be those of the Company. Thus, the financial statements included in this report reflect (i) the historical operating results of the LLC prior to the IPO and Organizational Transactions; (ii) the consolidated results of Ryan Specialty Holdings, Inc., and the LLC following the IPO and Organizational Transactions; and (iii) the assets and liabilities of Ryan Specialty Holdings, Inc., and the LLC at their historical cost. No step-up basis of intangible assets or goodwill was recorded.

***Use of Estimates***

The preparation of the consolidated financial statements and notes thereto requires management to make estimates, judgements, and assumptions that affect the amounts reported in the consolidated financial statements and in the notes thereto. Such estimates and assumptions could change in the future as circumstances change or more information becomes available, which could affect the amounts reported and disclosed herein.

**2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Segment Reporting***

In accordance with ASC 280, *Segment Reporting*, Ryan Specialty's operations are reported as a single operating segment. The Company's chief operating decision-maker, its Chief Executive Officer, reviews its consolidated operating results for the purpose of evaluating financial performance and allocating resources.

***Revenue Recognition***

The Company generates revenues primarily through commissions and fees from customers, as well as compensation from insurance and reinsurance companies for services provided to them.

The Company incurs both costs to fulfill contracts, principally in pre-placement activities, and costs to obtain contracts, principally through certain sales commissions paid to employees. For situations in which the renewal period is one year or less and renewal costs are commensurate with the initial contract, the Company applies a practical expedient and recognizes the costs of obtaining a contract as an expense when incurred.

*Net Commissions and Policy Fees*

Net commissions and policy fees revenue is primarily based on a percentage of premiums or fees received for an agreed-upon level of service. The Company's customers for this revenue stream are agents of the insured. The net commissions and policy fees are recognized at the point in time when an insurance policy is bound and issued, which occurs on the later of the policy effective date of the associated policies or the date the Company receives a request to bind coverage from the customer. Most insurance premiums are subject to cancellations; therefore, commission revenue is considered to be variable consideration at the contract effective date and is recognized net of

a constraint for estimated policy cancellations. Estimated policy cancellations are based upon the Company's historical cancellations. Any endorsement made to a contract is treated as a new contract with revenue recognized on the later of the endorsement effective date or the date the Company receives a request to bind coverage from the customer.

*Supplemental and Contingent Commissions*

Supplemental and contingent commissions are additional revenues paid to the Company based on the volume and/or underwriting profitability of the eligible insurance contracts placed. The Company’s performance obligation is satisfied and revenue is recognized over time using the output method as the Company places eligible or profitable policies. For this revenue stream, the customer is the carrier as the carrier is the entity that will ultimately pay the Company additional revenues once certain volume and profitability targets are achieved by the carrier. Because of the limited visibility into the satisfaction of performance indicators outlined in the contracts, the Company constrains such revenues until the time that the carrier provides explicit confirmation of amounts owed to the Company to avoid a significant reversal of revenue in a future period. The uncertainty regarding the ultimate transaction price for contingent commissions is principally the profitability of the underlying insurance policies placed as determined by the development of loss ratios maintained by the carriers. The uncertainty is resolved over the contractual term as actual results are achieved.

*Loss Mitigation Fees*

Loss mitigation fees, or mergers and acquisitions (“M&A”) fees, consist of revenue earned from the review of due diligence and other relevant information in underwriting a risk. The customer of this revenue stream is the agent of the insured. The performance obligation is the production of an Expense Agreement (“EA”) or Letter of Intent (“LOI”). As the M&A fees are not dependent on the outcome of the risk being insured, the Company recognizes these fees at the point in time when control transfers to the customer, which occurs on the effective date of an executed EA or LOI.

*Disaggregation of Revenue*

Wholesale Brokerage revenue primarily includes insurance commissions and fees for services rendered to retail agents and brokers, as well as supplemental and contingent commissions from carriers. Wholesale Brokerage distributes a wide range and diversified mix of specialty property, casualty, professional lines, and workers’ compensation insurance products from insurance carriers to retail brokerage firms.

Binding Authority revenue primarily includes insurance commissions for services rendered, as well as supplemental and contingent commissions from carriers. The Company’s binding authorities receive underwriting authority from a variety of carriers for both Admitted and non-admitted business for small to mid-size risks. Wholesale binding authorities generally have authority to bind coverage on behalf of an insurance carrier for a specific type of risk, subject to agreed-upon guidelines and limits. Wholesale binding authorities receive submissions for insurance directly from retail brokers, evaluate price, make underwriting decisions regarding these submissions, and bind and issue policies on behalf of insurance carriers. Wholesale binding authorities are typically created to handle large volumes of small-premium policies across commercial and personal lines within strictly defined underwriting criteria. Binding authorities allow the insured to access additional capital and the carrier to efficiently aggregate its distribution.

Underwriting Management revenue primarily includes insurance commissions for services rendered, including contingent commissions for placing profitable business with carrier partners, as well as loss mitigation fees. Underwriting Management offers insurance carriers cost-effective specialty market expertise in distinct and complex market niches underserved in today’s marketplace through MGUs, which act on behalf of insurance carriers that have given the Company the authority to underwrite and bind coverage for specific risks, and programs that offer commercial and personal insurance for specific product lines or industry classes.

*Contract Balances*

Contract assets, which arise primarily from the Company’s volume-based commissions, are included within Commissions and fees receivable – net in the Consolidated Balance Sheets. These assets relate to the unbilled

amounts of services for which the Company recognizes revenue over time. Payment related to contract assets is typically due within one year of the completed performance obligation. Occasionally, the Company receives cash payments from customers in advance of the Company's performance obligation being satisfied, which represent a contract liability. Contract liabilities are recognized as revenue when the performance obligations are satisfied.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash in demand deposits accounts and short-term investments, consisting principally of money market demand accounts, having original maturities of 90 days or less.

***Commissions and Fees Receivable***

The Company earns commissions and fees through its Wholesale Brokerage, Binding Authority and Underwriting Management Specialties. The Company records a receivable once a performance obligation is satisfied. In some instances, the Company will advance premiums on behalf of clients, or will advance claims payments and refunds to clients on behalf of underwriters. These amounts are reflected within Commissions and fees receivable – net on the Consolidated Balance Sheets.

The Company's receivables are shown net of an allowance for credit losses which is estimated based on a combination of factors, including evaluation of historical write-offs, current economic conditions, aging of balances, and other qualitative and quantitative analyses.

***Fiduciary Assets, Fiduciary Liabilities, and Related Income***

In its role as an insurance intermediary, the Company collects and remits amounts between insurance agents and brokers and insurance underwriters. Because these amounts are collected on behalf of third parties, they are excluded from the measurement of the transaction price. Similarly, the Company elected to exclude from the measurement of the transaction price surplus lines taxes, as these are assessed by and remitted to governmental authorities. The Company recognizes fiduciary amounts collectible and held on behalf of others, including insurance policyholders, clients, other insurance intermediaries, and insurance carriers, as Fiduciary cash and receivables on the Consolidated Balance Sheets. Cash and cash equivalents held in excess of the amount required to meet the Company's fiduciary obligations are recognized as Cash and cash equivalents in the Consolidated Balance Sheets. The Company recognizes premiums, claims payable, and surplus lines taxes as Fiduciary liabilities in the Consolidated Balance Sheets. The Company does not have any rights or obligations in connection with these amounts with the exception of segregating these amounts from the Company's operating accounts and liabilities.

Unremitted insurance premiums are held in a fiduciary capacity until disbursement. The Company holds these funds in cash and cash equivalents, including Money Market Mutual Funds registered with the U.S. Securities and Exchange Commission under Rule 2a-7 of the Investment Company Act of 1940. Interest income is earned on the unremitted funds, which is included in Fiduciary investment income in the Consolidated Statements of Income. Interest earned on fiduciary funds held is not accounted for under ASC 606, *Revenue from Contracts with Customers*.

***Goodwill and Other Intangible Assets***

*Goodwill*

Goodwill represents the excess of consideration transferred over the fair value of the net assets acquired in the acquisition of a business. The Company recognizes goodwill as the amount of consideration transferred which cannot be assigned to other tangible or intangible assets and liabilities.

The Company reviews goodwill for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value of the reporting unit may not be recoverable. In the performance of the annual evaluation, the Company also considers qualitative and quantitative developments between the date of the goodwill impairment review and the fiscal year end to determine if an impairment should be recognized.

The Company reviews goodwill for impairment at the reporting unit level, which coincides with the operating segment, Ryan Specialty. The determinations of impairment indicators and the fair value of the reporting unit are

based on estimates and assumptions related to the amount and timing of future cash flows and future interest rates. Such estimates and assumptions could change in the future as more information becomes available, which could impact the amounts reported and disclosed herein.

*Intangible Assets*

Intangible assets other than goodwill consist primarily of customer relationships. Customer relationships consist of customer-related assets, which are amortized over their estimated useful lives, ranging from two to fifteen years, in proportion with the realization of their economic benefit. Generally, the Company uses outside valuation specialists to value acquired intangible assets. Intangible assets also include trade names and internally developed software, which are amortized over their estimated lives, typically three years and between five to seven years, respectively. The Company has no indefinite-lived intangible assets.

***Equity Method Investment***

The Company uses the equity method to account for its investment in a related party for which the Company has the ability to exercise significant influence over, but not control, the investee's operating and financial policies. The equity method investment in related party is recorded at cost and adjusted to recognize the Company's proportionate share of the investee's net income or loss. The Company's proportionate share of the other comprehensive income or loss from equity method investments is reflected on the Consolidated Statements of Comprehensive Income. The Company's equity method investment in a related party is evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If the impairment is determined to be other-than-temporary, the Company will recognize an impairment loss equal to the difference between the expected realizable value and the carrying value of the investment.

***Leases***

The Company evaluates contracts entered into to determine whether the contract involves the use of an asset. The Company then evaluates whether it controls the use of the asset, which is determined by assessing whether it obtains substantially all economic benefits from the use of the asset, and whether it has the right to direct the use of the asset. If these criteria are met and a lease has been identified, the Company accounts for the contract under the requirements of ASC 842, *Leases*.

The Company's leased assets consist primarily of real estate for occupied offices and office equipment. Certain of these leases have options permitting renewals for additional periods or clauses allowing for early termination, and where those are reasonably certain to be executed, they are recognized as a component of the initial lease term. All of the Company's real estate leases and most of the office equipment leases are recognized as operating leases, while some leases of office equipment and all IT hardware leases are finance leases. The Company also subleases some real estate properties to third parties, which are classified as operating leases. The Company recognizes lease payments for short-term leases of twelve months or less in the Consolidated Statements of Income on a straight-line basis over the lease term.

For leases in which an implicit rate is not provided in the contract, the Company uses an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. The Company does not account for separate lease components of a contract and its associated non-lease components as a single lease component. Further, variable expenses related to real estate and equipment leases are expensed as incurred.

At the lease commencement for finance and operating leases, the Company recognizes the total lease liability through the lease term as the present value of all remaining payments, discounted by the rate determined at commencement in the Consolidated Balance Sheets. Operating leases are included in Lease right-of-use assets, Current Operating lease liabilities, and Non-current Operating lease liabilities on the Consolidated Balance Sheets. Finance leases are included in Lease right-of-use assets, Short-term debt and current portion of long-term debt, and Long-term debt on the Consolidated Balance Sheets. In the event the lease liability is remeasured due to a change in the scope of or the consideration for a lease, an adjustment is made to the right-of-use asset. In the instance where the right-of-use asset is impaired, the impairment charge is recognized in the Consolidated Statements of Income within General and administrative expense, irrespective of its classification of operating or finance lease.

***Equity-Based Compensation***

The Company issues equity-based awards to employees in the form of Restricted Stock, Restricted Stock Units ("RSUs"), Stock Options, Restricted Common Units, Restricted LLC Units ("RLUs"), and Class C Incentive Units. Compensation expense for equity awards is measured at the grant date fair value. The grant date fair value of Stock Options is estimated using the Black-Scholes option pricing model, and the grant date fair value of the Restricted Common Units and Class C Incentive Units is estimated using a Monte Carlo simulation based pricing model. These pricing models require management to make assumptions with respect to the fair value of the equity awards on the grant date, including the expected term of the award, the expected volatility of the Company's stock based on a period of time generally commensurate with the expected term of the award, risk-free interest rates, and expected dividend yields of the Company's Class A common stock, among other items including the Company's Class A common stock price and taxable income forecasts. These assumptions reflect the Company's best estimates, but they involve inherent uncertainties based on market conditions generally outside the control of the Company. As a result, if other assumptions are used, compensation expense could be materially impacted.

The Company accounts for equity-based compensation in accordance with ASC 718, *Compensation- Stock Compensation* ("ASC 718"). In accordance with ASC 718, compensation expense is measured at estimated fair value of the equity-based awards and is expensed over the vesting period during which an employee provides service in exchange for the award. Compensation expense is recognized using the graded vesting attribution method and forfeitures are accounted for as they occur. Equity-based compensation expense is recorded in Compensation and benefits on the Consolidated Statements of Income. See Note 12, *Equity-Based Compensation*, for additional information on the Company's equity-based compensation awards.

***Earnings (Loss) Per Share***

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to the Company by the number of weighted average shares of Class A common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing net earnings (loss) attributable to the Company by the number of weighted-average shares of Class A common stock outstanding during the period after adjusting for the impact of securities that would have a dilutive effect on earnings (loss) per share. See Note 13, *Earnings (Loss) Per Share* for additional information on dilutive securities.

***Derivative Instruments and Hedging Activities***

The Company utilizes a derivative, namely an interest rate cap, for interest rate risk management purposes. The Company does not hold or issue derivative instruments for trading or speculative purposes. The Company assesses the effectiveness of qualifying cash flow hedges both at inception and on an on-going basis. For hedging derivatives that qualify as effective cash flow hedges, the Company records the cumulative changes in the fair value of the financial instrument in Other comprehensive income (loss). Amounts recorded in Other comprehensive income (loss) are reclassified into earnings in the periods in which earnings are affected by the hedged cash flow. The Company amortizes the premium paid for the interest rate cap on a straight-line basis over the life of the instrument. The premium amortization is recognized in Interest expense, net on the Consolidated Statements of Income. The Company recognizes cash flows related to cash flow hedges in the same section of the Consolidated Statement of Cash Flows as the cash flows related to the item being hedged. See Note 14, *Derivatives* for further discussion of derivative financial instruments.

***Defined Contribution Plan***

The Company offers a defined contribution retirement benefit plan, the Ryan Specialty Employee Savings Plan (the "Plan"), to all eligible U.S. employees, based on a minimum number of service hours in a year. Under the Plan, eligible employees may contribute a percentage of their compensation, subject to certain limitations. Further, the Plan authorizes the Company to make a discretionary matching contribution, which has historically equaled 50% of each eligible employee's contribution. The Company makes discretionary matching contributions throughout the year and recognizes expense for the matching contribution in the year where requisite employee service is performed. Any liabilities for matching contributions are recognized as Current Accrued compensation within the Consolidated Balance Sheets.

***Deferred Compensation Plan***

The Company offers a non-qualified deferred compensation plan to certain senior employees and members of management. Under this plan, amounts deferred remain assets of the Company and are subject to the claims of the Company's creditors in the event of insolvency. Amounts deferred are not invested in any funds. However, the liability balance is updated to reflect hypothetical interest, earnings, appreciation, losses, and depreciation that would be accrued or realized if the deferred compensation amounts had been invested in the applicable benchmark investments, and is recognized in Current and Non-current Accrued compensation in the Consolidated Balance Sheets. Changes in value on deferred amounts held are recognized within Compensation and benefits in the Consolidated Statements of Income.

***Employee Incentives***

*Employee Retention Incentives*

In connection with the acquisition of businesses and recruiting and retaining key talent, the Company issues retention incentives with a claw back feature to employees. Retention incentives are earned by the recipient over the term of the arrangement, as long as the employee continues employment and complies with other certain contractual requirements. Retention incentives are recognized as Prepaid incentives – net within the Consolidated Balance Sheets. The expense associated with the earned portion of the prepaid incentives is recorded as Compensation and benefits within the Consolidated Statements of Income over the service period, which is consistent with the term of the arrangements.

*Forgivable Notes*

Historically the Company offered forgivable notes to certain employees as an incentive, whereby the principal amount of forgivable notes and accrued interest is forgiven by the Company over the term of the notes, so long as the employee continues employment with the Company and complies with certain contractual requirements. These notes were structured as recourse loans and contain non-solicit clauses and have terms that are between three and ten years. In the event of an employee's termination, whether voluntary or involuntary, the employee must repay the unpaid, unforgiven note balance at termination. The Company has a policy of enforcing the provisions of the unforgiven portion of the forgivable note agreements by pursuing collection through third-party collection agencies and taking legal action. Any balances recognized in the current year relate to forgivable notes issued in prior years as the Company no longer issues new forgivable notes.

*Long-Term Incentive Compensation Agreements*

The Company has entered into long-term incentive agreements with certain employees whereby the employees are awarded cash according to specified formulas following a certain period. The long-term incentives, which are typically issued in connection with an acquisition, vest based on the achievement of various performance and service conditions. The Company recognizes expense within Compensation and benefits in the Consolidated Statements of Income over the service period of these awards based on the estimated expected payout.

***Non-Controlling Interests***

As noted above, the Company consolidates the financial results of the LLC; therefore, it reports non-controlling interests based on the LLC Common Units not owned by the Company on the Consolidated Balance Sheets. Net income (loss) and other comprehensive income (loss) is attributed to the non-controlling interests based on the weighted average LLC Common Units outstanding during the period and is presented on the Consolidated Statements of Income and Comprehensive Income. Refer to Note 11, *Stockholders' Equity* for more information.

The non-controlling interest holders may, subject to certain exceptions, exchange some or all of their LLC Common Units for, at the Company's election (determined by a majority of the Company's directors who are disinterested), newly-issued shares of Class A common stock on a one-for-one basis, or cash, only to the extent that the Company has received cash proceeds pursuant to a secondary offering. As any redemption settled in cash would be limited to proceeds received from the sale of new permanent equity securities, the Non-controlling interests are classified as permanent equity on the Consolidated Balance Sheets.

***Captive Insurance Cells***

Through the acquisition of Keystone, the Company has an ownership interest in two entities that hold segregated account protected cell captives. These entities are structured with protected cell captives for each insured ("Captive Cells") and the core regulated companies ("Core Companies"). The Core Companies are owned and operated by the Company, and are not exposed to the insurance and investment risks that the Captive Cells are designed to create and distribute on behalf of the insureds. The Company has a variable interest in the Core Companies due to the ownership interest, however, as the Core Companies are not exposed to the variability of the Captive Cells, only the activity of the regulated Core Companies is recorded in our consolidated financial statements, including cash and any expenses incurred to operate the Captive Cells.

***Litigation and Contingent Liabilities***

The Company is subject to various legal actions related to claims, lawsuits, and proceedings incident to the nature of the business. The Company records liabilities for loss contingencies when it is probable that a liability has been incurred on or before the Consolidated Balance Sheets date and the amount of the liability can be reasonably estimated. The Company does not discount such contingent liabilities and recognizes related legal costs, such as fees and expenses of external counsel and other service providers, as period expenses when incurred. Loss contingencies are recorded within Accounts payable and accrued liabilities in the Consolidated Balance Sheets. Significant management judgment is required to estimate the amounts of such contingent liabilities. The Company records loss recoveries from E&O insurance coverage, up to the amount of the financial statement loss incurred, when the realization of the indemnity for a claim presented under the Company's E&O insurance coverage is deemed probable. In order to assess the potential liabilities and any recoveries, the Company analyzes the litigation exposure based upon available information, including consultation with counsel handling the defense of these matters. As these liabilities are uncertain by their nature, the recorded amounts may change due to a variety of factors, including new developments or changes in the approach, such as changing the settlement strategy as applicable to a matter.

***Foreign Currency Translation***

The Company assigns functional currencies to its foreign operations, which are generally the currencies of the local operating environment. Balances denominated in non-functional currency are remeasured to the functional currency using current exchange rates, and the resulting foreign exchange gains or losses are reflected in earnings. Functional currency balances are then translated into the reporting currency (i.e., USD) using (i) exchange rates at the balance sheet date for items reported as assets or liabilities in the Consolidated Balance Sheets, (ii) historical rates for items reported in Stockholders' equity other than retained earnings (accumulated deficit), and (iii) average exchange rates for items recorded in earnings and included in retained earnings (accumulated deficit). The resulting change in unrealized translation gains or losses is a component of Accumulated other comprehensive income within the Consolidated Balance Sheets.

***Income Taxes***

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and deferred tax liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it is believed that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations. A valuation allowance is provided if it is determined that it is more likely than not that the deferred tax asset will not be realized.

The Company evaluates and accounts for uncertain tax positions in accordance with ASC 740, *Income Taxes* using a two-step approach. Recognition (step one) occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustainable upon examination. Measurement (step two) determines

the amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Derecognition of a tax position that was previously recognized would occur if the Company subsequently determines that a tax position no longer meets the more likely than not threshold of being sustained. The Company records interest (and penalties where applicable), net of any applicable related income tax benefit, on potential income tax contingencies as a component of Income tax expense in the Consolidated Statements of Income.

Holders of the LLC Common Units, including the Company, incur U.S. federal, state, and local income taxes on their share of any taxable income of the LLC. The LLC Operating Agreement provides for pro rata cash distributions ("Members' Tax Distributions") to the holders of the LLC Common Units in an amount generally calculated to provide each holder of LLC Common Units with sufficient cash to cover their tax liability in respect of the LLC Common Units. In general, these Members' Tax Distributions are computed based on the LLC's estimated taxable income, multiplied by an assumed tax rate as set forth in the LLC Operating Agreement.

***Tax Receivable Agreement (TRA)***

The Company is party to a TRA with current and certain former LLC Unitholders. The TRA provides for the payment by the Company to the current and certain former LLC Unitholders of 85% of the amount of net cash savings, if any, in U.S. federal, state, and local income taxes the Company actually realizes (or, under certain circumstances are deemed to realize) from (i) certain increases in the tax basis of the assets of the LLC resulting from purchases or exchanges of LLC Common Units (“Exchange Tax Attributes”), (ii) certain tax attributes of the LLC that existed prior to the IPO (“Pre-IPO M&A Tax Attributes”), (iii) certain favorable "remedial" partnership tax allocations to which the Company becomes entitled (if any), and (iv) certain other tax benefits related to the Company entering into the TRA, including tax benefits attributable to payments that the Company makes under the TRA (“TRA Payment Tax Attributes”).

The Company accounts for amounts payable under the TRA in accordance with ASC 450, *Contingencies*. The amounts payable under the TRA will vary depending upon a number of factors, including the timing of exchanges by the LLC Unitholders, the amount of gain recognized by the LLC Unitholders, the amount and timing of the taxable income the Company generates in the future, and the federal tax rates then applicable. Actual tax benefits realized by the Company may differ from tax benefits calculated under the TRA as a result of the use of certain assumptions in the agreement. Any such changes in these factors or changes in the Company’s determination of the need for a valuation allowance related to the tax benefits acquired under the TRA could adjust the Tax Receivable Agreement liabilities recognized on the Consolidated Balance Sheets.

The Company accounts for the effects of the increases in tax basis and associated payments under the TRA arising from exchanges (i) by recording an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis associated with Exchange Tax Attributes and TRA Payment Tax Attributes based on the enacted federal and state tax rates at the date of the exchange, (ii) to the extent it is estimated that the Company will not realize the full benefit represented by the deferred tax asset, based on an analysis that will consider, among other things, our expectation of future earnings, by reducing the deferred tax asset with a valuation allowance, (iii) by recording 85% of the estimated realizable tax benefit associated with the Exchange Tax Attributes and TRA Payment Tax Attributes as an increase to the Tax receivable agreement liability and the remaining 15% of the estimated realizable tax benefit as an increase to Additional paid-in capital on the Consolidated Balance Sheets, and (iv) by recording 85% of the estimated realizable tax benefit associated with Pre-IPO M&A Tax Attributes as an increase to the Tax receivable agreement liability with a corresponding decrease to Additional paid-in capital on the Consolidated Balance Sheets.

Subsequent changes to the initial establishment of the increases in deferred tax assets and Tax Receivable Agreement liability between reporting periods will be recognized in the Consolidated Statements of Mezzanine Equity and Stockholders’/Members’ Equity as the exchanges represent transactions among shareholders. Subsequent changes in the fair value of the Tax Receivable Agreement liabilities between reporting periods, as well as any interest accrued on the TRA between the Company's annual tax filing date and the TRA payment date, are recognized in the Consolidated Statements of Income. In the unlikely event of an early termination of the TRA, either due to Company default or a change of control, the Company is required to pay to each holder of the TRA an early termination payment equal to the discounted present value of all unpaid TRA payments.

***Recently Issued Accounting Pronouncements***

*New Accounting Pronouncements Recently Adopted*

In August 2020, the FASB issued ASU 2020-06 *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. This ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for public companies for fiscal years beginning after December 15, 2021, but early adoption is permitted. The Company adopted this standard on January 1, 2022 with no material impact to the consolidated financial statements or disclosures.

In March 2020, the FASB issued ASU 2020-04 *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides practical expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 is effective through December 31, 2022. The Company adopted this standard during the second quarter of 2022. The adoption of ASU 2020-04 did not have a material impact on the consolidated financial statements or disclosures. See Note 10, *Debt* for further information.

**3.REVENUE FROM CONTRACTS WITH CUSTOMERS**

***Disaggregation of Revenue***

The following table summarizes revenue from contracts with customers by Specialty:

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| Wholesale Brokerage | $ 1,129,241 | $ 931,979 | $ 673,090 |
| Binding Authority | 231,048 | 209,622 | 144,837 |
| Underwriting Management | 351,572 | 290,578 | 198,758 |
| **Total Net commissions and fees** | **$ 1,711,861** | **$ 1,432,179** | **$ 1,016,685** |

***Contract Balances***

Contract assets are included within Commissions and fees receivable – net in the Consolidated Balance Sheets. The contract asset balance was $13.0 million and $8.8 million as of December 31, 2022 and 2021, respectively. The contract liability balance related to deferred revenue, which is included in Accounts payable and accrued liabilities on the Consolidated Balance Sheets, was $1.4 million and $1.1 million as of December 31, 2022 and 2021, respectively. All contract liabilities outstanding as of December 31, 2021 were recognized in revenue during the year ended December 31, 2022.

**4.MERGERS AND ACQUISITIONS**

***2022 Acquisition***

On November 1, 2022, the Company acquired certain assets of Centurion Liability Insurance Services, LLC ("Centurion") for $7.7 million of total consideration. The transaction was accounted for as an asset acquisition and resulted in an increase to the customer relationships intangible asset balance on the Consolidated Balance Sheets.

***2021 Acquisitions***

On March 31, 2021, the Company acquired the remaining outstanding common units of Ryan Re, making Ryan Re a wholly owned subsidiary.

On December 1, 2021, the Company acquired Crouse and Associates Insurance Brokers, Inc. ("Crouse") for $110.6 million of total consideration. Crouse specializes in transportation, as well as excess and general liability and property and casualty risks, and is headquartered in San Francisco, California. During the year ended December 31,

2022, the Company made measurement period adjustments related to this acquisition, including an increase of an assumed liability of $1.3 million and an increase in consideration of $3.7 million related to the working capital provisions of the purchase agreement. Collectively, these adjustments resulted in a $5.0 million increase to goodwill for the year ended December 31, 2022.

On December 31, 2021, the Company acquired certain assets of Keystone Risk Partners, LLC ("Keystone") for $59.8 million of total consideration. Keystone offers a suite of alternative risk insurance solutions, including customized captive insurance and other risk management services, and is headquartered in Media, Pennsylvania. During the year ended December 31, 2022, the Company made a measurement period adjustment related to the Keystone acquisition. This adjustment related to a decrease in cash acquired resulting in a $2.0 million increase to goodwill for the year ended December 31, 2022.

*Acquisitions Related to the Organizational Transactions*

On July 21, 2021, the Company acquired the entity through which Onex held its preferred interest of 260,000,000 Redeemable Preferred Units and an $83.5 million asset equal to the unpaid preferred return and value of the make-whole provision, for cash consideration of $343.2 million net of cash acquired. The LLC converted the acquired preferred interest into 14,617,675 LLC Common Units that were then issued to the Company.

On July 21, 2021, the Company acquired the entity through which Onex held its pre-IPO common interest in Class B common units of the LLC (the "Common Blocker Entity") in exchange for 20,680,420 shares of Class A common stock and a right to participate in the TRA through the issuance and subsequent repurchase and retirement of 640,784 shares of Class X common stock, each in a non-cash transaction.

***Contingent Consideration***

Total consideration for certain acquisitions includes contingent consideration, which is generally based on the EBITDA of the acquired business following a defined period after purchase. The Company recognizes income or losses for changes in fair value of estimated contingent consideration within Change in contingent consideration on the Consolidated Statements of Income. The Company recognizes interest expense for accretion of the discount on these liabilities within Interest expense, net on the Consolidated Statements of Income. The table below summarizes the changes recognized in the Consolidated Statements of Income:

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| Change in contingent consideration | $ 442 | $ 2,891 | $ (1,301 ) |
| Interest expense | 1,991 | 748 | 1,197 |
| **Total** | **$ 2,433** | **$ 3,639** | **$ (104 )** |

The current portion of the fair value of contingent consideration was $7.5 million and $14.4 million as of December 31, 2022 and 2021, respectively, and was recorded in Accounts payable and accrued liabilities on the Consolidated Balance Sheets. The non-current portion of the fair value of the contingent consideration was $21.8 million and $27.6 million as of December 31, 2022 and 2021, respectively, and was recorded in Other non-current liabilities on the Consolidated Balance Sheets. The aggregate amount of maximum contingent consideration obligation related to acquisitions was $47.9 million as of December 31, 2022.

**5.RESTRUCTURING**

During 2020, the Company initiated a restructuring plan in conjunction with the All Risks Acquisition, to reduce costs and increase efficiencies. The restructuring plan was entered into expecting to generate annual savings of $25.0 million and to incur total restructuring costs in the range of $30.0 million to $35.0 million, with run-rate savings expected to be realized by June 30, 2023.

This plan involved restructuring costs primarily consisting of employee termination benefits and retention costs. The restructuring plan also included charges for consolidating leased office space, as well as other professional fees.

Restructuring costs incurred for the year ended December 31, 2022 were $5.7 million and cumulative restructuring costs incurred since the inception of the program were $30.9 million as of December 31, 2022.

The table below presents the restructuring expense incurred:

| | Year Ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Compensation and benefits | $ 725 | $ 9,934 |
| Occupancy and other costs[1] | 4,992 | 4,446 |
| **Total** | **$ 5,717** | **$ 14,380** |

[1] Occupancy and other costs, which include non-cash impairments, are included within General and administrative expenses in the Consolidated Statements of Income

The table below presents a summary of changes in the restructuring liability:

| | Compensation and Benefits | Occupancy and Other Costs | Total |
|---|---|---|---|
| **Balance at December 31, 2020** | **$ 7,049** | **$ —** | **$ 7,049** |
| Accrued costs | 9,934 | 4,446 | **14,380** |
| Payments | (16,576 ) | (4,446 ) | **(21,022 )** |
| **Balance at December 31, 2021** | **$ 407** | **$ —** | **$ 407** |
| Accrued costs | 725 | 4,992 | **5,717** |
| Payments | (982 ) | (4,992 ) | **(5,974 )** |
| **Balance at December 31, 2022** | **$ 150** | **$ —** | **$ 150** |

### 6.RECEIVABLES AND OTHER CURRENT ASSETS

***Receivables***

The Company had receivables of $231.4 million and $210.3 million outstanding as of December 31, 2022 and 2021, respectively, which were recognized within Commissions and fees receivable – net in the Consolidated Balance Sheets. Commission and fees receivable is net of an allowance for credit losses.

***Allowance for Credit Losses***

The Company's allowance for credit losses with respect to receivables is based on a combination of factors, including evaluation of historical write-offs, current economic conditions, aging of balances, and other qualitative and quantitative analyses.

The following table provides a roll forward of the Company's allowance for expected credit losses:

| | Year Ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| **Beginning of period** | **$ 2,508** | **$ 2,916** |
| Write-offs | (1,660 ) | (2,636 ) |
| Increase in provision | 1,132 | 2,228 |
| **End of period** | **$ 1,980** | **$ 2,508** |

***Other Current Assets***

Major classes of other current assets consist of the following:

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Prepaid expenses | $ 21,062 | $ 13,434 |
| Service receivables | 414 | 644 |
| Other current receivables | 28,214 | 1,804 |
| **Total other current assets** | **$ 49,690** | **$ 15,882** |

Service receivables contain receivables from Geneva Re, Ltd. Further information regarding related parties is detailed in Note 19, *Related Parties*. Other current receivables include insurance recoveries as described in Note 18, *Commitments and Contingencies*.

**7. GOODWILL AND OTHER INTANGIBLE ASSETS**

The following table provides a summary of goodwill activity:

| | | Goodwill |
|---|---|---|
| **Balance at December 31, 2020** | **$** | **1,224,196** |
| Acquisitions | | 85,299 |
| Impact of exchange rate changes | | (228 ) |
| **Balance at December 31, 2021** | **$** | **1,309,267** |
| Measurement period adjustments | | 7,019 |
| Impact of exchange rate changes | | (1,302 ) |
| **Balance at December 31, 2022** | **$** | **1,314,984** |

Changes in the net carrying amount of finite-lived intangible assets are shown in the table below:

| | As of December 31, 2022 | | | | | | As of December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Cost | | Accumulated Amortization | | Net Carrying Amount | | Cost | | Accumulated Amortization | | Net Carrying Amount |
| Customer relationships [(1)] | $ | 925,722 | $ | (468,592 ) | $ | 457,130 | $ | 919,349 | $ | (375,680 ) | $ | 543,669 |
| Trade names | | 22,462 | | (19,502 ) | | 2,960 | | 22,485 | | (15,727 ) | | 6,758 |
| Internally developed software | | 39,627 | | (13,273 ) | | 26,354 | | 31,567 | | (8,064 ) | | 23,503 |
| **Total** | **$** | **987,811** | **$** | **(501,367 )** | **$** | **486,444** | **$** | **973,401** | **$** | **(399,471 )** | **$** | **573,930** |

(1) During the year ended December 31, 2022, the Company acquired $7.7 million of customer relationships through the Centurion acquisition. The acquired customer relationships have a weighted average amortization period of 10 years.

The value of internally developed software in development not yet placed in service was $11.2 million and $7.1 million as of December 31, 2022 and 2021, respectively.

The aggregate amortization expense from finite-lived intangible assets was $103.6 million and $107.7 million for the years ended December 31, 2022 and 2021, respectively. The estimated future amortization for finite-lived intangible assets as of December 31, 2022, is as follows:

| | | Customer Relationships | | Trade Names | | Internally Developed Software |
|---|---|---|---|---|---|---|
| 2023 | $ | 83,073 | $ | 2,546 | $ | 6,151 |
| 2024 | | 72,461 | | 414 | | 6,732 |
| 2025 | | 62,815 | | — | | 5,599 |
| 2026 | | 53,024 | | — | | 3,699 |
| 2027 | | 42,943 | | — | | 2,932 |
| Thereafter | | 142,814 | | — | | 1,241 |
| **Total** | **$** | **457,130** | **$** | **2,960** | **$** | **26,354** |

**8. EQUITY METHOD INVESTMENT**

The Company’s equity method investment in related parties consists of its investment in Ryan Investment Holdings, LLC ("RIH"). Refer to Note 19, *Related Parties* for further information.

The Company’s maximum exposure to loss on the equity method investment is the total invested capital of $47.0 million. The Company is not required to contribute any additional capital to RIH. The Company may be exposed to

losses arising from the equity method investment as a result of underwriting losses recognized at Geneva Re, Ltd ("Geneva Re") or losses on Geneva Re's investment portfolio.

| | Year Ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| **Beginning of period** | **$ 45,417** | **$ 47,216** |
| Loss from equity method investment in related party | 414 | 759 |
| Change in share of equity method investment in related party other comprehensive loss | 6,489 | 1,040 |
| **End of period** | **$ 38,514** | **$ 45,417** |

**9.LEASES**

The Company has various non-cancelable operating leases with various terms through September 2038 primarily for office space and office equipment.

The following table provides additional information about the Company's leases:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| **Lease costs:** | | | |
| Operating lease cost | $ 32,834 | $ 24,069 | $ 19,510 |
| Finance lease costs: | | | |
| Amortization of leased assets | 30 | 144 | 102 |
| Interest on lease liabilities | 1 | 3 | 2 |
| **Short term lease costs:** | | | |
| Operating lease cost | 598 | 536 | 1,906 |
| Finance lease costs: | | | |
| Amortization of leased assets | 9 | 9 | 11 |
| Interest on lease liabilities | 1 | 1 | 1 |
| Sublease income | (488 ) | (382 ) | (450 ) |
| **Lease cost – net** | **$ 32,985** | **$ 24,380** | **$ 21,082** |
| | | | |
| **Cash paid for amounts included in the measurement of lease liabilities** | | | |
| Operating cash flows from operating leases | $ 25,569 | $ 27,550 | $ 18,586 |
| Operating cash flows from finance leases | 41 | 156 | 117 |
| **Non-cash related activities** | | | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | 93,029 | 11,714 | 35,766 |
| Right-of-use assets obtained in exchange for new finance lease liabilities | — | — | 132 |
| **Weighted average discount rate (percent)** | | | |
| Operating leases | 4.80 % | 3.85 % | 3.72 % |
| Finance leases | 3.22 % | 3.16 % | 3.01 % |
| **Weighted average remaining lease term (years)** | | | |
| Operating leases | 8.5 | 6.0 | 6.2 |
| Finance leases | 1.9 | 2.7 | 2.2 |

Supplemental balance sheet information related to right-of-use assets and lease liabilities:

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Right-of-use assets – operating leases – net | $ 143,813 | $ 84,778 |
| Right-of-use assets – finance leases – net | 57 | 96 |
| **Total lease right-of-use assets – net** | **$ 143,870** | **$ 84,874** |
| **Current lease liabilities** | | |
| Operating | $ 22,744 | $ 18,783 |
| Finance | 35 | 39 |
| **Non-current lease liabilities** | | |
| Operating | 151,944 | 74,386 |
| Finance | 22 | 57 |
| **Total lease liabilities** | **$ 174,745** | **$ 93,265** |

The estimated future minimum payments of operating and financing leases as of December 31, 2022:

| | Finance Leases | Operating Leases |
|---|---|---|
| 2023 | $ 37 | $ 30,415 |
| 2024 | 18 | 26,194 |
| 2025 | 4 | 24,424 |
| 2026 | — | 23,049 |
| 2027 | — | 20,941 |
| Thereafter | — | 95,271 |
| **Total undiscounted future lease payments** | **$ 59** | **$ 220,294** |
| Less imputed interest | (2 ) | (45,606 ) |
| **Present value lease liabilities** | **$ 57** | **$ 174,688** |

Average annual sublease income for the next five years is $0.3 million. The Company has four leases with inception dates prior to December 31, 2022 that had not yet commenced as of December 31, 2022, for a total future estimated lease liability of $21.6 million.

**10.DEBT**

Substantially all of the Company’s debt is carried at outstanding principal balance, less debt issuance costs and any unamortized discount or premium. To the extent that the Company modifies any debt arrangements, all unamortized costs from borrowings are deferred and amortized over the term of the new arrangement, where applicable.

The following table is a summary of the Company’s outstanding debt:

| | As of December 31, | |
|---|---|---|
| | **2022** | **2021** |
| **Term debt** | | |
| 7-year term loan facility, periodic interest and quarterly principal payments, Adjusted Term SOFR + 3.00% as of December 31, 2022, LIBOR + 3.00% as of December 31, 2021, matures September 1, 2027 | $ 1,571,818 | $ 1,578,972 |
| **Senior secured notes** | | |
| 8-year senior secured notes, semi-annual interest payments, 4.38%, matures February 1, 2030 | 399,791 | — |
| **Revolving debt** | | |
| 5-year revolving loan facility, periodic interest payments, Adjusted Term SOFR + up to 3.00% as of December 31, 2022, LIBOR + up to 3.00% as of December 31, 2021, plus commitment fees up to 0.50%, matures July 26, 2026 | 392 | 387 |
| **Premium financing notes** | | |
| Commercial notes, periodic interest and principal payments, 1.88-2.49%, expire May 1, 2023 | 1,685 | — |
| Commercial notes, periodic interest and principal payments, 2.49%, expire June 1, 2023 | 767 | — |
| Commercial notes, periodic interest and principal payments, 2.74%, expire June 21, 2023 | 3,266 | — |
| Commercial notes, periodic interest and principal payments, 1.66%, expired June 1, 2022 | — | 1,656 |
| Commercial notes, periodic interest and principal payments, 1.66%, expired July 15, 2022 | — | 745 |
| Commercial notes, periodic interest and principal payments, 1.66%, expired July 21, 2022 | — | 3,973 |
| **Finance lease obligation** | 57 | 96 |
| **Units subject to mandatory redemption** | 4,711 | 4,267 |
| **Total debt** | **$ 1,982,487** | **$ 1,590,096** |
| Less: Short-term debt and current portion of long-term debt | (30,587 ) | (23,469 ) |
| **Long-term debt** | **$ 1,951,900** | **$ 1,566,627** |

Future maturities of long-term debt, which excludes premium financing notes, as of December 31, 2022 were as follows:

| | |
|---|---|
| 2023 | $ 24,869 |
| 2024 | 16,518 |
| 2025 | 16,504 |
| 2026 | 16,500 |
| 2027 | 1,546,875 |
| Thereafter | 404,710 |
| **Total repayments** | **$ 2,025,976** |
| Less: Unamortized discounts, premiums, and debt issuance costs | (49,207 ) |
| **Total** | **$ 1,976,769** |

***Term Loan***

The original principal of the Term Loan was $1,650.0 million. As of December 31, 2022, $1,612.9 million of the principal was outstanding, $0.7 million of interest was accrued, and the related unamortized deferred issuance costs were $41.7 million. As of December 31, 2021, $1,629.4 million of the principal was outstanding, $0.2 million of interest was accrued, and the related unamortized deferred issuance costs were $50.6 million.

***Revolving Credit Facility***

The Revolving Credit Facility had a borrowing capacity of $600.0 million as of December 31, 2022 and 2021. As the Revolving Credit Facility had not been drawn on as of December 31, 2022 or 2021, the deferred issuance costs related to the facility of $6.4 million and $8.7 million, respectively, were included in Other non-current assets in the Consolidated Balance Sheets. The commitments available to be borrowed under the Revolving Credit Facility were $599.3 million and $598.7 million as of December 31, 2022 and 2021, respectively, as the available amount of the facility was reduced by $0.7 million and $1.3 million of undrawn letters of credit as of December 31, 2022 and 2021, respectively.

The Company pays a commitment fee on undrawn amounts under the facility of 0.25% - 0.50%. As of December 31, 2022 and 2021, the Company accrued $0.4 million of unpaid commitment fees related to the Revolving Credit Facility included in Short-term debt and current portion of long-term debt in the Consolidated Balance Sheets.

Borrowings under the Term Loan and the Revolving Credit Facility are secured by a first-priority lien and security interest in substantially all of the assets, subject to certain exceptions, of existing and future material domestic subsidiaries of the Company.

***Transition from LIBOR to SOFR***

On April 29, 2022, the Company entered into a fourth amendment to the Credit Agreement on its Term Loan and Revolving Credit Facility to transition from using the Eurocurrency Rate (LIBOR) to a benchmark replacement of Adjusted Term SOFR plus a credit spread adjustment of 10 basis points, 15 basis points, or 25 basis points for the one-month, three-month, or six-month borrowing periods, respectively. As discussed in Note 2, *Summary of Significant Accounting Policies*, the Company adopted ASU 2020-04 in the second quarter of 2022. The Company has elected the expedient that allows for this contract modification to be treated as not substantial and to account for any related changes on a prospective basis from the modification date.

***Senior Secured Notes due 2030***

On February 3, 2022, the LLC issued $400.0 million of Senior Secured Notes. The notes have a 4.38% interest rate and will mature on February 1, 2030. As of December 31, 2022, unamortized deferred issuance costs and discount were $7.5 million and the Company accrued $7.3 million of interest related to these notes.

***Subsidiary Units Subject to Mandatory Redemption***

Ryan Re has the obligation to settle its outstanding preferred units with the Founder in the amount of the aggregate unreturned capital and unpaid dividends on June 13, 2034, fifteen years from original issuance. As these units are mandatorily redeemable, they are classified as Long-term debt on the Consolidated Balance Sheets. The historical cost of the units is $3.3 million, which was valued using an implicit rate of 9.8%. Accretion of the discount using the implicit rate is recognized as Interest expense, net in the Consolidated Statements of Income. As of December 31, 2022 and 2021, interest accrued on these units was $1.4 million and $1.0 million, respectively. See Note 19, *Related Parties* for further information on Ryan Re.

## 11.STOCKHOLDERS' EQUITY

Ryan Specialty's amended and restated certificate of incorporation authorizes the issuance of up to 1,000,000,000 shares of Class A common stock, 1,000,000,000 shares of Class B common stock, 10,000,000 shares of Class X common stock, and 500,000,000 shares of preferred stock, each having a par value of $0.001 per share. The Company's amended and restated certificate of incorporation and the New LLC Operating Agreement require that the Company and the LLC at all times maintain a one-to-one ratio between the number of shares of Class A common stock issued by the Company and the number of LLC Common Units owned by the Company, except as otherwise determined by the Company.

***Class A and Class B Common Stock***

Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is initially entitled to 10 votes per share but, upon the occurrence of certain events as set forth in the Company's amended and restated certificate of incorporation, will be entitled to one vote per share in the future. All holders of Class A common stock and Class B common stock vote together as a single class except as otherwise required by applicable law or our amended and restated certificate of incorporation.

In accordance with the New LLC Operating Agreement, the LLC Unitholders are entitled to exchange LLC Common Units for shares of Class A common stock, in accordance with the LLC Operating Agreement or, at the Company's election, for cash from a substantially concurrent public offering or private sale (based on the price of our Class A common stock in such public offering or private sale). The LLC Unitholders are also required to deliver to us an equivalent number of shares of Class B common stock to effectuate such an exchange. Any shares of Class B common stock so delivered will be canceled. Shares of Class B common stock are not issued for Class C Incentive Units that are exchanged for LLC Common Units as these LLC Common Units are immediately exchanged for Class A common stock as discussed in Note 12, *Equity-Based Compensation.*

Holders of Class B common stock do not have any right to receive dividends or distributions upon the liquidation or winding up of the Company.

***Class X Common Stock***

As described in Note 4, *Mergers and Acquisitions*, the Company acquired the Common Blocker Entity, the entity through which Onex held its Class B common unit interest in the LLC. Through the acquisition, Onex exchanged its equity interests in the Common Blocker Entity for shares of Class A common stock and a right to participate in the TRA. The Company issued shares of Class X common stock to Onex, which were immediately repurchased and canceled, as a mechanism for Onex to participate in the TRA. The shares of Class X common stock have no economic or voting rights. There were no shares of Class X common stock outstanding as of December 31, 2022 or 2021.

***Preferred Stock***

There were no shares of preferred stock outstanding as of December 31, 2022 or 2021. Under the terms of the amended and restated certificate of incorporation, the Board is authorized to direct the Company to issue shares of preferred stock in one or more series without stockholder approval. The Board has the discretion to determine the rights, preferences, privileges, and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges, and liquidation preferences, of each series of preferred stock.

***Dividends***

No dividends were declared or payable as of December 31, 2022 or 2021.

***Non-controlling Interests***

The Company is the sole managing member of the LLC. As a result, the Company consolidates the LLC in its consolidated financial statements, resulting in non-controlling interests related to the LLC Common Units not held

by the Company. The non-controlling interest previously recognized in the LLC's historical consolidated financial statements represented the LLC's equity interests in an underlying subsidiary. As of December 31, 2022 and 2021, the Company owned 43.3% and 42.6%, respectively, of the economic interests in the LLC, while the non-controlling interest holders owned the remaining 56.7% and 57.4%, respectively, of the economic interests in the LLC.

Weighted average ownership percentages for the applicable reporting periods are used to attribute net income (loss) and other comprehensive income (loss) to the Company and the non-controlling interest holders. The non-controlling interest holders' weighted average ownership percentage was 57.1% for the year ended December 31, 2022, and was 57.6% from the date of the IPO through December 31, 2021.

**12.EQUITY-BASED COMPENSATION**

Substantially concurrent with the IPO, the Company's Board of Directors adopted the Ryan Specialty Holdings, Inc. 2021 Omnibus Incentive Plan (the "Omnibus Plan"). The Omnibus Plan provides for potential grants of the following awards: (i) stock options, (ii) stock appreciation rights, (iii) restricted stock awards, (iv) performance awards, (v) other stock-based awards, (vi) other cash-based awards, and (vii) analogous equity awards made in equity of the LLC.

***IPO Related Awards***

As a result of the Organizational Transactions, pre-IPO holders of the LLC Class A common units that were granted as incentive awards, which had historically been classified as equity and vested pro rata over five years, were required to exchange their units for one or more of the following: (i) Restricted Stock, (ii) Reload Options, (iii) Restricted Common Units, or (iv) Reload Class C Incentive Units. The "reload" awards were issued to employees in order to protect against the dilution of their existing awards upon exchange to the new awards. This exchange resulted in a modification under ASC 718.

The Restricted Stock and Restricted Common Units are referred to as "restricted" due to the transfer restrictions on the awards. The transfer restrictions apply on a non-linear schedule for the five year period following the IPO. As these restrictions lift based on the passage of time, Restricted Stock and Restricted Common Units will be referred to as Class A common stock and LLC Common Units, respectively.

Separately, certain employees were granted one or more of the following new awards: (i) Restricted Stock Units, (ii) Staking Options, (iii) Restricted LLC Units, or (iv) Staking Class C Incentive Units. The terms of these awards are described below.

***Incentive Awards***

As part of the Company's annual compensation process, the Company issues certain employees and directors equity-based compensation awards ("Incentive Awards"). Additionally, the Company offers Incentive Awards to certain new hires. These Incentive Awards typically take the form of (i) RSUs, (ii) RLUs, (iii) Class C Incentive Units, or (iv) Stock Options. The terms of these awards are described below.

***Restricted Stock***

As part of the Organizational Transactions, certain existing employee unitholders were granted Restricted Stock in the Company in exchange for their LLC Units. The Restricted Stock follows the vesting schedule of the LLC Units for which they were exchanged. LLC Units historically vested pro rata over 5 years.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | Restricted Stock | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | 3,222,634 | $ 21.15 |
| Granted | — | — |
| Vested | (1,212,620 ) | 21.15 |
| Forfeited | (25,075 ) | 21.15 |
| Unvested at end of period | 1,984,939 | $ 21.15 |

The weighted-average grant date fair value of $21.15 reflects the fair value of the Restricted Stock at the time of the modification.

***Restricted Stock Units (RSUs)***

*IPO RSUs*

Related to the IPO, the Company granted RSUs to certain employees. The IPO RSUs vest either pro rata over 5 years from the grant date or over 10 years from the grant date, with 10% vesting in each of years 3 through 9 and 30% vesting in year 10. The grant date fair value considers the IPO price of $23.50 adjusted for a weighted average 2.4% discount for lack of marketability due to the transfer restrictions. Upon vesting, IPO RSUs automatically convert on a one-for-one basis into Class A common stock.

| | Year Ended December 31, 2022 | | |
|---|---|---|---|
| | Restricted Stock Units | | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | 4,330,104 | $ | 22.95 |
| Granted | — | | — |
| Vested | (474,191 ) | | 22.42 |
| Forfeited | (84,289 ) | | 22.50 |
| Unvested at end of period | 3,771,624 | $ | 23.00 |

*Incentive RSUs*

As part of the Company's annual compensation process, the Company issued Incentive RSUs to certain employees. The Incentive RSUs vest either 100% 3 or 5 years from the grant date, pro rata over 3 or 5 years from the grant date, or over 5 years from the grant date, with one-third of the grant vesting in each of years 3, 4 and 5. Upon vesting, Incentive RSUs automatically convert on a one-for-one basis into Class A common stock.

| | Year Ended December 31, 2022 | | |
|---|---|---|---|
| | Restricted Stock Units | | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | — | $ | — |
| Granted | 1,008,426 | | 34.63 |
| Vested | — | | — |
| Forfeited | (23,987 ) | | 34.39 |
| Unvested at end of period | 984,439 | $ | 34.64 |

***Stock Options***

*Reload Options*

As part of the Organizational Transactions and IPO, certain employees who exchanged their LLC Common Units for shares of the Company were also granted Reload Options that entitle the award holder to future purchases of Class A common stock, on a one-for-one basis, at the IPO price of $23.50. The Reload Options vest either 100% 3

years from the grant date or over 5 years from the grant date, with one-third of the grant vesting in each of years 3, 4 and 5. Vested Reload Options are exercisable up to the tenth anniversary of the grant date.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | Options | Weighted Average Exercise Price |
| Outstanding at beginning of period | 4,592,319 | $ 23.50 |
| Granted | — | — |
| Exercised | — | — |
| Forfeited | (37,570 ) | 23.50 |
| Outstanding at end of period | 4,554,749 | $ 23.50 |

The fair value of Reload Options granted at the time of the IPO was determined using the Black-Scholes option pricing model with the following assumption ranges:

| | Assumptions |
|---|---|
| Volatility | 25.0% |
| Time to maturity (years) | 6.5-7.0 |
| Risk-free rate | 0.94-1.02% |
| Fair value per unit | $6.42-$6.72 |
| Dividend yield | 0.0% |

*Staking Options*

In addition to Restricted Stock, certain employees were also granted Staking Options that entitle the award holder to future purchases of Class A common stock, on a one-for-one basis, at the IPO price of $23.50. The Staking Options vest over 10 years from the grant date, with 10% vesting in each of years 3 through 9 and 30% vesting in year 10. Vested Staking Options are exercisable up to the eleventh anniversary of the grant date.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | Options | Weighted Average Exercise Price |
| Outstanding at beginning of period | 66,667 | $ 23.50 |
| Granted | — | — |
| Exercised | — | — |
| Forfeited | — | — |
| Outstanding at end of period | 66,667 | $ 23.50 |

The fair value of Staking Options granted at the time of the IPO was determined using the Black-Scholes option pricing model with the following assumptions:

| | Assumptions |
|---|---|
| Volatility | 25.0% |
| Time to maturity (years) | 9.1 |
| Risk-free rate | 1.19% |
| Fair value per unit | $7.82 |
| Dividend yield | 0.0% |

*Incentive Options*

As part of the Company's annual compensation process, the Company issued Incentive Options to certain employees that entitle the award holder to future purchases of Class A common stock on a one-for-one basis. The Incentive Options vest over 5 years from the grant date, with one-third of the grant vesting in each of years 3, 4 and 5. Vested Incentive Options are exercisable up to the tenth anniversary of the grant date. The weighted average grant date fair value of incentive options granted during the year ended December 31, 2022 was $11.68.

| | Year Ended December 31, 2022 | | |
|---|---|---|---|
| | Options | | Weighted Average Exercise Price |
| Outstanding at beginning of period | — | $ | — |
| Granted | 175,222 | | 34.39 |
| Exercised | — | | — |
| Forfeited | (4,830 ) | | 34.39 |
| Outstanding at end of period | 170,392 | $ | 34.39 |

The fair value of Incentive Options granted during the year ended December 31, 2022 was determined using the Black-Scholes option pricing model with the following assumptions:

| | Assumptions |
|---|---|
| Volatility | 27.5% |
| Time to maturity (years) | 7.0 |
| Risk-free rate | 2.16% |
| Fair value per unit | $11.68 |
| Dividend yield | 0.0% |

The use of a valuation model for the Options requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the observed volatility for comparable companies. The expected time to maturity was based on the weighted-average vesting terms and contractual terms of the awards. The dividend yield was based on the Company's expected dividend rate. The risk-free interest rate was based on U.S. Treasury rates commensurate with the expected life of the award.

The aggregate intrinsic value and weighted average remaining contractual terms of Stock Options outstanding and Stock Options exercisable were as follows:

| | | As of December 31, 2022 |
|---|---|---|
| **Aggregate intrinsic value ($ in thousands)** | | |
| Reload Options outstanding | $ | 82,031 |
| Reload Options exercisable | | — |
| Staking Options outstanding | | 1,201 |
| Staking Options exercisable | | — |
| Incentive Options outstanding | | 1,213 |
| Incentive Options exercisable | | — |
| **Weighted-average remaining contractual term (in years)** | | |
| Reload Options outstanding | | 8.6 |
| Reload Options exercisable | | — |
| Staking Options outstanding | | 9.6 |
| Staking Options exercisable | | — |
| Incentive Options outstanding | | 9.2 |
| Incentive Options exercisable | | — |

***Restricted Common Units***

As part of the Organizational Transactions, certain existing employee unitholders were granted Restricted Common Units in exchange for their LLC Units. The Restricted Common Units follow the vesting schedule of the LLC Units for which they were exchanged. LLC Units historically vested pro rata over 5 years.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | Restricted Common Units | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | 5,743,520 | $ 23.84 |
| Granted | — | — |
| Vested | (2,504,923 ) | 23.84 |
| Forfeited | — | — |
| Unvested at end of period | 3,238,597 | $ 23.84 |

The weighted average grant date fair value reflects the fair value of the Restricted Common Units at the time of the modification.

***Restricted LLC Units (RLUs)***

*IPO RLUs*

Related to the IPO, the Company granted RLUs to certain employees that vest either pro rata over 5 years from the grant date or over 10 years from the grant date, with 10% vesting in each of years 3 through 9 and 30% vesting in year 10. Upon vesting, RLUs automatically convert on a one-for-one basis into LLC Common Units.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | Restricted LLC Units | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | 1,543,277 | $ 25.05 |
| Granted | — | — |
| Vested | (27,419 ) | 24.41 |
| Forfeited | — | — |
| Unvested at end of period | 1,515,858 | $ 25.06 |

*Incentive RLUs*

As part of the Company's annual compensation process, the Company issued Incentive RLUs to certain employees. The Incentive RLUs vest pro rata over 3 or 5 years from the grant date. Upon vesting, RLUs convert on a one-for-one basis into either LLC Common Units or Class A common stock at the election of the Company.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | Restricted LLC Units | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | — | $ — |
| Granted | 145,527 | 34.86 |
| Vested | — | — |
| Forfeited | — | — |
| Unvested at end of period | 145,527 | $ 34.86 |

***Class C Incentive Units***

*Reload Class C Incentive Units*

As part of the Organizational Transactions and IPO, certain employees who exchanged their LLC Units for Restricted Common Units were also granted Reload Class C Incentive Units, which are profits interests. When the value of Class A common stock exceeds the IPO price of $23.50, vested profits interests may be exchanged for LLC Common Units of equal value. On exchange, the LLC Common Units are immediately redeemed on a one-to-one basis for Class A common stock. The Reload Class C Incentive Units vest either 100% 3 years from the grant date or over 5 years from the grant date, with one-third of the grant vesting in each of years 3, 4 and 5.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | **Class C Incentive Units** | **Weighted Average Participation Threshold** |
| Unvested at beginning of period | 3,911,490 | $ 23.50 |
| Granted | — | — |
| Vested | — | — |
| Forfeited | — | — |
| Unvested at end of period | 3,911,490 | $ 23.50 |

*Staking Class C Incentive Units*

Related to the IPO, certain employees were granted Staking Class C Incentive Units, which are profits interests. When the value of the Class A common stock exceeds the IPO price of $23.50, vested profits interests may be exchanged for LLC Common Units of equal value. On exchange, the LLC Common Units are immediately redeemed on a one-to-one basis for Class A common stock. The Staking Class C Incentive Units vest either pro rata over 5 years from the grant date or over 10 years from the grant date, with 10% vesting in each of years 3 through 9 and 30% vesting in year 10.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | **Class C Incentive Units** | **Weighted Average Participation Threshold** |
| Unvested at beginning of period | 2,116,667 | $ 23.50 |
| Granted | — | — |
| Vested | (119,999 ) | 23.50 |
| Forfeited | — | — |
| Unvested at end of period | 1,996,668 | $ 23.50 |

*Class C Incentive Units*

As part of the Company's annual compensation process, the Company issued Class C Incentive Units to certain employees, which are profits interests. When the value of the Class A common stock exceeds the participation threshold, vested profits interests may be exchanged for LLC Common Units of equal value. On exchange, the LLC Common Units are immediately redeemed on a one-to-one basis for Class A common stock. The Class C Incentive Units vest over 8 years from the grant date, with 15% vesting in each of years 3 through 7 and 25% vesting in year 8.

| | Year Ended December 31, 2022 | |
|---|---|---|
| | **Class C Incentive Units** | **Weighted Average Participation Threshold** |
| Unvested at beginning of period | — | $ — |
| Granted | 300,000 | 34.39 |
| Vested | — | — |
| Forfeited | — | — |
| Unvested at end of period | 300,000 | $ 34.39 |

***Valuation Considerations***

The Restricted Common Units and RLUs, once vested and after delivery of LLC Common Units, are exchangeable into shares of Class A common stock of the Company on a one-to-one basis, which entitles the unitholders to TRA payments resulting from 85% of the tax savings generated by the Company. The various Class C Incentive Units have the same terms as the LLC Common Units, with the exception of their respective participation thresholds. When the price of the Class A common stock exceeds the participation threshold, the Class C Incentive Units can be exchanged for Restricted Common Units of equal value and are entitled to the same TRA benefits upon an exchange to Class A common stock. In order to value the Restricted Common Units and Class C Incentive Units the Company is required to make certain assumptions with respect to selected model inputs.

Due to the nature of the underlying risks inherent in TRA payments and the uncertainty as to when the participation threshold will be satisfied for the Class C Incentive Units, the Company uses a Monte Carlo simulation to explicitly model the impact of future stock prices on the size of the amortizable asset, as well as the impact of different levels of taxable income on the timing of the TRA payments, in a risk-neutral framework. The Monte Carlo simulation model uses the following assumptions: the simulated closing stock price, the simulated taxable income, the risk-free interest rate, the expected dividend yield, and the expected volatility and correlation of the Company's stock price and taxable income. The dividend yield was based on the Company’s expected dividend rate of 0.0%. The risk-free interest rate range of 1.9%-2.4% was based on U.S. Treasury rates commensurate with a term of 30 years. Due to the transfer restrictions on the IPO awards, a discount for lack of marketability was applied based on the term between when each Restricted Common Unit, Staking Class C Incentive Unit, or Reload Class C Incentive Unit vests and when it is released from the transfer restriction. The range of discounts from 6.0% to 19.1% were applied on the proportion of value associated with the receipt of Class A common stock upon the exchange of each Restricted Common Unit or Class C Incentive Unit.

***Non-Employee Director Stock Grants***

Starting in 2022, the Company grants RSUs ("Director Stock Grants") to the nonemployee directors serving as members of the Company's Board of Directors, with the exception of the one director appointed by Onex in accordance with Onex’s nomination rights who has agreed to forgo any compensation for his service to the Board. The Director Stock Grants are fully vested upon grant. The Company granted 53,159 Director Stock Grants during the year ended December 31, 2022. The Company recognized $2.0 million and $0.5 million of expense related to the Director Stock Grants during the years ended December 31, 2022 and 2021, respectively.

***Profit Sharing Contribution***

In March 2022, the Company made a discretionary profit sharing contribution of 75,026 shares of Class A common stock, collectively, to certain employees' defined contribution retirement benefit plan accounts. The Company recognized $2.6 million of expense related to the profit sharing contribution during the year ended December 31, 2022.

***Equity-Based Compensation Expense***

As of December 31, 2022, the unrecognized equity-based compensation costs related to each equity-based compensation award described above and the related weighted-average remaining expense period was as follows:

| | Amount | Weighted Average Remaining Expense Period (years) |
|---|---|---|
| Restricted Stock | $ 8,784 | 1.2 |
| IPO RSUs | 56,640 | 4.4 |
| Incentive RSUs | 26,686 | 2.8 |
| Reload Options | 4,614 | 1.9 |
| Staking Options | 399 | 6.1 |
| Incentive Options | 1,559 | 3.1 |
| Restricted Common Units | 7,114 | 0.7 |
| IPO RLUs | 28,401 | 5.8 |
| Incentive RLUs | 2,926 | 1.7 |
| Reload Class C Incentive Units | 5,912 | 2.3 |
| Staking Class C Incentive Units | 17,145 | 5.2 |
| Class C Incentive Units | 4,837 | 5.1 |
| **Total unrecognized equity-based compensation expense** | **$ 165,017** | |

The following table includes the equity-based compensation expense the Company recognized by expense type from the view of expense related to pre- and post-IPO awards. The table also presents the unrecognized equity-based compensation expense as of December 31, 2022 in the same view.

| | Recognized | | Unrecognized |
|---|---|---|---|
| | Year Ended December 31, 2022 | Year Ended December 31, 2021 | As of December 31, 2022 |
| **Prior to the Organizational Transactions and IPO** | | | |
| LLC equity-based compensation expense | $ — | $ 8,457 | N/A |
| **IPO awards** | | | |
| Modification of vested Restricted Stock and Restricted Common Units | — | 31,142 | — |
| IPO RSUs and Staking Options | 22,700 | 18,234 | 57,039 |
| IPO RLUs and Staking Class C Incentive Units | 12,561 | 5,997 | 45,546 |
| Incremental Restricted Stock and Reload Options | 7,126 | 6,779 | 9,006 |
| Incremental Restricted Common Units and Reload Class C Incentive Units | 11,705 | 10,170 | 10,892 |
| **Pre-IPO incentive awards** | | | |
| Restricted Stock | 4,860 | 3,323 | 4,392 |
| Restricted Common Units | 3,079 | 1,859 | 2,134 |
| **Post-IPO incentive awards** | | | |
| Incentive RSUs | 7,417 | — | 26,686 |
| Incentive RLUs | 2,148 | — | 2,926 |
| Incentive Options | 431 | — | 1,559 |
| Class C Incentive Units | 873 | — | 4,837 |
| **Other expense** | | | |
| Director Stock Grants | 2,000 | 495 | N/A |
| Profit Sharing Contribution | 2,580 | — | N/A |
| **Total equity-based compensation expense** | **$ 77,480** | **$ 86,456** | **$ 165,017** |

The Company recognized equity-based compensation expense of $77.5 million, $86.5 million and $10.2 million for the years ended December 31, 2022, 2021, and 2020, respectively.

**13.EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to Ryan Specialty Holdings, Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted earnings (loss) per share is computed giving effect to all potentially dilutive shares. As shares of Class B common stock do not share in earnings and are not participating securities they are not included in the Company's calculation.  The basic and diluted loss per share for the year ended December 31, 2021 includes only the period from July 22, 2021 to December 31, 2021, which represents the period wherein the Company had outstanding Class A common stock subsequent to the IPO.

Prior to the IPO, the LLC equity structure included Preferred units, Class A common units, and Class B common units. The Company considered the calculation of earnings per unit for periods prior to the IPO and determined that it would not be meaningful to the users of these consolidated financial statements. Therefore, earnings (loss) per share information has not been presented for the year ended December 31, 2020.

A reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings (loss) per share of Class A common stock is as follows:

| | Year Ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Net income | $ 163,257 | $ 56,632 |
| Net income attributable to the LLC before the Organizational Transactions | — | 72,937 |
| Net income (loss) attributable to non-controlling interests | 102,205 | (9,241 ) |
| Net income (loss) attributable to Ryan Specialty Holdings, Inc. | $ 61,052 | $ (7,064 ) |
| **Numerator:** | | |
| Net income (loss) attributable to Class A common shareholders | $ 61,052 | $ (7,064 ) |
| Add: Income attributed to substantively vested RSUs | 806 | — |
| Net income (loss) attributable to Class A common shareholders- basic | $ 61,858 | $ (7,064 ) |
| Add: Income attributed to dilutive shares | 75,512 | — |
| Net income (loss) attributable to Class A common shareholders- diluted | $ 137,370 | $ (7,064 ) |
| **Denominator:** | | |
| Weighted-average shares of Class A common stock outstanding- basic | 108,616,420 | 105,730,008 |
| Add: Dilutive shares | 157,134,024 | — |
| Weighted-average shares of Class A common stock outstanding- diluted | 265,750,444 | 105,730,008 |
| **Earnings (Loss) per Share:** | | |
| Earnings (loss) per share of Class A common stock- basic | $ 0.57 | $ (0.07 ) |
| Earnings (loss) per share of Class A common stock- diluted | $ 0.52 | $ (0.07 ) |

The following number of shares were excluded from the calculation of diluted earnings (loss) per share because the effect of including such potentially dilutive shares would have been antidilutive:

| | Year Ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Restricted Stock | — | 3,216,435 |
| IPO RSUs | — | 4,037,589 |
| Reload Options | — | 4,592,319 |
| Staking Options | — | 66,667 |
| Restricted Common Units | — | 5,743,520 |
| IPO RLUs | — | 1,543,277 |
| Reload Class C Incentive Units | — | 3,911,490 |
| Staking Class C Incentive Units | — | 2,116,667 |
| Class C Incentive Units | 300,000 | — |
| Incentive Options | 170,392 | — |
| Conversion of non-controlling interest LLC Common Units (1) | — | 142,967,621 |

(1)Weighted average units outstanding during the period.

**14.DERIVATIVES**

On April 7, 2022, the Company entered into an interest rate cap agreement to manage its exposure to interest rate fluctuations related to the Company's Term Loan in the amount of $25.5 million. The interest rate cap has a $1,000.0 million notional amount, 2.75% strike, and terminates on December 31, 2025. As of December 31, 2022, the fair value of the interest rate cap was $45.9 million, which was included in Other non-current assets on the Consolidated Balance Sheets. At inception, the Company formally designated the interest rate cap as a cash flow hedge. As of December 31, 2022, the interest rate cap continued to be an effective hedge. The Company elected to exclude the change in the time value of the interest rate cap from the assessment of hedge effectiveness and will amortize the

initial value of the premium over the life of the instrument. The premium amortization is recognized in Interest expense, net on the Consolidated Statements of Income.

For the year ended December 31, 2022, the $20.4 million increase in the fair value of the interest rate cap and $4.6 million of premium amortization were recognized in Other comprehensive income (loss). During the year ended December 31, 2022, $2.2 million related to payments received was reclassified out of Other comprehensive income (loss) into earnings. As of December 31, 2022, the Company expects $20.6 million of unrealized gains from the interest rate cap to be reclassified into earnings over the next twelve months.

**15.EMPLOYEE BENEFIT PLANS, PREPAID AND LONG-TERM INCENTIVES**

***Defined Contribution Plan***

The Company recognized expense related to discretionary matching contributions to the Plan in the amount of $17.4 million, $14.8 million, and $10.4 million for the years ended December 31, 2022, 2021, and 2020, respectively, which was included in Compensation and benefits on the Consolidated Statements of Income.

***Deferred Compensation Plan***

The Company recognized a liability for employee deferrals, inclusive of changes in the value of deferred amounts held, of $2.2 million and $10.0 million in Current Accrued compensation and Non-current Accrued compensation, respectively, on the Consolidated Balance Sheets as of December 31, 2022. As of December 31, 2021, $4.2 million was recognized in Non-current Accrued compensation on the Consolidated Balance Sheets.

***Prepaid Incentives***

*Employee Retention Incentives*

As of December 31, 2022, $2.3 million and $3.5 million related to employee retention incentives was recognized in Current and Non-current Prepaid incentives – net, respectively, on the Consolidated Balance Sheets. As of December 31, 2021, $0.7 million and $1.2 million related to employee retention incentives was recognized in Current and Non-current Prepaid incentives – net, respectively, on the Consolidated Balance Sheets. The compensation expense related to these incentives was $1.4 million, $0.8 million, and $0.2 million as of December 31, 2022, 2021 and 2020, respectively.

*Forgivable Notes*

As of December 31, 2022, $6.3 million and $17.2 million related to forgivable notes was recognized in Current and Non-current Prepaid incentives – net, respectively, in the Consolidated Balance Sheets. As of December 31, 2021, $7.0 million and $24.2 million related to forgivable notes was recognized in Current and Non-current Prepaid incentives – net, respectively, in the Consolidated Balance Sheets. The amortization expense associated with the forgiveness of the principal amount of the notes and accrued interest was recognized in Compensation and benefits on the Consolidated Statements of Income. Amortization expense, net of interest on the forgivable notes, was $6.7 million, $7.2 million, and $8.6 million for the years ended December 31, 2022, 2021, and 2020, respectively.

The estimated future expense related to prepaid incentives as of December 31, 2022:

| | Forgivable Notes | Retention Incentives | Total Prepaid Incentives |
|---|---|---|---|
| 2023 | $ 6,311 | $ 2,273 | $ 8,584 |
| 2024 | 5,358 | 1,504 | 6,862 |
| 2025 | 4,526 | 859 | 5,385 |
| 2026 | 2,882 | 745 | 3,627 |
| 2027 | 2,271 | 408 | 2,679 |
| Thereafter | 2,181 | 33 | 2,214 |
| **Total** | **$ 23,529** | **$ 5,822** | **$ 29,351** |

***Long-Term Incentive Compensation Agreements***

The Company recognized expense of $0.1 million, $1.8 million, and $1.8 million related to these awards for the years ended December 31, 2022, 2021, and 2020, respectively, in Compensation and benefits on the Consolidated Statements of Income. As of December 31, 2022, $0.1 million related to such agreements was included within Non-current Accrued compensation in the Consolidated Balance Sheets. As of December 31, 2021, $5.2 million and $0.2 million related to such agreements was included in Current Accrued compensation and Non-current Accrued compensation, respectively, in the Consolidated Balance Sheets.

***All Risks Long-Term Incentive Plans***

ARL had established various long-term incentive plans ("LTIPs") throughout its history to incentivize certain executives, producers and key employees. ARL additionally established sales bonuses, implemented by the management of ARL, as compensation for past services performed in connection with executing the sale. The LTIPs were fully paid in the third quarter of 2022. Of the expense related to post-combination services, the Company recognized $19.8 million, $36.6 million, and $11.3 million related to these awards for the years ended December 31, 2022, 2021, and 2020, respectively. The expense was recognized in Compensation and benefits in the Consolidated Statements of Income. The Company made cash payments of $110.8 million, $99.7 million, and $114.7 million for the years ended December 31, 2022, 2021, and 2020, respectively.

## 16. VARIABLE INTEREST ENTITIES

As discussed in Note 1, *Basis of Presentation*, the Company consolidates the LLC as a VIE under ASC 810. The Company's financial position, financial performance and cash flows effectively represent those of the LLC as of and for the year ended December 31, 2022, with the exception of Cash and cash equivalents of $25.0 million, the entire balance of the Tax Receivable Agreement liabilities of $295.3 million and Deferred tax assets of $396.8 million on the Consolidated Balance Sheets, which are attributable solely to the Company. As of December 31, 2021, the Tax Receivable Agreement liabilities of $272.1 million and $382.8 million of the Deferred tax assets on the Consolidated Balance Sheet were attributable solely to the Company.

## 17. FAIR VALUE MEASUREMENTS

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair values as follows:

**Level 1:** Observable inputs such as quoted prices for identical assets in active markets;
**Level 2:** Inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and
**Level 3:** Unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level of input that is significant to the fair value measure in its entirety.

The carrying amount of financial assets and liabilities reported in the Consolidated Balance Sheets for cash and cash equivalents, commissions and fees receivable—net, other current assets, accounts payable, and other accrued liabilities at December 31, 2022 and 2021, approximate fair value because of the short-term duration of these instruments.

***Derivative Instruments***

*Redeemable Preferred Units*

In prior periods, the fair value of the combined embedded derivative of the make-whole provision on the Redeemable Preferred Units ("RPU") was based on the likelihood of a mandatorily redeemable triggering event, a Realization Event as defined by the Onex Purchase Agreement, and the present value of any remaining unpaid dividends between the reporting period and the fifth anniversary of the issuance date, which was a Level 3 fair value measurement. In determining the fair value, the Company historically estimated the likelihood of a Realization Event based on discussions with management, then estimated the present value of any remaining dividends using a 10.5% discount rate derived from a review of comparable issuances and benchmarking. The present value of the remaining dividends was then combined with the estimated likelihood of a Realization Event to arrive at the estimated fair value. As the Company's IPO in July 2021 was a Realization Event triggering the payment to Onex of the make-whole provision, there are no further amounts outstanding.

*Interest Rate Cap*

The Company uses an interest rate cap to manage its exposure to interest rate fluctuations related to the Company's Term Loan. The fair value of the interest rate cap is determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the cap. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. The inputs used in determining the fair value of the interest rate cap are considered Level 2 inputs.

***Contingent Consideration***

The fair value of contingent consideration obligations is based on the present value of the future expected payments to be made to the sellers of certain acquired businesses in accordance with the provisions outlined in the respective purchase agreements, which is a Level 3 fair value measurement. In determining fair value, the Company estimates cash payments based on management's financial projections of the performance of each acquired business relative to the formula specified by each purchase agreement. The Company utilizes Monte Carlo simulations to evaluate financial projections of each acquired business. The Monte Carlo models consider forecasted revenue and EBITDA and market risk adjusted revenue and EBITDA, which are run through a series of simulations. As of December 31, 2022, the models used risk-free rates and expected volatility of 4.57% and 22.50%, respectively, and used a credit spread of 4.50%. As of December 31, 2021, the risk-free rates, expected volatility, and credit spread used in the models ranged from 0.06% to 0.85%, 15.0% to 35.0%, and 2.30% to 3.20%, respectively. The Company then discounts the expected payments created by the Monte Carlo model to present value using a risk-adjusted rate that takes into consideration the market-based rates of return that reflect the ability of the acquired entity to achieve its targets. The discount rate used for the year ended December 31, 2022 was 16.1%. The discount rates used for the year ended December 31, 2021 ranged from 5.2% to 12.8%.

Each period, the Company revalues the contingent consideration obligations associated with certain prior acquisitions to their fair value and records subsequent changes to the fair value of these estimated obligations in Change in contingent consideration in the Consolidated Statements of Income. Changes in contingent consideration result from changes in the assumptions regarding probabilities of successful achievement of related EBITDA and percentage milestones, the estimated timing in which milestones are achieved, and the discount rate used to estimate the fair value of the liability. Contingent consideration may change significantly as the Company's revenue growth rate and EBITDA estimates evolve and additional data is obtained, impacting the Company's assumptions. The use of different assumptions and judgements could result in a materially different estimate of fair value which may have a material impact on the results from operations and financial position. See Note 4, *Mergers and Acquisitions* for further information on contingent consideration.

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis by fair value hierarchy input level:

| | As of December 31, 2022 | | | As of December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| **Assets:** | | | | | | |
| Interest rate cap | $ — | $ 45,860 | $ — | $ — | $ — | $ — |
| **Liabilities:** | | | | | | |
| Debt [1] | 1,955,879 | — | — | 1,631,412 | — | — |
| Contingent purchase consideration | — | — | 29,251 | — | — | 42,053 |
| **Total assets and liabilities measured at fair value** | **$ 1,955,879** | **$ 45,860** | **$ 29,251** | **$ 1,631,412** | **$ —** | **$ 42,053** |

[1] As of December 31, 2022, this represents the Term Loan and Senior Secured Notes. As of December 31, 2021, only the Term Loan was outstanding. See Note 10, *Debt*.

The following is a reconciliation of the beginning and ending balances for the Level 3 liabilities measured at fair value:

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2021 | | |
| | **Contingent Purchase Consideration** | **Make-Whole Provision on RPU** | **Contingent Purchase Consideration** | **Total** |
| **Balance at beginning of period** | **$ 42,053** | **$ 30,423** | **$ 22,096** | **$ 52,519** |
| Newly established liability due to acquisition | — | — | 22,011 | 22,011 |
| Total losses included in earnings | 2,433 | 36,914 | 3,639 | 40,553 |
| Settlements | (15,235 ) | (67,337 ) | (5,693 ) | (73,030 ) |
| **Balance at end of period** | **$ 29,251** | **$ —** | **$ 42,053** | **$ 42,053** |

Of the total $15.2 million settlement of contingent consideration in the year ended December 31, 2022, $6.2 million is presented in the financing section and $9.0 million is presented in the operating section of the Consolidated Statements of Cash Flows. Of the total $5.7 million settlement of contingent consideration in the year ended December 31, 2021, $4.5 million is presented in the financing section and $1.2 million is presented in the operating section of the Consolidated Statements of Cash Flows. The losses included in earnings for the make-whole provision on RPU were recognized in Other non-operating income (loss) in the Consolidated Statements of Income.

## 18. COMMITMENTS AND CONTINGENCIES

***Legal – E&O and Other Considerations***

As an excess and surplus lines and Admitted markets intermediary, and in addition to ordinary course of business E&O exposure, the Company has potential E&O risk if an insurance carrier with which Ryan Specialty placed coverage denies coverage for a claim or pays less than the insured believes is the full amount owed. As a result, from time to time the Company seeks to resolve early in the process, through a commercial accommodation, certain matters to limit the economic exposure and reputational risk, including potential legal fees, created by a disagreement between a carrier and the insured.

The Company utilizes insurance to provide protection from E&O liabilities that may arise during the ordinary course of business. Ryan Specialty's E&O insurance provides aggregate coverage for E&O losses up to $100.0 million in excess of a $2.5 million retention amount per claim. The Company periodically determines a range of possible outcomes using the best available information that relies, in part, on projecting historical claim data into the future. Loss contingencies of $26.1 million and $2.7 million were recorded for outstanding matters as of December 31, 2022 and 2021, respectively. Loss contingencies exclude the impact of any loss recoveries. The Company recognized the net impact of the loss contingencies and any loss recoveries of $7.5 million, $3.0 million, and $2.7 million in E&O expense for the years ended December 31, 2022, 2021, and 2020, respectively, in General and administrative expense on the Consolidated Statements of Income. The historical claim and commercial accommodation data used to project the current estimates may not be indicative of future claim activity. Thus, the estimates could change in the future as more information becomes known, which could materially impact the amounts reported and disclosed herein.

During the year ended December 31, 2022, the Company placed certain insurance policies through a trading partner with the understanding that the policies were underwritten by highly rated insurance capital. The policies were instead underwritten by an insurance carrier that was not considered satisfactory by the Company or the insureds. The Company committed to securing replacement coverage, to the extent commercially available, from highly rated insurance companies on terms substantially similar to the insurance coverage originally agreed upon. As a result of this unusual circumstance, the Company has and will incur losses, including the cost of the replacement coverage ("Replacement Costs"), arising from the original placements. The Company has determined that it is probable that it will be exposed to the Replacement Costs on policies that were in-force as of December 31, 2022. The Company has recorded an estimated loss contingency of $23.1 million for these costs within Accounts payable and accrued liabilities in the Consolidated Balance Sheets. Relatedly, the Company has obtained sufficient evidence from its E&O insurance carriers to conclude that a recovery of the claim for the Replacement Costs, in excess of the $2.5 million retention, is probable. The loss recovery of $20.6 million is recorded in Other current assets in the Consolidated Balance Sheets. In the aggregate, the loss contingency and related loss recovery result in a $2.5 million expense recorded in General and administrative expense on the Consolidated Statements of Income.

It is at least reasonably possible that the estimate of Replacement Costs will change in the near term as policies are replaced and unearned premiums are recovered from the trading partner. Further, exposure to additional losses may arise due to the need to secure coverage for differences in conditions, policies that had expired prior to, or shortly after, the discovery of this unusual circumstance, adjustable premiums arising from the addition or deletion of properties over the policy term, unpaid covered claims, or other damages for losses incurred by our customers. An estimate of these potential losses cannot be made at this time but could change in the future as more information becomes known.

**19.RELATED PARTIES**

***Ryan Investment Holdings***

Ryan Investment Holdings, LLC (“RIH”) was formed as an investment holding company designed to aggregate the funds of Ryan Specialty and Geneva Ryan Holdings, LLC (“GRH”) for investment in Geneva Re Partners, LLC (“GRP”). GRH was formed as an investment holding company designed to aggregate investment funds of Patrick G. Ryan and other affiliated investors. One affiliated investor is an LLC Unitholder and a director of the Company, and another is an LLC Unitholder and employee of the Company. Ryan Specialty does not consolidate GRH as the Company does not have a direct investment in or variable interest in this entity.

The Company holds a 47% interest in RIH and GRH holds a 53% interest in RIH. RIH has a 50% non-controlling interest in GRP, and the other 50% is owned by Nationwide Mutual Insurance Company (“Nationwide”). GRP wholly owns Geneva Re, a Bermuda-regulated reinsurance company. RIH is considered a related party variable interest entity under common control with the Company. The Company is not most closely associated with the variable interest entity and therefore does not consolidate RIH. The assets of RIH are restricted to settling obligations of RIH, pursuant to Delaware limited liability company statutes.

RIH has committed to contribute additional capital to GRP over the next four years. Patrick G. Ryan, through a trust of which he is the beneficiary and co-trustee, has committed to personally fund any such additional capital contributions. Any such additional capital contributions under this commitment will not affect the relative ownership of RIH’s common equity.

***Geneva Re***

As discussed above, Geneva Re is a wholly owned subsidiary of GRP. GRP was formed as a joint venture between Nationwide and RIH, with each retaining a 50% ownership interest in GRP in exchange for a $50.0 million initial cash investment from each. The Company, through its investment in RIH and in connection with the GRP subscription agreement, has an agreement that outlines the terms of the Company’s investment in RIH, as well as the commitment of RIH’s unit holders to invest funds into GRP at the request of the GRP board, for a total investment of $47.0 million.

The Company has a service agreement with Geneva Re to provide both administrative services to, as well as disburse payments for costs directly incurred by, Geneva Re. These direct costs include compensation expenses incurred by employees of Geneva Re. The Company had $0.2 million and $0.5 million due from Geneva Re under this agreement as of December 31, 2022 and 2021, respectively.

***Ryan Re Services Agreement with Geneva Re and Nationwide***

Ryan Re is party to a services agreement with Geneva Re to provide, among other services, certain underwriting and administrative services to Geneva Re. Ryan Re received a service fee equal to 2.5% of gross written premium derived from reinsurance and retrocession business assumed by Geneva Re from Nationwide through December 31, 2020. On January 1, 2021, the services agreement between Ryan Re and Geneva Re was amended to remove the 2.5% of gross premium written and was replaced with a service fee equal to 115% of the administrative costs incurred by Ryan Re in performing certain underwriting and administrative services to Geneva Re. Revenue earned from Geneva Re, net of applicable constraints, was $1.6 million, $1.7 million and $2.0 million for the years ended December 31, 2022, 2021, and 2020, respectively. Receivables due from Geneva Re under this agreement, net of applicable constraints, were $2.0 million and $4.2 million as of December 31, 2022 and 2021, respectively.

***Company Leasing of Corporate Jets***

In the ordinary course of its business, the Company charters executive jets for business purposes from Executive Jet Management ("EJM"), a third-party service provider. Mr. Ryan indirectly owns aircraft that he leases to EJM for EJM’s charter operations for which he receives remuneration from EJM. The Company pays market rates for chartering aircraft through EJM, unless the particular aircraft chartered is Mr. Ryan’s, in which case the Company receives a discount below market rates. Historically, the Company has been able to charter Mr. Ryan’s aircraft and

make use of this discount. The Company recognized expense related to business usage of the aircraft of $1.3 million, $0.7 million, and $0.7 million for the years ended December 31, 2022, 2021, and 2020, respectively.

***Personal Guarantee***

In April 2021, Mr. Ryan personally guaranteed up to $10.0 million of the financial obligations of the Company under an agency agreement with certain insurance companies that are affiliated with National Indemnity Company. The Company did not pay Mr. Ryan any consideration for this guarantee. Mr. Ryan's guarantee may be replaced by the Company with a letter of credit at any time, subject to the prior approval of the insurance companies. Mr. Ryan will not personally guarantee any further additional financial obligations of the Company or any of its subsidiaries.

**20.INCOME TAXES**

The Company is taxed as a corporation for income tax purposes and is subject to federal, state, and local taxes with respect to its allocable share of any net taxable income from the LLC. The LLC is a limited liability company taxed as a partnership for income tax purposes, and its taxable income or loss is passed through to its members, including the Company. The LLC is subject to income taxes on its taxable income in certain foreign countries, in certain state and local jurisdictions that impose income taxes on partnerships, and on the taxable income of its U.S. corporate subsidiaries. For the periods presented prior to the Organizational Transactions and IPO, the reported income taxes represent those of the LLC.

The components of income before income taxes are follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| United States | $ 159,778 | $ 39,673 | $ 66,087 |
| Foreign | 19,414 | 21,891 | 13,378 |
| **Income before income taxes** | **$ 179,192** | **$ 61,564** | **$ 79,465** |

The components of income tax expense are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| **Current income tax expense** | | | |
| Federal | $ 408 | $ 187 | $ 2,257 |
| State | 1,840 | 856 | 3,600 |
| Foreign | 4,701 | 5,042 | 2,920 |
| **Current income tax expense** | **$ 6,949** | **$ 6,085** | **$ 8,777** |
| **Deferred income tax expense (benefit)** | | | |
| Federal | 13,164 | (2,087 ) | (269 ) |
| State | (4,198 ) | 411 | — |
| Foreign | 20 | 523 | 444 |
| **Deferred income tax expense (benefit)** | **$ 8,986** | **$ (1,153 )** | **$ 175** |
| **Income tax expense** | **$ 15,935** | **$ 4,932** | **$ 8,952** |

Reconciliations of income tax expense computed at the U.S. federal statutory income tax rate to the recognized income tax expense and the U.S. statutory income tax rate to our effective tax rates are as follows:

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | 2020 | |
| Income taxes at U.S. federal statutory rate | $ 37,630 | 21.0 % | $ 12,928 | 21.0 % | $ 16,688 | 21.0 % |
| Income attributable to non-controlling interests and nontaxable income | (18,662 ) | (10.4 )% | (10,166 ) | (16.5 )% | (13,861 ) | (17.4 )% |
| Nondeductible expenses | 2,474 | 1.4 % | 415 | 0.7 % | — | 0.0 % |
| State and local taxes, net of federal benefit | 4,671 | 2.6 % | 600 | 1.0 % | 3,600 | 4.5 % |
| Foreign rate differential | 376 | 0.2 % | 337 | 0.5 % | — | 0.0 % |
| Change in state rate | (7,477 ) | (4.2 )% | 775 | 1.3 % | — | 0.0 % |
| Liquidation of C-Corporation subsidiary | 213 | 0.1 % | — | 0.0 % | 2,309 | 2.9 % |
| Equity-based compensation | (2,374 ) | (1.3 )% | — | 0.0 % | — | 0.0 % |
| Other | (916 ) | (0.5 )% | 43 | 0.1 % | 216 | 0.3 % |
| **Income tax expense** | **$ 15,935** | **8.9 %** | **$ 4,932** | **8.1 %** | **$ 8,952** | **11.3 %** |

The effective tax rates are significantly different from the 21.0% U.S. federal statutory tax rate primarily because the Company was taxed as an LLC pre-IPO and is not liable for income taxes on the portion of earnings that is attributable to the non-controlling interests in the post-IPO period. For the year ended December 31, 2022, the effective tax rate was also impacted by the change in deferred income tax rates, state and local taxes, nondeductible expenses, and equity-based compensation.

As of December 31, 2022, the Company had $2.8 million of federal net operating loss ("NOL") carryforwards with an indefinite carryforward period, $2.9 million of state NOL carryforwards that will begin to expire in 2037, and $1.4 million in U.K. NOL carryforwards with an indefinite carryforward period. The company has recorded a full valuation allowance against the U.K. NOL. As of December 31, 2022, the Company had $2.3 million in foreign tax credit carryforwards that will begin to expire in 2031 and $0.9 million in charitable contribution carryforwards that will begin to expire in 2026.

***Uncertain Tax Positions***

The Company does not believe it has any significant uncertain tax positions and therefore has no unrecognized tax benefits as of December 31, 2022, that if recognized, would affect the annual effective tax rate. The Company’s 2021 tax year is considered open for federal examination purposes. The 2019 through 2021 tax years are considered open for purposes of federal examination under the statutes of limitations for the LLC, which continues to file an annual U.S. Return of Partnership Income, and our C-Corporation subsidiaries. One of the Company’s subsidiaries is currently under U.S. federal and state examination as of the date of this Form 10-K for the 2020 tax year. There are no other on-going U.S. federal, state, or foreign tax audits or examinations as of the date of issuance of this Form 10-K.

***Deferred Taxes***

The components of deferred tax assets and liabilities are as follows:

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| **Deferred tax assets:** | | |
| Net operating losses | $ 1,039 | $ 919 |
| Investment in the LLC | 386,353 | 374,336 |
| Start-up costs | 7,199 | 7,608 |
| Tax credits | 2,478 | 155 |
| **Total deferred tax assets** | **$ 397,069** | **$ 383,018** |
| Valuation allowances | (263 ) | (294 ) |
| **Deferred tax assets, net of valuation allowance** | **$ 396,806** | **$ 382,724** |
| **Deferred tax liabilities:** | | |
| Intangibles | (51 ) | (12 ) |
| Fixed assets | (155 ) | (173 ) |
| Other accrued items | (348 ) | (417 ) |
| **Deferred tax liabilities** | **$ (554 )** | **$ (602 )** |
| **Net Deferred tax assets** | **$ 396,252** | **$ 382,122** |

As a result of the Organizational Transactions and the IPO, the Company acquired an interest in the LLC and has recognized a deferred tax asset for the difference between the financial reporting and tax basis of its investment in the LLC and for start-up costs incurred. During the year ended December 31, 2022, the Company recognized an increase in its investment in the LLC's deferred tax asset of $27.7 million due to exchanges of LLC Common Units for Class A common stock.

As of December 31, 2022, the Company concluded that, based on the weight of all available positive and negative evidence, the deferred tax assets with respect to the Company's basis difference in its investment in the LLC, start-up costs, tax credits and U.S. net operating losses are more likely than not to be realized. As such, no valuation allowance has been recognized against those deferred tax assets. The Company has recorded a full valuation allowance against the U.K. NOL. The valuation allowance will be maintained until there is sufficient evidence to support the reversal of all or some portion of this allowance.

***Tax Receivable Agreement (TRA)***

The Company recognizes a liability on the Consolidated Balance Sheets based on the undiscounted estimated future payments under the TRA. The amounts payable under the TRA will vary depending upon a number of factors, including the amount, character, and timing of the taxable income of the Company in the future.

Based on current projections, the Company anticipates having sufficient taxable income to be able to realize the benefits and has recorded Tax Receivable Agreement liabilities of $295.3 million related to these benefits on the Consolidated Balance Sheets as of December 31, 2022. The following summarizes activity related to the Tax Receivable Agreement liabilities:

| | Exchange Tax Attributes | Pre-IPO M&A Tax Attributes | TRA Payment Tax Attributes | TRA Liabilities |
|---|---|---|---|---|
| **Balance at December 31, 2021** | **$ 136,704** | **$ 83,389** | **$ 52,007** | **$ 272,100** |
| Exchange of LLC Common Units | 16,207 | 3,680 | 6,116 | 26,003 |
| Remeasurement - change in state rate | 2,157 | 1,351 | 1,897 | 5,405 |
| Accrued interest | — | — | 148 | 148 |
| Payments | (4,757 ) | (3,404 ) | (148 ) | (8,309 ) |
| **Balance at December 31, 2022** | **$ 150,311** | **$ 85,016** | **$ 60,020** | **$ 295,347** |

During the year ended December 31, 2022, the TRA liabilities increased $26.0 million due to exchanges of LLC Common Units for Class A common stock, which was recognized in Additional paid-in capital on the Consolidated

Statements of Mezzanine Equity and Stockholders'/Members' Equity. During the same period, the Company remeasured the TRA liabilities due to changes in state tax rates resulting in a $5.4 million expense as the Company increased its estimated cash tax savings rate from 25.12% to 25.53%. The change was recognized in Other non-operating loss on the Consolidated Statements of Income. Total realized tax savings for the year ended December 31, 2021 from each of the tax attributes associated with the TRA were $9.6 million; $8.2 million, exclusive of the related accrued interest, was paid to current and certain former LLC unitholders, representing 85% of the realized tax savings. The remaining 15%, or $1.4 million, of the realized tax savings was retained by the Company.

***Members' Tax Distributions***

The Company declared Members' Tax Distributions of $28.7 million, $34.9 million, and $63.4 million during the years ended December 31, 2022, 2021, and 2020, respectively. Members' Tax Distributions for quarterly estimates are generally paid throughout the year they relate to, and a final payment is made in the first half of the subsequent year.

***Other Comprehensive Income (Loss)***

The tax effects on the components of Other comprehensive income (loss) for the year ended December 31, 2022 were $(0.5) million for Foreign currency translation adjustments, $(0.7) million for Change in share of equity method investment in related party other comprehensive loss, and $2.7 million for Gain on interest rate cap. The tax effects on the components of Other comprehensive income (loss) were de minimis for the years ended December 31, 2021 and 2020.

## 21.SUPPLEMENTAL CASH FLOW INFORMATION

The following represents the supplemental cash flow information of the Company:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| **Cash paid for:** | | | |
| Interest | $ 90,678 | $ 79,357 | $ 41,034 |
| Income taxes | 11,226 | 6,762 | 7,564 |
| **Non-cash investing and financing activities:** | | | |
| Members' Tax Distributions declared but unpaid | $ — | $ 11,155 | $ 23,350 |
| Tax Receivable Agreement liabilities | 26,003 | 272,100 | — |
| Contingent consideration liabilities from business combinations | — | 22,011 | — |
| Issuance of Class A common stock in connection with Common Blocker Merger | — | 53 | — |
| Class B common stock issued | — | 149 | — |
| Issuance of Class X common stock in connection with Common Blocker Merger | — | 1 | — |
| Cancellation of Class X common stock in exchange for TRA liabilities | — | (1 ) | — |
| Related party asset acquisition | — | — | (6,077 ) |
| Forgiveness of related party receivable | — | — | 6,077 |
| Repayment of Founders’ subordinated notes | — | — | (74,990 ) |
| Preferred LLC equity issued in exchange for Founders’ subordinated promissory notes | — | — | 74,270 |
| Common LLC equity issued in exchange for Founders’ subordinated promissory notes | — | — | 7,661 |
| Loss on extinguishment of Founders’ subordinated promissory notes | — | — | (6,941 ) |
| Common LLC equity issued as consideration for business combination | — | — | 102,000 |
| Unpaid preferred LLC equity dividends | — | — | 9,531 |
| Accretion of premium on mezzanine equity | — | — | 1,618 |
| Accumulated deficit due to accretion of premium on mezzanine equity | — | — | (1,618 ) |

## 22.SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 1, 2023 and has concluded that no events have occurred that require disclosure other than the events listed below.

On January 3, 2023, the Company completed the acquisition of certain assets of Griffin Underwriting Services, a binding authority specialist and wholesale insurance broker headquartered in Bellevue, WA, for $116.7 million.

On February 28, 2023, the Company announced ACCELERATE 2025, a two-year restructuring program, effective in the first quarter of 2023. The program will result in approximately $65.0 million of cumulative one-time charges through 2024, and the program is expected to generate annual savings of approximately $35.0 million in 2025.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rule 13a–15(e) and Rule 15d–15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of December 31, 2022, our disclosure controls and procedures were effective at the reasonable assurance level.

### Management’s Report on Internal Control Over Financial Reporting

Management of Ryan Specialty is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting can also be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the Internal Control - Integrated Framework (2013 Framework). Based on this assessment, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2022.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by Deloitte & Touche LLP, the Company's independent registered public accounting firm.

**Changes in Internal Control Over Financial Reporting**

There have been no changes in internal control over financial reporting during the three months ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

Not applicable.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.**

Not applicable

# PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item regarding directors and executive officers is incorporated herein by reference to our definitive Proxy Statement to be filed with the SEC in connection with the Annual Meeting of Shareholders to be held in 2023 (the “Proxy Statement”).

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer, and controller. A copy of our Code of Conduct that applies to all our employees including our principal executive officer, principal financial officer, principal accounting officer, and controller and other persons performing similar functions is available on our website at ryanspecialty.com. Any substantive amendments to or waivers from the Code of Conduct (to the extent applicable to our Chief Executive Officer, Chief Financial Officer or officers responsible for financial reporting) will be disclosed on this page of the Company’s website. We will provide a copy of the Code of Conduct without charge upon written request to the Company Secretary, Two Prudential Plaza, 180 N. Stetson Ave., Suite 4600, Chicago, IL 60601.

## ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item regarding director and executive officer compensation and compensation committee interlocks and insider participation is incorporated herein by reference to our Proxy Statement.

The material incorporated herein by reference to the information set forth under the heading “Compensation Committee Report” in the Proxy Statement shall be deemed furnished, and not filed, in this Form 10-K and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act as a result of this furnishing, except to the extent that it is specifically incorporated by reference by Ryan Specialty.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information regarding equity compensation plans and the security ownership of certain beneficial owners and management of Ryan Specialty’s common stock is incorporated herein by reference to our Proxy Statement.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item regarding certain relationships and related transactions, and director independence is incorporated herein by reference to our Proxy Statement.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Information required by this Item regarding fees billed to us by our principal accountant, Deloitte &Touche LLP (PCAOB ID No. 34) and other matters is incorporated herein by reference to our Proxy Statement.

# PART IV

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

**(a)(1) and (2).**

*The following documents have been included in Part II, Item 8.*

- Report of Deloitte & Touche LLP Independent Registered Public Accounting Firm, on Financial Statements
- Consolidated Statements of Income for the Years Ended December 31, 2022, 2021, and 2020
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2022, 2021, and 2020
- Consolidated Balance Sheets as of December 31, 2022 and 2021
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2021, and 2020
- Consolidated Statements of Mezzanine Equity and Stockholders'/ Members' Equity for the Years Ended December 31, 2022, 2021, and 2020
- Notes to Consolidated Financial Statements

All schedules are omitted because the required information is either inapplicable or presented within the consolidated financial statements or related notes.

**(a)(3).**

*List of Exhibits (numbered in accordance with Item 601 of Regulation S-K)*

| Exhibit Number | Description |
|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation of Ryan Specialty Holdings, Inc., dated July 21, 2021 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on July 27, 2021). |
| 3.2 | Amended and Restated Bylaws of Ryan Specialty Holdings, Inc., dated July 21, 2021 (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K filed on July 27, 2021). |
| 4.1 | Registration Rights Agreement, dated July 26, 2021, by and among Ryan Specialty Holdings, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on July 27, 2021). |
| 4.2 | Indenture, dated as of February 3, 2022, by and among Ryan Specialty, LLC, the guarantors party thereto and U.S. Bank National Association as trustee and as notes collateral agent (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on February 7, 2022). |
| 4.3 | Form of 4.375% Senior Secured Notes due 2030 (incorporated by reference to Exhibit A to Exhibit 4.1 to the Registrant's Form 8-K filed on February 7, 2022) |
| 4.4 | Description of Capital Stock (incorporated by reference to Exhibit 4.4 to the Registrant's Form 10-K filed on March 16, 2022). |
| 10.1 | Amended and Restated Tax Receivable Agreement, dated as of August 9, 2022, by and among Ryan Specialty Holdings, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 12, 2022). |

| | | |
|---|---|---|
| 10.2 | | Seventh Amended and Restated Limited Liability Company Agreement of Ryan Specialty, LLC, dated as of September 30, 2021, by and among Ryan Specialty Group, LLC and the other signatories party thereto, (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on November 12, 2021). |
| 10.3 | | First Amendment to the Seventh Amended and Restated Limited Liability Company Agreement of Ryan Specialty, LLC, dated as of February 17, 2022, by and among Ryan Specialty Group, LLC and the other signatories party thereto (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on May 13, 2022). |
| 10.4 | + | Form of Director and Officer Indemnification Agreement, by and among Ryan Specialty Holdings, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on June 21, 2021). |
| 10.5 | + | Indemnification Agreement, by and among Ryan Specialty Holdings, Inc. and Patrick G. Ryan, dated as of July 26, 2021 (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed on July 27, 2021). |
| 10.6 | | Director Nomination Agreement, dated as of July 26, 2021, by and among Ryan Specialty Holdings, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 10.5 to the Registrant's Form 8-K filed on July 27, 2021). |
| 10.7 | + | Ryan Specialty Holdings, Inc. 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed on August 12, 2022). |
| 10.8 | + | First Amendment to the Ryan Specialty Holdings, Inc. 2021 Omnibus Incentive Plan, filed herewith. |
| 10.9 | + | Ryan Specialty Holdings, Inc. Form of Nonqualified Stock Option Agreement (Stacking Option) (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-8 filed on July 23, 2021). |
| 10.10 | + | Ryan Specialty Holdings, Inc. Form of Nonqualified Stock Option Agreement (Reload Option) (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-8 filed on July 23, 2021). |
| 10.11 | + | Ryan Specialty Holdings, Inc. Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-8 filed on July 23, 2021). |
| 10.12 | + | Ryan Specialty Holdings, Inc. Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-8 filed on July 23, 2021) |
| 10.13 | + | Ryan Specialty Holdings, Inc. Form of Class C Common Incentive Unit Grant Agreement (Staking Unit) (incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-8 filed on July 23, 2021). |
| 10.14 | + | Ryan Specialty Holdings, Inc. Form of Class C Common Incentive Unit Grant Agreement (Reload Unit) (incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-8 filed on July 23, 2021). |
| 10.15 | + | Ryan Specialty Holdings, Inc. Form of Common Unit Grant Agreement (incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-8 filed on July 23, 2021). |
| 10.16 | + | Ryan Specialty Holdings, Inc. Form of Restricted LLC Unit Agreement (incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-8 filed on July 23, 2021) |
| 10.17 | + | Ryan Specialty Holdings, Inc. Form of Restricted Stock Unit Agreement (Non-Employee Directors), (incorporated by reference to Exhibit 10.15 to the Registrant's Form 10-K filed on March 16, 2022). |

| | |
|---|---|
| 10.18 + | Ryan Specialty Holdings, Inc. Form of Restricted LLC Unit Agreement (2022) (incorporated by reference to Exhibit 10.17 to the Registrant's Quarterly Report on Form 10-Q filed on May 13, 2022). |
| 10.19 | Fourth Amendment to the Credit Agreement, dated April 29, 2022, including Exhibit A, a conformed copy of the Credit Agreement, dated as of September 1, 2020, among Ryan Specialty, LLC and JPMorgan Chase Bank, N.A., as administrative agent and the other lenders party thereto, as amended March 30, 2021, July 26, 2021, August 13, 2021 and April 29, 2022 (incorporated by reference to Exhibit 10.18 to the Registrant's Quarterly Report on Form 10-Q filed on May 13, 2022). |
| 10.20 | Second Amended and Restated Limited Liability Company Operating Agreement of New Ryan Specialty, LLC dated as of November 8, 2022, by and among New Ryan Specialty, LLC and the other signatories party thereto, filed herewith. |
| 21.1 | Subsidiaries of the Registrant, filed herewith. |
| 23.1 | Consent of Deloitte & Touche LLP, filed herewith. |
| 31.1 | Certification of the Chief Executive Officer pursuant to Exchange Act Rules Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith. |
| 31.2 | Certification of the Chief Financial Officer pursuant to Exchange Act Rules Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith. |
| 32.1 * | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, furnished herewith. |
| 32.2 * | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, furnished herewith. |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |

* The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

\+ Management contract or compensatory plan or arrangement

**ITEM 16. FORM 10-K SUMMARY**

None

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date February 28, 2023

**Ryan Specialty Holding, Inc**

By: /s/ Patrick G. Ryan

Patrick G. Ryan, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ Patrick G. Ryan<br>Patrick G. Ryan | Chief Executive Officer and Director (Principal Executive Officer) | February 28, 2023 |
| /s/ Jeremiah R. Bickham<br>Jeremiah R. Bickham | Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) | February 28, 2023 |
| /s/ Timothy W. Turner<br>Timothy W. Turner | President and Director | February 28, 2023 |
| /s/ Nicholas D. Cortezi<br>Nicholas D. Cortezi | Chairman of Ryan Specialty Underwriting Managers and Director | February 28, 2023 |
| /s/ Henry S. Bienen<br>Henry S. Bienen | Director | February 28, 2023 |
| /s/ David P. Bolger<br>David P. Bolger | Director | February 28, 2023 |
| /s/ Michelle L. Collins<br>Michelle L. Collins | Director | February 28, 2023 |
| /s/ William J. Devers<br>William J. Devers | Director | February 28, 2023 |
| /s/ D. Cameron Findlay<br>D. Cameron Findlay | Director | February 28, 2023 |
| /s/ Robert Le Blanc<br>Robert Le Blanc | Director | February 28, 2023 |
| /s/ Michael D. O’Halleran<br>Michael D. O’Halleran | Director | February 28, 2023 |
| /s/ John W. Rogers, Jr<br>John W. Rogers, Jr | Director | February 28, 2023 |

Exhibit 10.8

# FIRST AMENDMENT TO THE RYAN SPECIALTY HOLDINGS, INC.
# 2021 OMNIBUS INCENTIVE PLAN

Effective as of January 1, 2023, pursuant to action taken by the Board of Directors of Ryan Specialty Holdings, Inc., the Ryan Specialty Holdings, Inc. 2021 Omnibus Incentive Plan (the "Plan") has been amended as follows:

The following sentence shall be added to the end of Section 4.1(a) of the Plan:

"The number of Shares that may be issued or used for reference purposes or with respect to which Awards may be granted under the Plan shall be reduced on a one-for-one basis by the number of Shares delivered or issued to any trust established for the benefit of Eligible Individuals pursuant to a plan that is qualified under section 401 of the Code."

Exhibit 10.20

**NEW RYAN SPECIALTY, LLC**

**SECOND AMENDED AND RESTATED**
**LIMITED LIABILITY COMPANY AGREEMENT**

Dated as of November 8, 2022

THE LIMITED LIABILITY COMPANY INTERESTS REPRESENTED BY THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH LIMITED LIABILITY COMPANY INTERESTS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

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**NEW RYAN SPECIALTY, LLC**

**SECOND AMENDED AND RESTATED**
**LIMITED LIABILITY COMPANY AGREEMENT**

This SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, this *"**Agreement**")* of New Ryan Specialty, LLC, a Delaware limited liability company (the *"**Company**"),* dated as of November 8, 2022 (the *"**Effective Date**"),* is entered into by and among the Company, Ryan Specialty Holdings, Inc., a Delaware corporation (the *"**Corporation**"),* as the managing member of the Company, and each of the other Members (as defined herein).

**RECITALS**

WHEREAS, unless the context otherwise requires, capitalized terms used herein have the respective meaning ascribed to them in Article I.

WHEREAS, the Company was formed as a limited liability company pursuant to and in accordance with the Delaware Act by the filing of the Certificate with the Secretary of State of the State of Delaware pursuant to Section 18-201 of the Delaware Act on April 20, 2021.

WHEREAS, prior to the Effective Date, the Company was governed by that certain Limited Liability Company Agreement of the Company, effective as of April 20, 2021, and that certain Amended and Restated Limited Liability Company Agreement of the Company, effective as of September 30, 2021 (each as amended, restated, amended and restated, supplemented or otherwise modified from time to time, together with all schedules, exhibits and annexes thereto, the latter the *"**Previous LLC Agreement**"* and collectively the *"**Previous LLC Agreements**"*), with the Corporation serving as its Manager.

WHEREAS, in connection with the IPO, some members of Ryan Specialty, LLC (formerly known as Ryan Specialty Group, LLC, and hereinafter "Ryan LLC") transferred their ownership interests in Ryan LLC to the Corporation or one of the Corporation's applicable Subsidiaries and, following the IPO, the other members of Ryan LLC transferred all or substantially all of their ownership interests in Ryan LLC to the Company for the purpose of making the Company a holding company for Ryan LLC interests.

WHEREAS, the Corporation completed the IPO through an "Up-C" structure on July 26, 2021; and

WHEREAS, the Company and the Members desire to continue the Company without dissolution and amend and restate the Previous LLC Agreement in its entirety as of the Effective Date, at which time the Previous LLC Agreement shall be superseded entirely by this Agreement and shall be of no further force or effect.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Previous LLC Agreement is hereby amended and restated in its entirety and the Company, the

Corporation and the other Members, each intending to be legally bound, each hereby agrees as follows:

## ARTICLE I
## DEFINITIONS

The following definitions shall be applied to the terms used in this Agreement for all purposes, unless otherwise clearly indicated to the contrary.

*"**Additional Member**"* has the meaning set forth in Section 12.02.

*"**Adjusted Capital Account Deficit**"* means, with respect to the Capital Account of any Member as of the end of any Taxable Year, the amount by which the balance in such Capital Account is less than zero. For this purpose, such Member's Capital Account balance shall be:

(a) reduced for any items described in Treasury Regulation Section 1.704- 1(b)(2)(ii)(d)(4), (5), and (6); and

(b) increased for any amount such Member is obligated to contribute or is treated as being obligated to contribute to the Company pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (relating to partner liabilities to a partnership) or 1.704-2(g)(l) and 1.704-2(i) (relating to minimum gain).

*"**Admission Date**"* has the meaning set forth in Section 10.06.

*"**Affiliate**"* (and, with a correlative meaning, *"**Affiliated**")* means, with respect to a specified Person, each other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or by contract or other agreement).

*"**Agreement**"* has the meaning set forth in the Preamble.

*"**Assignee**"* means a Person to whom a Unit has been transferred but who has not become a Member pursuant to Article XII.

*"**Assumed Tax Liability**"* means, with respect to any Member, an amount equal to the excess of (i) the product of (A) the Distribution Tax Rate *multiplied by* (B) the estimated or actual cumulative taxable income or gain of the Company, as determined for federal income tax purposes, allocated to such Member (or its predecessor) for full or partial Fiscal Years commencing on or after January 1, 2021, *less* prior losses of the Company allocated to such Member (or its predecessor) for full or partial Fiscal Years commencing on or after January 1, 2021, in each case, as determined by the Manager and to the extent such prior losses are available to reduce such income *over* (ii) the cumulative Tax Distributions made to such Member after the closing date of the IPO pursuant to Section 4.01(b)(i) and, if applicable with respect to such Fiscal Year, pursuant to Section 4.1(a) of the Previous LLC Agreement; *provided* that, in the case of the Corporation,

such Assumed Tax Liability (x) shall be computed without regard to any increases to the tax basis of the Company's property pursuant to Sections 734(b) or 743(b) of the Code and (y) to the extent permitted under the Credit Agreements and applicable Law, shall in no event be less than an amount that will enable the Corporation to meet both its tax obligations and its obligations pursuant to the Tax Receivable Agreement for the relevant Taxable Year; *provided further* that, in the case of each Member, and for the avoidance of doubt, such Assumed Tax Liability shall take into account any Code Section 704(c) allocations (including "reverse" 704(c) allocations) to the Member.

"***Award Agreement***" means one or more agreements, notices or other governing documents (including adjustment agreements or notices, subscription agreements, Equity Plans and investment plans) between a Service Provider Member and/or any of his, her or its Affiliates, as applicable, on the one hand, and the Company, on the other hand (in each case, as amended from time to time), governing the issuance or other terms of any Units (or any interests which were converted into or exchanged for such Units).

*"**Base Rate**"* means a per annum rate of the lesser of (i) 6.5% and (ii) LIBOR plus 100 basis points.

*"**Black-Out Period**"* means any "black-out" or similar period under the Corporation's policies covering trading in the Corporation's securities to which the applicable Redeeming Member is subject (or will be subject at such time as it owns Class A Common Stock), which period restricts the ability of such Redeeming Member to immediately resell shares of Class A Common Stock to be delivered to such Redeeming Member in connection with a Share Settlement. For the avoidance of doubt, such policies shall not impose restrictions on trading by passive institutional investors.

"***Beneficial Owner***" means, with respect to any security, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security; and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The term "***Beneficial Ownership***" shall have a correlative meaning.

*"**Book Value**"* means, with respect to any property of the Company, the Company's adjusted basis for U.S. federal income tax purposes, adjusted from time to time to reflect the adjustments required or permitted by Treasury Regulation Section 1.704-1(b)(2)(iv)(d)-(g).

*"**Business Day**"* means any day other than a Saturday, Sunday or day on which banks located in New York City, New York are authorized or required by Law to close.

*"**Capital Account**"* means the capital account maintained for a Member in accordance with Section 5.01.

*"**Capital Contribution**"* means, with respect to any Member, the amount of any cash, cash equivalents, promissory obligations or the Fair Market Value of other property that such Member (or such Member's predecessor) contributes (or is deemed to contribute) to the Company pursuant to Article III hereof.

*“**Cash Settlement**”* means immediately available funds in U.S. dollars which are proceeds received pursuant to a Secondary Offering in an amount equal to the Redeemed Units Equivalent; *provided*, that such proceeds shall be net of any Discount; *provided further*, that the Corporation’s Capital Account shall be increased by an amount equal to any such Discounts relating to such sale of shares of Class A Common Stock in accordance with Section 6.06.

*“**Cause**”* means, with respect to the termination of a Member’s employment or consultancy with the Company or any of its Affiliates, the following: (i) any act or omission which constitutes a breach by such Member of the terms of his or her employment agreement or consulting agreement that adversely impacts the business or reputation of the Company or any of its Affiliates, (ii) such Member’s conviction of a felony or commission of any act that would rise to the level of a felony, (iii) such Member’s conviction or commission of a lesser crime or offense that adversely impacts or potentially could impact upon the business or reputation of the Company or any of its Affiliates in a material way, (iv) such Member fails to meet the expected standard of performance as communicated by such Member’s supervisor, including, without limitation, with respect to obtaining and maintaining proper licensure for the conduct of such Member’s business, (v) such Member’s violation of specific lawful directives of the Company or any Affiliate that employs or engages such Member, (vi) such Member’s commission of a dishonest or wrongful act involving fraud, misrepresentation, or moral turpitude causing damage or potential damage to the Company or any of its Affiliates, (vii) such Member’s failure to perform a substantial part of such Member’s duties, or (viii) such Member’s breach of fiduciary duty. With respect to the termination of a Member’s directorship with the Company or any of its Affiliates, “Cause” means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law. In other respects, “Cause” means clauses (ii), (iii) or (vi) set forth in this paragraph above.

*“**Certificate**”* means the Company’s Certificate of Formation as filed with the Secretary of State of the State of Delaware, as amended or amended and restated from time to time.

*“**Change of Control**”* means the occurrence of any of the following events:

(1) any Person or any “group” of Persons acting together that would constitute a “group” for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended or any successor provisions thereto (excluding (a) a corporation or other entity owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation or (b) a group of Persons in which one or more members of the Founder Group or any of their Affiliates, directly or indirectly hold Beneficial Ownership of securities representing more than 50% of the total voting power held by such group) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation representing more than 50% of the combined voting power of the Corporation’s then outstanding voting securities; or

(2) the following individuals cease for any reason to constitute a majority of the number of directors of the Corporation then serving: individuals who, on date of the IPO, constitute the Board and any new director whose appointment or election by the Board or nomination for election by the Corporation’s stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date of the IPO or whose appointment, election or nomination for election

was previously so approved or recommended by the directors referred to in this clause (2); or

(3) there is consummated a merger or consolidation of the Corporation with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (x) the Board immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the company surviving the merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof, or (y) the voting securities of the Corporation immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or

(4) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement or series of related agreements for the sale, lease or other disposition, directly or indirectly, by the Corporation of all or substantially all of the Corporation's assets, other than such sale or other disposition by the Corporation of all or substantially all of the Corporation's assets to an entity at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such sale or other disposition.

Notwithstanding the foregoing, except with respect to clause (2) and clause (3)(x) above, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Corporation immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and voting control over, and own substantially all of the shares of, an entity which owns, directly or indirectly, all or substantially all of the assets of the Corporation immediately following such transaction or series of transactions.

*"**Change of Control Date**"* has the meaning set forth in Section 10.09(a).

*"**Change of Control Transaction**"* means any Change of Control that was approved by the Corporate Board prior to such Change of Control.

*"**Class A Common Stock**"* means, as applicable, (a) the shares of Class A common stock, par value $0.001 per share, of the Corporation or (b) following any consolidation, merger, reclassification or other similar event involving the Corporation, any shares or other securities of the Corporation or any other Person or cash or other property that become payable in consideration for the Class A common stock, $0.001 par value per share, of the Corporation or into which the Class A common stock, $0.001 par value per share, of the Corporation is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

*"**Class B Common Stock**"* means, as applicable, (a) the shares of Class B Common Stock, par value $0.001 per share, of the Corporation or (b) following any consolidation, merger,

reclassification or other similar event involving the Corporation, any shares or other securities of the Corporation or any other Person or cash or other property that become payable in consideration for the Class B common stock, $0.001 par value per share, of the Corporation or into which the Class B common stock, $0.001 par value per share, of the Corporation is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

*“**Class C Common Incentive Unit**”* means a Unit designated as a “Class C Common Incentive Unit” and having the rights and obligations specified with respect to the Class C Common Incentive Units in this Agreement.

*“**Class C Common Incentive Unitholder**”* means a Member who is the registered holder of Class C Common Incentive Units.

*“**Class C Common Incentive Unit Return Threshold**”* has the meaning set forth in Section 3.02(d).

*“**Code**”* means the United States Internal Revenue Code of 1986, as amended. Unless the context requires otherwise, any reference herein to a specific section of the Code shall be deemed to include any corresponding provisions of future Law as in effect for the relevant taxable period.

*“**Common Unit**”* means a Unit designated as a “Common Unit” and having the rights and obligations specified with respect to the Common Units in this Agreement.

*“**Common Unit Redemption Price**”* means, with respect to any Redemption, the arithmetic average of the volume weighted average prices for a share of Class A Common Stock on the Stock Exchange, or any other exchange or automated or electronic quotation system on which the Class A Common Stock trades, as reported by Bloomberg, L.P., or its successor, for each of the twenty (20) consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the applicable Redemption Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Class A Common Stock. If the Class A Common Stock no longer trades on the Stock Exchange or any other securities exchange or automated or electronic quotation system as of any particular Redemption Date, then the Manager (through a majority of its directors who are disinterested) shall determine the Common Unit Redemption Price in good faith.

*“**Common Unitholder**”* means a Member who is the registered holder of Common Units.

*“**Company**”* has the meaning set forth in the preamble to this Agreement.

*“**Confidential Information**”* has the meaning set forth in Section 15.02(a).

*“**Corporate Board**”* means the board of directors of the Corporation.

*“**Corporate Incentive Award Plan**”* means the 2021 Omnibus Incentive Plan of the Corporation, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

*"Corporation"* has the meaning set forth in the recitals to this Agreement, together with its successors and assigns.

***"Corresponding Rights"*** means any rights issued with respect to a share of Class A Common Stock or Class B Common Stock pursuant to a "poison pill" or similar stockholder rights plan approved by the Corporate Board.

***"Credit Agreements"*** means any promissory note, mortgage, loan agreement, indenture or similar instrument or agreement to which the Company or any of its Subsidiaries is or becomes a borrower, as such instruments or agreements may be amended, restated, supplemented or otherwise modified from time to time and including any one or more refinancing or replacements thereof, in whole or in part, with any other debt facility or debt obligation, for as long as the payee or creditor to whom the Company or any of its Subsidiaries owes such obligation is not an Affiliate of the Company.

***"Delaware Act"*** means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, *et seq.,* as it may be amended from time to time, and any successor thereto.

***"Direct Exchange"*** has the meaning set forth in Section 11.03(a).

***"Discount"*** has the meaning set forth in Section 6.06.

***"Distributable Cash"*** means, as of any relevant date on which a determination is being made by the Manager regarding a potential distribution pursuant to Section 4.01(a), the amount of cash that could be distributed by the Company for such purposes in accordance with the Credit Agreements (and without otherwise violating any applicable provisions of any of the Credit Agreements).

***"Distribution"*** (and, with a correlative meaning, ***"Distribute")*** means each distribution made by the Company to a Member with respect to such Member's Units, whether in cash, property or securities of the Company and whether by liquidating distribution or otherwise; *provided, however,* that any recapitalization that does not result in the distribution of cash or property to Members or any exchange of securities of the Company, and any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units shall not be a Distribution.

***"Distribution Tax Rate"*** means a rate reasonably determined by the Manager, which rate shall be no greater than to the highest effective marginal combined federal, state and local income tax rate for a Fiscal Year applicable to corporate or individual taxpayers (whichever is higher) that may potentially apply to any Member (or, except in the case of the Corporation, its applicable direct or indirect beneficial owners) for such Fiscal Year, taking into account the character of the relevant tax items (*e.g.,* ordinary or capital) and the deductibility of state and local income taxes for federal income tax purposes (but only to the extent such taxes are deductible under the Code).

***"Effective Date"*** has the meaning set forth in the Preamble.

***"Election Notice"*** has the meaning set forth in Section 11.01(b).

“***Equity Plan***” means any stock or equity purchase plan, restricted stock or equity plan, stock option plan, or other similar equity compensation plan now or hereafter adopted by the Company or the Corporation, including the Corporate Incentive Award Plan.

“***Equity Securities***” means (a) Units or other equity interests in the Company or any Subsidiary of the Company (including other classes or groups thereof having such relative rights, powers and duties as may from time to time be established by the Manager pursuant to the provisions of this Agreement, including rights, powers and/or duties senior to existing classes and groups of Units and other equity interests in the Company or any Subsidiary of the Company), (b) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into Units or other equity interests in the Company or any Subsidiary of the Company, and (c) warrants, options or other rights to purchase or otherwise acquire Units or other equity interests in the Company or any Subsidiary of the Company.

“***Event of Withdrawal***” means the bankruptcy or dissolution of a Member or the occurrence of any other event that terminates the continued membership of a Member in the Company.

“***Exchange Act***” means the U.S. Securities Exchange Act of 1934, as amended, and any applicable rules and regulations promulgated thereunder, and any successor to such statute, rules or regulations.

“***Exchange Election Notice***” has the meaning set forth in Section 11.03(b).

“***Fair Market Value***” of a specific asset of the Company will mean the amount which the Company would receive in an all-cash sale of such asset in an arms-length transaction with a willing unaffiliated third party, with neither party having any compulsion to buy or sell, consummated on the day immediately preceding the date on which the event occurred which necessitated the determination of the Fair Market Value (and after giving effect to any transfer taxes payable in connection with such sale), as such amount is determined by the Manager (or, if pursuant to Section 14.02, the Liquidators) in its good faith judgment using all factors, information and data it deems to be pertinent.

“***Family Group***” means (i) in the case of a Member or LLC Employee who is an individual, such individual’s spouse, parents and descendants (whether natural or adopted) and any trust or estate planning vehicle or entity solely for the benefit of such individual and/or the individual’s spouse, parents, descendants and/or other relatives, and (ii) in the case of a Member or LLC Employee that is a trust, the beneficiary of such trust.

“***Fiscal Period***” means any interim accounting period within a Taxable Year established by the Manager and which is permitted or required by Section 706 of the Code.

“***Fiscal Year***” means the Company’s annual accounting period established pursuant to Section 8.02.

“***Founder***” means Patrick G. Ryan.

"***Founder Group***" means Founder, members of the Founder's Family Group and Founder's Affiliates.

*"**Governmental Entity**"* means (a) the United States of America, (b) any other sovereign nation, (c) any state, province, district, territory or other political subdivision of (a) or (b) of this definition, including, but not limited to, any county, municipal or other local subdivision of the foregoing, or (d) any agency, arbitrator or arbitral body, authority, board, body, bureau, commission, court, department, entity, instrumentality, organization or tribunal exercising executive, legislative, judicial, regulatory or administrative functions of government on behalf of (a), (b) or (c) of this definition.

*"**Indemnified Person**"* has the meaning set forth in Section 7.04(a).

"***Intended IPO Step-Up Allocation***" means with respect to any tax basis adjustment pursuant to Section 743 of the Code arising as a result of the IPO and any transactions related thereto, the allocation of income, gain, loss, deduction or credit attributable to such adjustment (directly or indirectly) to the Manager or the applicable member of the Manager's "affiliated group" (within the meaning of Section 1504(a)(1) of the Code).

*"**Investment Company Act**"* means the U.S. Investment Company Act of 1940, as amended from time to time.

*"**IPO**"* means the initial underwritten public offering of shares of the Corporation's Class A Common Stock.

*"**Joinder**"* means a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement.

*"**Law**"* means all laws, statutes, ordinances, rules and regulations of any Governmental Entity.

*"**Liquidator**"* has the meaning set forth in Section 14.02.

*"**LLC Employee**"* means an employee of, or other service provider (including, without limitation, any management member whether or not treated as an employee for the purposes of U.S. federal income tax) to the Company or any of its Subsidiaries, in each case acting in such capacity.

*"**Losses**"* means items of loss or deduction of the Company determined according to Section 5.01(b).

*"**Manager**"* has the meaning set forth in Section 6.01.

*"**Market Price**"* means, with respect to a share of Class A Common Stock as of a specified date, the last sale price per share of Class A Common Stock, regular way, or if no such sale took place on such day, the average of the closing bid and asked prices per share of Class A Common Stock, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the Stock Exchange or, if the Class

A Common Stock is not listed or admitted to trading on the Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Class A Common Stock is listed or admitted to trading or, if the Class A Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if the Class A Common Stock is not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in shares of Class A Common Stock selected by the Corporate Board or, in the event that no trading price is available for the shares of Class A Common Stock, the fair market value of a share of Class A Common Stock, as determined in good faith by the Corporate Board.

*"**Member**"* means, as of any date of determination, (a) each of the members named on the Schedule of Members and (b) any Person admitted to the Company as a Substituted Member or Additional Member in accordance with Article XII but in each case only so long as such Person is shown on the Company's books and records as the owner of one or more Units, each in its capacity as a member of the Company.

*"**Member Nonrecourse Debt Minimum Gain**"* means an amount with respect to each "partner nonrecourse debt" (as defined in Treasury Regulations Section 1.704-2(b)(4)) equal to the Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

*"**Minimum Gain**"* means "partnership minimum gain" determined pursuant to Treasury Regulation Section 1.704-2(d).

*"**Net Loss**"* means, with respect to a Fiscal Year, the excess if any, of Losses for such Fiscal Year over Profits for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Section 5.03 and Section 5.04).

*"**Net Profit**"* means, with respect to a Fiscal Year, the excess if any, of Profits for such Fiscal Year over Losses for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Section 5.03 and Section 5.04).

***"New Common Units"*** means, with respect to any Exchanged Class C Common Incentive Unit, a number of Common Units equal to the quotient of (a) the difference between the Common Unit Redemption Price on the date of the Exchange and the then unsatisfied Class C Common Incentive Unit Return Threshold applicable to such Exchanged Class C Common Incentive Unit divided by (b) the Common Unit Redemption Price; provided that if the number of New Common Units determined by the foregoing calculation is negative, it shall be deemed to be zero.

*"**Officer**"* has the meaning set forth in Section 6.01(b).

*"**Optionee**"* means a Person to whom a stock option is granted under any Equity Plan.

*"**Other Agreements**"* has the meaning set forth in Section 10.04.

*"**Partnership Representative**"* has the meaning set forth in Section 9.03.

*"**Percentage Interest**"* means (i) as among an individual class of Units and with respect to a Member at a particular time, such Member's percentage interest in the Company determined by dividing the number of such Member's Units of such class by the total number of Units of all Members of such class at such time and (ii) as among all Units and with respect to a Member at a particular time, such Member's percentage interest in the Company determined by dividing the number of such Member's Units by the total number of Units of all Members at such time, determined as if all Class C Common Incentive Units were exchanged for New Common Units in accordance with the terms of this Agreement; provided that in determining the number of New Common Units to which a Member holding Class C Common Incentive Units is entitled, Tax Distributions made pursuant to Section 4.01(b)(viii) (and the resulting advance upon such Member's future entitlements pursuant to this Agreement) shall be disregarded. The Percentage Interest of each Member shall be calculated to the fourth decimal place.

*"**Permitted Transfer**"* has the meaning set forth in Section 10.02.

*"**Permitted Transferee**"* has the meaning set forth in Section 10.02.

*"**Person**"* means an individual or any corporation, partnership, limited liability company, trust, unincorporated organization, association, joint venture or any other organization or entity, whether or not a legal entity.

*"**Previous LLC Agreement**"* has the meaning set forth in the Recitals.

***"Pro rata" "pro rata portion" "according to their interests" "ratably" "proportionately" "proportional" "in proportion to" "based on the number of Units held" "based upon the percentage of Units held" "based upon the number of Units outstanding"*** and other terms with similar meanings, when used in the context of a number of Units of the Company relative to other Units, means as amongst an individual class of Units, pro rata based upon the number of such Units within such class of Units.

*"**Profits**"* means items of income and gain of the Company determined according to Section 5.01(b).

*"**Profits Interest**"* means an interest in the Company that is intended to be classified as a profits interest within the meaning of Internal Revenue Service Revenue Procedure 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the Internal Revenue Service or other Law) for U.S. federal income tax purposes, including the Class C Common Incentive Units.

*"**Pubco Offer**"* has the meaning set forth in Section 10.09(b).

*"**Quarterly Tax Distribution**"* has the meaning set forth in Section 4.01(b)(i).

*"**Redeemed Units**"* has the meaning set forth in Section 11.01(a).

"***Redeemed Units Equivalent***" means the product of (a) the applicable number of Redeemed Units, *multiplied by* (b) the Common Unit Redemption Price.

"***Redeeming Member***" has the meaning set forth in Section 11.01(a).

"***Redemption***" has the meaning set forth in Section 11.01(a).

"***Redemption Date***" has the meaning set forth in Section 11.01(a).

"***Redemption Notice***" has the meaning set forth in Section 11.01(a).

"***Redemption Right***" has the meaning set forth in Section 11.01(a).

"***Registration Rights Agreement***" means that certain Registration Rights Agreement, dated as of the Effective Date, by and among the Corporation, certain of the Members as of the Effective Date and certain other Persons whose signatures are affixed thereto (together with any joinder thereto from time to time by any successor or assign to any party to such agreement) (as it may be amended from time to time in accordance with its terms).

"***Relationship Event***" means (a) the termination of a Member's consultancy, directorship or employment with the Company or any Affiliate of the Company for Cause, (b) a breach (as determined by the Manager in its sole discretion) by a Member in any material respect of the provisions of any non-competition, non-solicitation, confidentiality or other similar covenant made by such Member in favor of the Company or any of its Affiliates or (c) the Company discovers grounds constituting Cause exist or previously existed at any time with respect to a Member.

"***Retraction Notice***" has the meaning set forth in Section 11.01(c).

"***Revised Partnership Audit Provisions***" means Code Sections 6221 through 6241, together with any guidance issued thereunder or successor provisions and any similar provision of state, provincial or local laws.

"***Schedule of Members***" has the meaning set forth in Section 3.01(a).

"***SEC***" means the U.S. Securities and Exchange Commission, including any governmental body or agency succeeding to the functions thereof.

"***Secondary Offering***" means a follow-on or secondary public offering of shares of Class A Common Stock by the Corporation following the IPO.

"***Securities Act***" means the U.S. Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Act shall be deemed to include any corresponding provisions of future Law.

"***Sell-Down Event***" means any Redemption or Transfer of Units by a Member which causes the total number of Units held by such Member to fall below 20% of the total number of

Units held by such Member immediately following the IPO (and the redemption transactions being undertaken in connection with the IPO).

"***Service Provider Member***" means any Member that holds Units that were issued in connection with the performance of services as an employee or other service provider to Corporation, the Company or any of their respective Subsidiaries (including, for the avoidance of doubt, Common Units that were purchased pursuant to the terms of an Award Agreement with an employee or other service provider), whether or not such Member continues to provide services on or after the date hereof.

*"**Share Settlement**"* means a number of shares of Class A Common Stock (together with any Corresponding Rights) equal to the number of Redeemed Units.

*"**Stock Exchange**"* means the New York Stock Exchange.

*"**Subsidiary**"* means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of the voting interests thereof are at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof; provided that unless otherwise determined by the Manager in writing in its sole good faith discretion, Ryan LLC shall in all cases be deemed to be a Subsidiary of the Company for purposes hereof. For purposes hereof, references to a "Subsidiary" of the Company shall be given effect only at such times that the Company has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

*"**Subsidiary Mirror Incentive Unit**"* has the meaning set forth in Section 15.18.

*"**Subsidiary Mirror Unit**"* has the meaning set forth in Section 15.18.

*"**Substituted Member**"* means a Person that is admitted as a Member to the Company pursuant to Section 12.01.

*"**Tax Distributions**"* has the meaning set forth in Section 4.01(b)(i).

*"**Tax Receivable Agreement**"* means that certain Tax Receivable Agreement, dated as the date of the Effective Date, by and among the Corporation and the Company, on the one hand, and each of the other Members whose signatures are affixed thereto (together with any joinder thereto from time to time by any successor or assign to any party to such agreement), as the TRA Holders (as such term is defined in the Tax Receivable Agreement), on the other hand (together with any joinder thereto from time to time by any successor or assign to any party to such agreement) (as it may be amended from time to time in accordance with its terms).

*"**Taxable Year**"* means the Company's accounting period for U.S. federal income tax purposes determined pursuant to Section 9.02.

*"**Trading Day**"* means a day on which the Stock Exchange or such other principal United States securities exchange on which the Class A Common Stock is listed or admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day).

*"**Transfer**"* (and, with a correlative meaning, *"**Transferring**"*) means any sale, transfer, assignment, redemption, pledge, encumbrance or other disposition of (whether directly or indirectly, whether with or without consideration and whether voluntarily or involuntarily or by operation of Law) (a) any interest (legal or beneficial) in any Equity Securities or (b) any direct or indirect equity or other interest (legal or beneficial) in any Member if substantially all of the value of such equity or other interest is attributable (directly or indirectly) to the Units.

*"**Treasury Regulations**"* means the final, temporary and (to the extent they can be relied upon) proposed regulations under the Code, as promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

"***Triggering Event***" means a Sell-Down Event or a Relationship Event.

*"**Unit**"* means the fractional interest of a Member in Profits, Losses and Distributions of the Company represented by Common Units, Class C Common Incentive Units and any other class, series or type of interests of the Company, and otherwise having the rights and obligations specified with respect to "Units" in this Agreement; *provided, however,* that any class or group of Units issued shall have the relative rights, powers and duties set forth in this Agreement applicable to such class or group of Units.

"***Unvested Class C Common Incentive Units***" means Class C Common Incentive Units that are not Vested Class C Common Incentive Units.

***"Unvested Common Units"*** means Common Units that are not Vested Common Units.

*"**Unvested Corporate Shares**"* means shares of Class A Common Stock issuable pursuant to awards of any type granted under the Corporate Incentive Award Plan that are not Vested Corporate Shares.

*"**Value**"* means (a) for any stock option, the Market Price for the Trading Day immediately preceding the date of exercise of a stock option and (b) for any award other than a stock option, the Market Price for the Trading Day immediately preceding the Vesting Date.

"***Vested Class C Common Incentive Units***" means the Class C Common Incentive Units that are vested pursuant to the terms thereof or any Award Agreement relating thereto.

***"Vested Common Units"*** means the Common Units that are vested pursuant to the terms of any Award Agreement relating thereto.

*"**Vested Corporate Shares**"* means the shares of Class A Common Stock issued pursuant to awards of any type granted under the Corporate Incentive Award Plan that are vested pursuant to the terms thereof or any Award Agreement relating thereto.

*"**Vesting Date**"* has the meaning set forth in Section 3.10(c)(ii).

## ARTICLE II
## ORGANIZATIONAL MATTERS

Section 2.01 Formation of Company. The Company was formed on April 20, 2021 pursuant to the provisions of the Delaware Act. The filing of the Certificate of Formation of the Company, and the Certificate of Amendment, with the Secretary of State of the State of Delaware are hereby ratified and confirmed in all respects.

Section 2.02 Amended and Restated Limited Liability Company Agreement. The Members hereby execute this Agreement for the purpose of amending, restating and superseding the Previous LLC Agreement in its entirety and otherwise establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Delaware Act. The Members hereby agree that during the term of the Company set forth in Section 2.06 the rights and obligations of the Members with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Delaware Act. No provision of this Agreement shall be in violation of the Delaware Act and to the extent any provision of this Agreement is in violation of the Delaware Act, such provision shall be void and of no effect to the extent of such violation without affecting the validity of the other provisions of this Agreement. Neither any Member nor the Manager nor any other Person shall have appraisal rights with respect to any Units.

Section 2.03 Name. The name of the Company is "New Ryan Specialty, LLC". The Manager, in its sole discretion, may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all of the Members. The Company's business may be conducted under its name and/or any other name or names deemed advisable by the Manager.

Section 2.04 Purpose; Powers. The primary business and purpose of the Company shall be to engage in such activities as are permitted under the Delaware Act and determined from time to time by the Manager in accordance with the terms and conditions of this Agreement. The Company shall have the power and authority to take (directly or indirectly through its Subsidiaries) any and all actions and engage in any and all activities necessary, appropriate, desirable, advisable, ancillary or incidental to accomplish the foregoing purpose.

Section 2.05 Principal Office; Registered Office. The principal office of the Company shall be located at such place or places as the Manager may from time to time designate, each of which may be within or outside the State of Delaware. The Company may have such other offices as the Manager may designate from time to time. The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Manager may designate from time to time in the manner provided by law.

Section 2.06 Term. The term of the Company commenced upon the filing of the Certificate in accordance with the Delaware Act and shall continue in perpetuity unless dissolved in accordance with the provisions of Article XIV.

Section 2.07 No State-Law Partnership. The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes other than as set forth in the last sentence of this Section 2.07, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. The Members intend that the Company shall be treated as a partnership for U.S. federal and, if applicable, state or local income tax purposes, and that each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

## ARTICLE III
## MEMBERS; UNITS; CAPITALIZATION

Section 3.01 Members.

(a) The Company shall maintain a schedule setting forth: (i) the name and address of each Member, (ii) the aggregate number of outstanding Units and the number and class of Units held by each Member and (iii) the Class C Common Incentive Unit Return Threshold applicable to each Class C Common Incentive Unit which is outstanding (such schedule, the "***Schedule of Members***"*)*. The applicable Schedule of Members in effect as of the Effective Date is on file with the Company. The Company shall also maintain a record of (1) the aggregate amount of cash Capital Contributions that has been made by the Members with respect to their Units and (2) the Fair Market Value of any property other than cash contributed by the Members with respect to their Units (including, if applicable, a description and the amount of any liability assumed by the Company or to which contributed property is subject) in its books and records. The Schedule of Members may be updated by the Manager in the Company's books and records from time to time, and as so updated, it shall be the definitive record of ownership of each Unit of the Company and all relevant information with respect to each Member. The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Delaware Act.

(b) No Member shall be required or, except as approved by the Manager pursuant to Section 6.01 and in accordance with the other provisions of this Agreement, permitted to (i) loan any money or property to the Company, (ii) borrow any money or property from the Company or (iii) make any additional Capital Contributions.

Section 3.02 Units.

(a) Interests in the Company shall be represented by Units, or such other securities of the Company, in each case as the Manager may establish in its discretion in accordance with the terms and subject to the restrictions hereof. At the Effective Date, the Units will be comprised of Common Units and Class C Common Incentive Units.

(b) Subject to Section 3.04(a), the Manager may (i) issue additional Common Units and/or Class C Common Incentive Units at any time in its sole discretion and (ii) create one or more new classes or series of Units or preferred Units solely to the extent such new class or series of Units or preferred Units are substantially economically equivalent to a class of common or other stock of the Corporation or class or series of preferred stock of the Corporation, respectively; *provided,* that as long as there are any Members (other than the Corporation and its Subsidiaries) (i) no such new class or series of Units may deprive such Members of, or dilute or reduce, the allocations and distributions they would have received, and the other rights and benefits to which they would have been entitled, in respect of their Units if such new class or series of Units had not been created and (ii) no such new class or series of Units may be issued, in each case, except to the extent (and solely to the extent) the Company actually receives cash in an aggregate amount, or other property with a Fair Market Value in an aggregate amount, equal to the aggregate distributions that would be made in respect of such new class or series of Units if the Company were liquidated immediately after the issuance of such new class or series of Units.

(c) Subject to Section 15.03(b) and 15.03(c), the Manager may amend this Agreement, without the consent of any Member or any other Person, in connection with the creation and issuance of such classes or series of Units, pursuant to Section 3.02(b), 3.04(a) or 3.10.

(d) Common Units and Class C Common Incentive Units may be subject to vesting and other terms and conditions as set forth in an Award Agreement (or Award Agreements). Each Class C Common Incentive Unit shall be subject to a return threshold (the "***Class C Common Incentive Unit Return Threshold***"), which shall be, for each Class C Common Incentive Unit that is intended to constitute a Profits Interest for U.S. federal income tax purposes, an amount not less than the amount determined by the Manager to be necessary to cause such Management Incentive Unit to constitute a Profits Interest, as set forth on the Schedule of Members. Each Class C Common Incentive Unit that is intended to constitute a Profits Interest shall have an initial Capital Account at the time of its issuance equal to zero dollars ($0.00).

(e) Unvested Common Units and Unvested Class C Common Incentive Units shall be subject to the terms of this Agreement and any applicable Award Agreement(s). Unvested Common Units and Unvested Class C Common Incentive Units that fail to vest and are forfeited by the applicable Member shall be cancelled by the Company (and shares of Class B Common Stock held by the applicable Member shall be cancelled, in each case for no consideration) and shall not be entitled to any distributions under this Agreement.

Section 3.03 [Reserved].

Section 3.04 Authorization and Issuance of Additional Units.

(a) Except as otherwise determined by the Manager in connection with a contribution of cash or other assets by the Corporation to the Company, the Company and the Corporation shall undertake all actions, including, without limitation, an issuance,

reclassification, distribution, division or recapitalization, with respect to the Common Units and the Class A Common Stock or Class B Common Stock, as applicable, to maintain at all times (i) a one-to-one ratio between the number of Common Units owned by the Corporation, directly or indirectly, and the number of outstanding shares of Class A Common Stock and (ii) a one-to-one ratio between the number of Common Units owned by Members (other than the Corporation and its Subsidiaries), directly or indirectly, and the number of outstanding shares of Class B Common Stock owned by such Members, directly or indirectly, in each case, disregarding, for purposes of maintaining the one-to-one ratio, (A) Unvested Corporate Shares, (B) treasury stock or (C) preferred stock or other debt or equity securities (including, without limitation, warrants, options or rights) issued by the Corporation that are convertible into or exercisable or exchangeable for Class A Common Stock or Class B Common Stock (except to the extent the net proceeds from such other securities, including any exercise or purchase price payable upon conversion, exercise or exchange thereof, has been contributed by the Corporation to the equity capital of the Company). Except as otherwise determined by the Manager in connection with a contribution of cash or other assets by the Corporation to the Company, in the event the Corporation issues, transfers or delivers from treasury stock or repurchases Class A Common Stock in a transaction not contemplated in this Agreement, the Manager and the Corporation shall take all actions such that, after giving effect to all such issuances, transfers, deliveries or repurchases, the number of outstanding Common Units owned, directly or indirectly, by the Corporation will equal on a one-for-one basis the number of outstanding shares of Class A Common Stock. Except as otherwise determined by the Manager in connection with a contribution of cash or other assets by the Corporation to the Company, in the event the Corporation issues, transfers or delivers from treasury stock or repurchases or redeems the Corporation's preferred stock in a transaction not contemplated in this Agreement, the Manager and the Corporation shall take all actions such that, after giving effect to all such issuances, transfers, deliveries, repurchases or redemptions, the Corporation, directly or indirectly, holds (in the case of any issuance, transfer or delivery) or ceases to hold (in the case of any repurchase or redemption) equity interests in the Company which (in the good faith determination by the Manager) are in the aggregate substantially economically equivalent to the outstanding preferred stock of the Corporation so issued, transferred, delivered, repurchased or redeemed. Except as otherwise determined by the Manager in its reasonable discretion, the Company and the Corporation shall not undertake any subdivision (by any Common Unit split, stock split, Common Unit distribution, stock distribution, reclassification, division, recapitalization or similar event) or combination (by reverse Common Unit split, reverse stock split, reclassification, division, recapitalization or similar event) of the Common Units, Class A Common Stock or Class B Common Stock, as applicable, that is not accompanied by an identical subdivision or combination of Class A Common Stock, Class B Common Stock or Common Units, respectively, to maintain at all times (x) a one-to-one ratio between the number of Common Units owned, directly or indirectly, by the Corporation and the number of outstanding shares of Class A Common Stock or (y) a one-to-one ratio between the number of Common Units owned by Members (other than the Corporation and its Subsidiaries) and the number of outstanding shares of Class B Common Stock, in each case, unless such action is necessary to maintain at all times a one-to-one ratio between either the number of Common Units owned, directly or indirectly, by the Corporation and

the number of outstanding shares of Class A Common Stock or the number of Common Units owned by Members (other than the Corporation and its Subsidiaries) and the number of outstanding shares of Class B Common Stock as contemplated by the first sentence of this Section 3.04(a).

(b) The Company shall only be permitted to issue additional Common Units and Class C Common Incentive Units, and/or establish other classes or series of Units or other Equity Securities in the Company to the Persons and on the terms and conditions provided for in Section 3.02, this Section 3.04, Section 3.10 and Section 3.11. Subject to the foregoing, the Manager may cause the Company to issue additional Common Units and Class C Common Incentive Units authorized under this Agreement and/or establish other classes or series of Units or other Equity Securities in the Company at such times and upon such terms as the Manager shall determine and the Manager shall amend this Agreement as necessary in connection with the issuance of additional Common Units and admission of additional Members under this Section 3.04 without the requirement of any consent or acknowledgement of any other Member.

Section 3.05 Repurchase or Redemption of Shares of Class A Common Stock. Except as otherwise determined by the Manager in connection with the use of cash or other assets held by the Corporation, if at any time, any shares of Class A Common Stock are repurchased or redeemed (whether by exercise of a put or call, automatically or by means of another arrangement) by the Corporation for cash, then the Manager shall cause the Company, immediately prior to such repurchase or redemption of Class A Common Stock, to redeem a corresponding number of Common Units held (directly or indirectly) by the Corporation, at an aggregate redemption price equal to the aggregate purchase or redemption price of the shares of Class A Common Stock being repurchased or redeemed by the Corporation (plus any expenses related thereto) and upon such other terms as are the same for the shares of Class A Common Stock being repurchased or redeemed by the Corporation. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any repurchase or redemption if such repurchase or redemption would violate any applicable Law.

Section 3.06 Certificates Representing Units; Lost, Stolen or Destroyed Certificates; Registration and Transfer of Units.

(a) Units shall not be certificated unless otherwise determined by the Manager. If the Manager determines that one or more Units shall be certificated, each such certificate shall be signed by or in the name of the Company, by any two (2) authorized officers of the Company, representing the number of Units held by such holder. Such certificate shall be in such form (and shall contain such legends) as the Manager may determine. Any or all of such signatures on any certificate representing one or more Units may be a facsimile, engraved or printed, to the extent permitted by applicable Law. No Units shall be treated as a "security" within the meaning of Article 8 of the Uniform Commercial Code unless all Units then outstanding are certificated; notwithstanding anything to the contrary herein, including Section 15.03, the Manager is authorized to amend this Agreement in order for the Company to opt-in to the provisions of Article 8 of the Uniform Commercial Code without the consent or approval of any Member of any other Person.

(b) If Units are certificated, the Manager may direct that a new certificate representing one or more Units be issued in place of any certificate theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon delivery to the Manager of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Manager may require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

(c) To the extent Units are certificated, upon surrender to the Company or the transfer agent of the Company, if any, of a certificate for one or more Units, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, in compliance with the provisions hereof, the Company shall issue a new certificate representing one or more Units to the Person entitled thereto, cancel the old certificate and record the transaction upon its books. Subject to the provisions of this Agreement, the Manager may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, Transfer and registration of Units.

Section 3.07 Negative Capital Accounts. No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

Section 3.08 No Withdrawal. No Person shall be entitled to withdraw any part of such Person's Capital Contribution or Capital Account or to receive any Distribution from the Company, except as expressly provided in this Agreement.

Section 3.09 Loans From Members. Loans by Members to the Company shall not be considered Capital Contributions. Subject to the provisions of Section 3.01(b), the amount of any such advances shall be a debt of the Company to such Member and shall be payable or collectible in accordance with the terms and conditions upon which such advances are made.

Section 3.10 Corporate Equity Plans.

(a) *Options Granted to Persons other than LLC Employees.* If at any time or from time to time, in connection with any Equity Plan, a stock option granted over shares of Class A Common Stock to a Person other than an LLC Employee is duly exercised:

(i) The Corporation shall, as soon as practicable after such exercise, make a Capital Contribution to the Company in an amount equal to the exercise price paid to the Corporation by such exercising Person in connection with the exercise of such stock option.

(ii) Notwithstanding the amount of the Capital Contribution actually made pursuant to Section 3.10(a)(i), the Corporation shall be deemed to have contributed to the Company as a Capital Contribution, in lieu of the Capital Contribution actually made and in consideration of additional Common Units, an amount equal to the Value of a share of Class A Common Stock as of the date of such exercise multiplied by the number of shares of Class A Common Stock then

being issued by the Corporation in connection with the exercise of such stock option.

(iii) The Corporation shall receive in exchange for such Capital Contributions (as deemed made under Section 3.10(a)(ii)), a number of Common Units equal to the number of shares of Class A Common Stock for which such option was exercised.

(b) *Options Granted to LLC Employees.* If at any time or from time to time, in connection with any Equity Plan, a stock option granted over shares of Class A Common Stock to an LLC Employee is duly exercised:

(i) The Corporation shall sell to the Optionee, and the Optionee shall purchase from the Corporation, for a cash price per share equal to the Value of a share of Class A Common Stock at the time of the exercise, the number of shares of Class A Common Stock equal to the quotient of (x) the exercise price payable by the Optionee in connection with the exercise of such stock option divided by (y) the Value of a share of Class A Common Stock at the time of such exercise.

(ii) The Corporation shall sell to the Company (or if the Optionee is an employee of, or other service provider to, a Subsidiary, the Corporation shall sell to such Subsidiary), and the Company (or such Subsidiary, as applicable) shall purchase from the Corporation, a number of shares of Class A Common Stock equal to the difference between (x) the number of shares of Class A Common Stock as to which such stock option is being exercised minus (y) the number of shares of Class A Common Stock sold pursuant to Section 3.10(b)(i) hereof. The purchase price per share of Class A Common Stock for such sale of shares of Class A Common Stock to the Company (or such Subsidiary) shall be the Value of a share of Class A Common Stock as of the date of exercise of such stock option.

(iii) The Company shall transfer to the Optionee (or if the Optionee is an employee of, or other service provider to a Subsidiary, the Subsidiary shall transfer to the Optionee) at no additional cost to such LLC Employee and as additional compensation (and not a distribution) to such LLC Employee, the number of shares of Class A Common Stock described in Section 3.10(b)(ii).

(iv) The Corporation shall, as soon as practicable after such exercise, make a Capital Contribution to the Company in an amount equal to all proceeds received (from whatever source, but excluding any payment in respect of payroll taxes or other withholdings) by the Corporation in connection with the exercise of such stock option. The Corporation shall receive for such Capital Contribution, a number of Common Units equal to the number of shares of Class A Common Stock for which such option was exercised.

(c) *Equity Awards Other than Options Granted to LLC Employees.* If at any time or from time to time, in connection with any Equity Plan, any shares of Class A Common Stock are issued to an LLC Employee (including any shares of Class A Common Stock

that are subject to forfeiture in the event such LLC Employee terminates his or her employment with the Company or any Subsidiary) in consideration for services performed for the Company or any Subsidiary:

(i) The Corporation shall issue such number of shares of Class A Common Stock as are to be issued to such LLC Employee in accordance with the Equity Plan;

(ii) On the date (such date, the "***Vesting Date***") that the Value of such shares is includible in taxable income of such LLC Employee, the following events will occur: (1) the Corporation shall sell such shares of Class A Common Stock to the Company (or if such LLC Employee is an employee of, or other service provider to a Subsidiary, to such Subsidiary) for a purchase price equal to the Value of such shares of Class A Common Stock, (2) the Corporation shall contribute the purchase price for such shares of Class A Common Stock to the Company as a Capital Contribution, and (3) in the case where such LLC Employee is an employee of a Subsidiary, the Company shall be deemed to have contributed such amount to the capital of the Subsidiary; and

(iii) The Company shall issue to the Corporation on the Vesting Date a number of Common Units equal to the number of shares of Class A Common Stock issued under Section 3.10(c)(i) in consideration for a Capital Contribution that the Corporation is deemed to make to the Company pursuant to clause (2) of Section 3.10(c)(ii) above.

(d) *Future Stock Incentive Plans.* Nothing in this Agreement shall be construed or applied to preclude or restrain the Corporation from adopting, modifying or terminating stock incentive plans for the benefit of employees, directors or other business associates of the Corporation, the Company or any of their respective Affiliates. The Members acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by the Corporation, amendments to this Section 3.10 may become necessary or advisable and that any approval or consent to any such amendments requested by the Corporation shall be deemed granted by the Manager and the Members, as applicable, without the requirement of any further consent or acknowledgement of any other Member.

(e) *Anti-dilution Adjustments.* For all purposes of this Section 3.10, the number of shares of Class A Common Stock and the corresponding number of Common Units shall be determined after giving effect to all anti-dilution or similar adjustments that are applicable, as of the date of exercise or vesting, to the option, warrant, restricted stock or other equity interest that is being exercised or becomes vested under the applicable Equity Plan and applicable Award Agreement or grant documentation.

Section 3.11 Dividend Reinvestment Plan, Cash Option Purchase Plan, Stock Incentive Plan or Other Plan. Except as may otherwise be provided in this Article III, all amounts received or deemed received by the Corporation in respect of any dividend reinvestment plan, cash option purchase plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by the Corporation to effect open market purchases of shares of Class A Common Stock,

or (b) if the Corporation elects instead to issue new shares of Class A Common Stock with respect to such amounts, shall be contributed by the Corporation to the Company in exchange for additional Common Units. Upon such contribution, the Company will issue to the Corporation a number of Common Units equal to the number of new shares of Class A Common Stock so issued.

ARTICLE IV
DISTRIBUTIONS

Section 4.01 Distributions.

(a) *Distributable Cash; Other Distributions.* To the extent permitted by applicable Law and hereunder, Distributions to Members may be declared by the Manager out of Distributable Cash or other funds or property legally available therefor in such amounts, at such time and on such terms (including the payment dates of such Distributions) as the Manager in its sole discretion shall determine using such record date as the Manager may designate. All Distributions made under this Section 4.01 shall be made to the Members as of the close of business on such record date on a *pro rata* basis in accordance with each Member's Percentage Interest (other than, for the avoidance of doubt, any distributions made pursuant to Section 4.01(b)(v)) as of the close of business on such record date; *provided, however,* that the Manager shall have the obligation to make Distributions as set forth in Section 4.01(b) and 14.02; *provided, further,* subject to Section 4.01(c), for purposes of this Section 4.01(a) and notwithstanding anything to the contrary set forth herein, a holder of a Class C Common Incentive Unit (or portion thereof) shall be eligible to participate in distributions (A) only to the extent that the per Unit amount distributed by the Company (after the date of issuance of such Class C Common Incentive Unit) in respect of each Common Unit that is not a Class C Common Incentive Unit and that was outstanding on the date of issuance of such Class C Common Incentive Unit, excluding Tax Distributions, exceeds the then-unsatisfied Class C Common Incentive Unit Return Threshold applicable to such Class C Common Incentive Unit and (B) solely from the excess described in the preceding clause (A). Notwithstanding any other provision herein to the contrary, no Distributions shall be made to any Member to the extent such Distribution would render the Company insolvent or violate the Delaware Act. For purposes of the foregoing sentence, insolvency means the inability of the Company to meet its payment obligations when due. In furtherance of the foregoing, it is intended that the Manager shall, to the extent permitted by applicable Law and hereunder, have the right in its sole discretion to make Distributions of Distributable Cash to the Members pursuant to this Section 4.01(a) in such amounts as shall enable the Corporation to meet its obligations, including its obligations pursuant to the Tax Receivable Agreement (to the extent such obligations are not otherwise able to be satisfied as a result of Tax Distributions required to be made pursuant to Section 4.01(b)). Notwithstanding anything to the contrary in this Section 4.01(a), (i) the Company shall not make a distribution (other than Tax Distributions under Section 4.01(b)) to any Member in respect of any Unvested Common Units or Unvested Class C Common Incentive Units and (ii) with respect to any amounts that would otherwise have been distributed to a Member but for the preceding clause (i), such amount shall be set aside by the Company for the benefit of such Member unless and until such time as such Unvested Common Units or Unvested Class C Common Incentive Units have vested in accordance with the applicable equity plan or individual award agreement, and

within five (5) Business Days of such time, the Company shall distribute such amounts to such Member. If any condition to the vesting of Unvested Common Units or Unvested Class C Common Incentive Units becomes incapable of being satisfied (or if any holder of Common Units or Class C Common Incentive Units is required to return any Distribution in respect thereof as a result of the violation of any employment or post-employment restrictive covenant), then any amounts that have not been distributed with respect to such Unvested Common Units or Unvested Class C Common Incentive Units may be distributed to all other Members.

(b) *Tax Distributions*.

(i) With respect to each Fiscal Year, to the extent the Company has available cash for distribution by the Company under the Delaware Act and subject to (i) any applicable agreement to which the Company or any of its Subsidiaries is a party governing the terms of third party indebtedness for borrowed money (ii) the retention and establishment of reserves, or payment to third parties, of such funds as the Manager deems necessary or desirable in its sole discretion with respect to the reasonable needs and obligations of the Company or any of its Subsidiaries, and (iii) Section 4.01(b)(viii), the Company shall, to the extent permitted by applicable Law, make cash distributions *(“**Tax Distributions**”)* to each Member in accordance with, and to the extent of, such Member’s Assumed Tax Liability. Tax Distributions pursuant to this Section 4.01(b)(i) shall be estimated by the Company on a quarterly basis and, to the extent feasible, shall be distributed to the Members on a quarterly basis on or prior to April 15th, June 15th, September 15th and January 15th (of the succeeding year) (or such other dates for which individuals or corporations (whichever is earlier) are required to make quarterly estimated tax payments for U.S. federal income tax purposes) (each, a *“**Quarterly Tax Distribution**”), provided,* that the foregoing shall not restrict the Company from making a Tax Distribution on any other date. Quarterly Tax Distributions shall take into account the estimated taxable income or loss of the Company for the Fiscal Year through the end of the relevant quarterly period. A final accounting for Tax Distributions shall be made for each Fiscal Year after the allocation of the Company’s actual net taxable income or loss has been determined and any shortfall in the amount of Tax Distributions a Member received for such Fiscal Year based on such final accounting shall promptly be distributed to such Member.

(ii) To the extent a Member otherwise would be entitled to receive less than its Percentage Interest of the aggregate Tax Distributions to be paid pursuant to this Section 4.01(b) (other than any distributions made pursuant to Section 4.01(b)(v) or Section 4.01(b)(viii)) on any given date, the Tax Distributions to such Member shall be increased to ensure that all Distributions made pursuant to Section 4.01(b)(i) through Section 4.01(b)(iii) are made *pro rata* in accordance with the Members’ respective Percentage Interests. If, on the date of a Tax Distribution, there are insufficient funds on hand to distribute to the Members the full amount of the Tax Distributions to which such Members are otherwise entitled, Distributions pursuant to Section 4.01(b)(i) through Section 4.01(b)(iii) shall be made to the Members to the extent of available funds in accordance with their Percentage

Interests and the Company shall make future Tax Distributions (pro rata in accordance with the Members' respective Percentage Interests) as soon as funds become available sufficient to pay the remaining portion of the Tax Distributions to which such Members are otherwise entitled.

(iii) In the event of any audit by, or similar event with, a taxing authority that affects the calculation of any Member's Assumed Tax Liability for any Taxable Year beginning on or after January 1, 2021 (other than an audit conducted pursuant to the Revised Partnership Audit Provisions for which no election is made pursuant to Section 6226 thereof and the Treasury Regulations promulgated thereunder), or in the event the Company files an amended tax return, each Member's Assumed Tax Liability with respect to such year shall be recalculated by giving effect to such event (for the avoidance of doubt, taking into account interest or penalties). Any shortfall in the amount of Tax Distributions the Members and former Members received for the relevant Taxable Years based on such recalculated Assumed Tax Liability promptly shall be distributed to such Members and the successors of such former Members, except, for the avoidance of doubt, to the extent Distributions were made to such Members and former Members pursuant to Section 4.01(a) and this Section 4.01(b) in the relevant Taxable Years sufficient to cover such shortfall.

(iv) Notwithstanding the foregoing, Tax Distributions pursuant to this Section 4.01(b) (other than, for the avoidance of doubt, any distributions made pursuant to Section 4.01(b)(v)), if any, shall be made to a Member only to the extent all previous Tax Distributions to such Member pursuant to Section 4.01(b) with respect to the Fiscal Year are less than the Tax Distributions such Member otherwise would have been entitled to receive with respect to such Fiscal Year pursuant to this Section 4.01(b).

(v) Notwithstanding the foregoing and anything to the contrary in this Agreement, following the Effective Date, no Member shall have any further right to any Tax Distributions (as defined in the Previous LLC Agreement) pursuant to Section 4.1(a) of the Previous LLC Agreement.

(vi) For the avoidance of doubt, Tax Distributions shall be treated for all purposes of this Agreement as an entitlement separate from and in addition to any other entitlement of any Member pursuant to this Agreement, including any distributions to which a Member is entitled pursuant to Section 4.01(a).

(vii) Notwithstanding anything herein to the contrary, to the extent two or more Members are included in the same "affiliated group" (within the meaning of Section 1504(a)(1) of the Code) that files a consolidated U.S. federal income tax return with respect to a given taxable year, such Members shall be aggregated and treated as a single Member for purposes of this Section 4.01(b) with respect to such taxable year.

(viii) Notwithstanding the foregoing or anything to the contrary in this Agreement:

(A) No Class C Common Incentive Unitholder (whether or not such Member also holds Common Units) shall be entitled to a Tax Distribution pursuant to Section 4.01(b)(i) or Section 4.01(b)(iii), provided, for the avoidance of doubt, that such Class C Common Incentive Unitholder shall continue to be entitled to receive distributions pursuant to Section 4.01(b)(ii) in respect of both its Common Units and Class C Common Incentive Units.

(B) In the event that the amount a Class C Common Incentive Unitholder's Assumed Tax Liability exceeds the amount such Class C Common Incentive Unitholder is entitled to receive pursuant to Section 4.01(b)(ii), such Class C Common Incentive Unitholder shall be entitled to an additional Tax Distribution equal to the amount of such excess, subject to the terms and conditions otherwise applicable to the payment of Tax Distributions pursuant to Section 4.01(b)(i) and/or Section 4.01(b)(iii), *mutatis mutandis*.

(C) Any Tax Distribution paid pursuant to Section 4.01(b)(viii)(B), above, shall be treated as an advance of amounts otherwise payable by the Company in respect of the Member's Class C Common Incentive Units pursuant to Section 4.01(a), and shall reduce the amount to which the Class C Common Incentive Unitholder is entitled in respect of such Member's Class C Common Incentive Units (but not, for the avoidance of doubt, any Common Units) pursuant to Section 4.01(a), Section 14.02, and/or in connection with an exchange of Class C Common Incentive Units described in Section 11.05.

(c) *Limitations in Respect of Profits Interests*

(i) It is the intention of the Members that distributions with respect to each Profits Interest be limited to the extent necessary so that each Profits Interest qualifies at the time of grant as a "profits interest" for U.S. federal income tax purposes, and this Agreement shall be interpreted accordingly. In the event that distributions to which a Member would otherwise be entitled are inconsistent with the preceding sentence, the Manager is authorized to adjust future distributions to the Members in whatever manner it deems appropriate (to the extent consistent with the intended treatment of each Profits Interest as a "profits interest" for U.S. federal income tax purposes) so that, after such adjustments are made, each Member receives, to the maximum extent possible, an amount of distributions equal to the amount of distributions such Member would have received were such sentence not part of this Agreement. Additionally, the Company intends to treat a Member holding a Profits Interest as the owner of such Interest for tax reporting purposes from the date it is granted, and the Company intends to file its IRS Form 1065, and the Company intends to issue appropriate Schedule K-1s, if any, to such Member, allocating to such Member its distributive share of all items of income, gain, loss, deduction and credit associated with such Class C Common Incentive Unit (or portion thereof) as if no time-based vesting restrictions applied. Each holder of

Class C Common Incentive Units agrees to take into account such distributive share in computing its U.S. federal income tax liability for the entire period during which it holds any Class C Common Incentive Unit (or portion thereof). The undertakings contained in this Section 4.01(c)(i) shall be construed in accordance with the treatment of each Profits Interest as a "profits interest" for U.S. federal income tax purposes. Each recipient of a Profits Interest whether issued on or after the date hereof that is subject to vesting agrees to timely and properly file an election under Section 83(b) of the Code with respect to each Profits Interest and provide the Company with a copy of such election. Each holder of Profits Interests acknowledges and agrees that such holder will consult with such holder's tax advisor to determine the tax consequences of filing an election under Section 83(b) of the Code. Each such holder acknowledges that it is the sole responsibility of such holder, and not the Company, to file a timely election under Section 83(b) of the Code even if such holder requests the Company or its representatives to make such filing on behalf of such holder.

(ii) By executing this Agreement, each Member authorizes the Company, at the election of the Manager, to elect to have the "Safe Harbor" described in the proposed Revenue Procedure ("Revenue Procedure" ) set forth in the IRS Notice 2005-43 (the "Notice") apply to any Interest Transferred to a service provider by the Company on or after the effective date of such Revenue Procedure in connection with services provided to the Company or any Subsidiary of the Company. For purposes of making such "Safe Harbor" election, the Manager is hereby designated as the "partner who has responsibility for U.S. federal income tax reporting" by the Company and, accordingly, execution of such "Safe Harbor" election by the Manager shall constitute execution of a "Safe Harbor Election" in accordance with Section 3.03 of the Notice. The Company and each Member hereby agree to comply with all requirements of the "Safe Harbor" described in the Notice, to the extent such requirements are imposed in the Revenue Procedure, including the requirement that each Member shall prepare and file all U.S. federal income tax returns reporting the income tax effects of each interest in the Company issued by the Company covered by the "Safe Harbor" in a manner consistent with the requirements of the Revenue Procedure.

(iii) Each Member authorizes the Manager to amend this Section 4.01(c) to the extent necessary and advisable as determined by the Manager to comply with the requirements of the Revenue Procedure as issued; provided, that such amendment is not materially and disproportionally adverse to such Member (as compared with the after-tax consequences that would result if the provisions of the Notice applied to all Interests in the Company Transferred to a service provider by the Company in connection with services provided to the Company or any Subsidiary of the Company). A Member's obligations to comply with the requirements of this Section 4.01(c) shall survive such Member's ceasing to be a Member of the Company and/or the winding up and dissolution of the Company, and, for purposes of this Section 4.01(c), the Company shall be treated as continuing in existence.

## ARTICLE V
## CAPITAL ACCOUNTS; ALLOCATIONS; TAX MATTERS

Section 5.01 Capital Accounts.

(a) The Company shall maintain a separate Capital Account for each Member according to the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). For this purpose, the Company may (in the discretion of the Manager), upon the occurrence of the events specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), increase or decrease the Capital Accounts in accordance with the rules of such Treasury Regulation and Treasury Regulation Section 1.704-1(b)(2)(iv)(g) to reflect a revaluation of the Company's property.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction with respect to the Company to be allocated pursuant to this Article V and to be reflected in the Capital Accounts of the Members, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for U.S. federal income tax purposes (including any method of depreciation, cost recovery or amortization used for this purpose); *provided, however,* that:

(i) The computation of all items of income, gain, loss and deduction shall include those items described in Code Section 705(a)(1)(B) or Code Section 705(a)(2)(B) and Treasury Regulation Section 1.704-1(b)(2)(iv)(i), without regard to the fact that such items are not includible in gross income or are not deductible for U.S. federal income tax purposes.

(ii) If the Book Value of any property of the Company is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(e) or (f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property.

(iii) Items of income, gain, loss or deduction attributable to the disposition of property of the Company having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the Book Value of such property.

(iv) Items of depreciation, amortization and other cost recovery deductions with respect to property of the Company having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the property's Book Value in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g).

(v) To the extent an adjustment to the adjusted tax basis of any asset of the Company pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

Section 5.02 Allocations. Except as otherwise provided in Section 5.03 and Section 5.04, Net Profits and Net Losses for any Fiscal Year or Fiscal Period shall be allocated among the Capital Accounts of the Members in a manner such that the Capital Account of each Member, immediately after making such allocation, is, as nearly as possible, equal to (i) the distributions that would be made to such Member pursuant to Section 4.01(a) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Book Value, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Book Value of the assets securing such liability), and the net assets of the Company were distributed, in accordance with Section 4.01(a), to the Members immediately after making such allocation, assuming for this purpose that any Common Units or Class C Common Incentive Units which are subject to vesting conditions in accordance with any applicable equity plan or individual award agreement are fully vested, minus (ii) such Member's share of Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets.

Section 5.03 Regulatory Allocations.

(a) Losses attributable to partner nonrecourse debt (as defined in Treasury Regulation Section 1.704-2(b)(4)) shall be allocated in the manner required by Treasury Regulation Section 1.704-2(i). If there is a net decrease during a Taxable Year in partner nonrecourse debt minimum gain (as defined in Treasury Regulation Section 1.704-2(i)(3)), Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) shall be allocated to the Members in the amounts and of such character as determined according to Treasury Regulation Section 1.704-2(i)(4).

(b) Nonrecourse deductions (as determined according to Treasury Regulation Section 1.704-2(b)(l)) for any Taxable Year shall be allocated pro rata among the Members in accordance with their Percentage Interests. Except as otherwise provided in Section 5.03(a), if there is a net decrease in the Minimum Gain during any Taxable Year, each Member shall be allocated Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) in the amounts and of such character as determined according to Treasury Regulation Section 1.704-2(f). This Section 5.03(b) is intended to be a minimum gain chargeback provision that complies with the requirements of Treasury Regulation Section 1.704-2(f), and shall be interpreted in a manner consistent therewith.

(c) If any Member that unexpectedly receives an adjustment, allocation or Distribution described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) (4), (5) and (6) has an Adjusted Capital Account Deficit as of the end of any Taxable Year, computed after the application of Section 5.03(a) and 5.03(b) but before the application of any other provision of this Article V, then Profits for such Taxable Year shall be allocated to such Member in proportion to, and to the extent of, such Adjusted Capital Account Deficit. This Section 5.03(c) is intended to be a qualified income offset provision as described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(d) If the allocation of Net Losses to a Member as provided in Section 5.02 would create or increase an Adjusted Capital Account Deficit, there shall be allocated to such Member only that amount of Losses as will not create or increase an Adjusted Capital

Account Deficit. The Net Losses that would, absent the application of the preceding sentence, otherwise be allocated to such Member shall be allocated to the other Members in accordance with their relative Percentage Interests, subject to this Section 5.03(d).

(e) Profits and Losses described in Section 5.01(b)(v) shall be allocated in a manner consistent with the manner that the adjustments to the Capital Accounts are required to be made pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(j), (k) and (m).

(f) The allocations set forth in Section 5.03(a) through and including Section 5.03(e) (the "***Regulatory Allocations***") are intended to comply with certain requirements of Sections 1.704-1(b) and 1.704-2 of the Treasury Regulations. The Regulatory Allocations may not be consistent with the manner in which the Members intend to allocate Profit and Loss of the Company or make Distributions. Accordingly, notwithstanding the other provisions of this Article V, but subject to the Regulatory Allocations, income, gain, deduction and loss with respect to the Company shall be reallocated among the Members so as to eliminate the effect of the Regulatory Allocations and thereby cause the respective Capital Accounts of the Members to be in the amounts (or as close thereto as possible) they would have been if Profit and Loss (and such other items of income, gain, deduction and loss) had been allocated without reference to the Regulatory Allocations. In general, the Members anticipate that this will be accomplished by specially allocating other Profit and Loss (and such other items of income, gain, deduction and loss) among the Members so that the net amount of the Regulatory Allocations and such special allocations to each such Member is zero. In addition, if in any Fiscal Year or Fiscal Period there is a decrease in partnership minimum gain, or in partner nonrecourse debt minimum gain, and application of the minimum gain chargeback requirements set forth in Section 5.03(a) or Section 5.03(b) would cause a distortion in the economic arrangement among the Members, the Members may, if they do not expect that the Company will have sufficient other income to correct such distortion, request the Internal Revenue Service to waive either or both of such minimum gain chargeback requirements. If such request is granted, this Agreement shall be applied in such instance as if it did not contain such minimum gain chargeback requirement.

Section 5.04 Final Allocations.

(a) Notwithstanding any contrary provision in this Agreement except Section 5.03, the Manager shall make appropriate adjustments to allocations of Profits and Losses to (or, if necessary, allocate items of gross income, gain, loss or deduction of the Company among) the Members upon the liquidation of the Company (within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations), the transfer of substantially all the Units (whether by sale or exchange or merger) or sale of all or substantially all the assets of the Company, such that, to the maximum extent possible, the Capital Accounts of the Members are proportionate to their Percentage Interests. In each case, such adjustments or allocations shall occur, to the maximum extent possible, in the Fiscal Year of the event requiring such adjustments or allocations.

(b) If any holder of Common Units or Class C Common Incentive Units which are subject to vesting conditions forfeits (or the Company has repurchased at less than fair market value) all or a portion of such holder's unvested Common Units or Class C Common Incentive Units, the Company shall make forfeiture allocations in respect of such unvested Common Units or Class C Common Incentive Units in the manner and to the extent required by Proposed Treasury Regulations Section 1.704-1(b)(4)(xii) (as such Proposed Treasury Regulations may be amended or modified, including upon the issuance of temporary or final Treasury Regulations).

Section 5.05 Tax Allocations.

(a) The income, gains, losses, deductions and credits of the Company will be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and credits among the Members for computing their Capital Accounts; *provided* that if any such allocation is not permitted by the Code or other applicable Law, the Company's subsequent income, gains, losses, deductions and credits will be allocated among the Members so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of taxable income, gain, loss and deduction of the Company with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value as determined by the Manager in good faith.

(c) If the Book Value of any asset of the Company is adjusted pursuant to Section 5.01(b), including adjustments to the Book Value of any asset of the Company in connection with the execution of this Agreement, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value using the traditional method set forth in Treasury Regulations Section 1.704-3(b); provided that the Manager may cause the Company to apply the "remedial" method in respect of any adjustment in connection with the contribution of interests of Ryan LLC to the Company to the extent the Manager determines in good faith that such election is necessary to achieve an allocation of income, gain, loss, deduction or credit consistent with the Intended IPO Step-Up Allocation.

(d) Allocations of tax credits, tax credit recapture, and any items related thereto shall be allocated to the Members as determined by the Manager taking into account the principles of Treasury Regulation Section 1.704-1(b)(4)(ii).

(e) Allocations pursuant to this Section 5.05 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, Distributions or other items of the Company pursuant to any provision of this Agreement.

Section 5.06 Indemnification and Reimbursement for Payments on Behalf of a Member. If the Company is obligated to pay any amount to a Governmental Entity (or otherwise makes a payment to a Governmental Entity) that is specifically attributable to a Member or a Member's status as such (including federal income taxes, additions to tax, interest and penalties as a result of obligations of the Company pursuant to the Revised Partnership Audit Provisions, federal withholding taxes, state personal property taxes and state unincorporated business taxes), then such Member shall indemnify the Company in full for the entire amount paid (including interest, penalties and related expenses). The Manager may offset Distributions to which a Member is otherwise entitled under this Agreement against such Member's obligation to indemnify the Company under this Section 5.06. In addition, notwithstanding anything to the contrary, each Member agrees that any Cash Settlement such Member is entitled to receive pursuant to Article XI may be offset by an amount equal to such Member's obligation to indemnify the Company under this Section 5.06 and that such Member shall be treated as receiving the full amount of such Cash Settlement and paying to the Company an amount equal to such obligation. A Member's obligation to make payments to the Company under this Section 5.06 shall survive the transfer or termination of any Member's interest in any Units of the Company, the termination of this Agreement and the dissolution, liquidation, winding up and termination of the Company. In the event that the Company has been terminated prior to the date such payment is due, such Member shall make such payment to the Manager (or its designee), which shall distribute such funds in accordance with this Agreement. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 5.06, including instituting a lawsuit to collect such contribution with interest calculated at a rate per annum equal to the sum of the Base Rate plus 300 basis points (but not in excess of the highest rate per annum permitted by Law). Each Member hereby agrees to furnish to the Company such information and forms as required or reasonably requested in order to comply with any Laws and regulations governing withholding of tax or in order to claim any reduced rate of, or exemption from, withholding to which the Member is legally entitled. The Company may withhold any amount that it determines is required to be withheld from any amount otherwise payable to any Member hereunder, and any such withheld amount shall be deemed to have been paid to such Member for purposes of this Agreement.

## ARTICLE VI
## MANAGEMENT

Section 6.01 Authority of Manager; Officer Delegation.

(a) Except for situations in which the approval of any Member(s) is specifically required by this Agreement, (i) all management powers over the business and affairs of the Company shall be exclusively vested in the Corporation, as the sole managing member of the Company (the Corporation, in such capacity, the "***Manager***"), (ii) the Manager shall conduct, direct and exercise full control over all activities of the Company and (iii) no other Member shall have any right, authority or power to vote, consent or approve any matter, whether under the Delaware Act, this Agreement or otherwise. The Manager shall be the "manager" of the Company for the purposes of the Delaware Act. Except as otherwise expressly provided for herein and subject to the other provisions of this Agreement, the Members hereby consent to the exercise by the Manager of all such powers and rights conferred on the Members by the Delaware Act with respect to the management and control

of the Company. Any vacancies in the position of Manager shall be filled in accordance with Section 6.04.

(b) Without limiting the authority of the Manager to act on behalf of the Company, the day-to-day business and operations of the Company may be overseen and implemented by officers of the Company (each, an "***Officer***" and collectively, the *"**Officers**"),* subject to the limitations imposed by the Manager. An Officer may, but need not, be a Member. Each Officer shall be appointed by the Manager, with the Officers of the Company as of the Effective Date as set forth on Schedule 2 attached hereto, and shall hold office until his or her successor shall be duly designated and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any one Person may hold more than one office. Subject to the other provisions of this Agreement (including in Section 6.07 below), the salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Manager. The authority and responsibility of the Officers shall be limited to such duties as the Manager may, from time to time, delegate to them. Unless the Manager decides otherwise, if the title is one commonly used for officers of a business corporation formed under the General Corporation Law of the State of Delaware, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office. All Officers shall be, and shall be deemed to be, officers and employees of the Company. An Officer may also perform one or more roles as an officer of the Manager. Any Officer may be removed at any time, with or without cause, by the Manager.

(c) Subject to the other provisions of this Agreement, the Manager shall have the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Company (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Company) or the merger, consolidation, conversion, division, reorganization or other combination of the Company with or into another entity, for the avoidance of doubt, without the prior consent of any Member or any other Person being required. The Manager shall have the power and authority to cash out fractional Units on such terms and at such times as it determines.

Section 6.02 Actions of the Manager. The Manager may act through any Officer or through any other Person or Persons to whom authority and duties have been delegated pursuant to Section 6.07.

Section 6.03 Resignation; No Removal. The Manager may resign at any time by giving written notice to the Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Members, and the acceptance of the resignation shall not be necessary to make it effective. For the avoidance of doubt, the Members have no right under this Agreement to remove or replace the Manager.

Section 6.04 Vacancies. Vacancies in the position of Manager occurring for any reason shall be filled by the Corporation (or, if the Corporation has ceased to exist without any successor or assign, then by the holders of a majority in interest of the voting capital stock of the Corporation

immediately prior to such cessation). For the avoidance of doubt, the Members (other than the Corporation) have no right under this Agreement to fill any vacancy in the position of Manager.

Section 6.05 Transactions Between the Company and the Manager. The Manager may cause the Company to contract and deal with the Manager, or any Affiliate of the Manager, *provided,* that such contracts and dealings (other than contracts and dealings between the Company and its Subsidiaries) are on terms comparable to and competitive with those available to the Company from others dealing at arm's length or are approved by the Members and otherwise are permitted by the Credit Agreements; *provided* that the foregoing shall in no way limit the Manager's rights under Section 3.02, 3.04, 3.05 or 3.10. The Members hereby approve each of the contracts or agreements between or among the Manager, the Company and their respective Affiliates entered into on or prior to the date of this Agreement in accordance with the Previous LLC Agreements or that the board of managers of the Company or the Corporate Board approved in connection with the IPO.

Section 6.06 Reimbursement for Expenses. The Manager shall not be compensated for its services as Manager of the Company except as expressly provided in this Agreement. The Members acknowledge and agree that (i) the Manager's Class A Common Stock is publicly traded and, therefore, the Manager will have access to the public capital markets and that such status and the services performed by the Manager will inure to the benefit of the Company and all Members and (ii) the Company serves as a holding company for Ryan LLC and such status as a holding company will insure to the benefit of Ryan LLC and the Members of the Company; therefore, each of the Manager and the Company shall be reimbursed by Ryan LLC for any reasonable out-of-pocket expenses incurred on behalf of Ryan LLC, including without limitation all fees, expenses and costs associated with the IPO and all fees, expenses and, in the case of the Manager, the costs of being a public company (including without limitation public reporting obligations, proxy statements, stockholder meetings, Stock Exchange fees, transfer agent fees, legal fees, accounting fees, SEC and FINRA filing fees and offering expenses, and other related fees) and maintaining its corporate or legal existence. In the event that shares of Class A Common Stock are sold to underwriters in any public offering at a price per share that is lower than the price per share for which such shares of Class A Common Stock are sold to the public in such public offering after taking into account underwriters' discounts or commissions and brokers' fees or commissions (such difference, the "***Discount***"*)* (i) the Manager shall be deemed to have contributed to the Company in exchange for newly issued Common Units the full amount for which such shares of Class A Common Stock were sold to the public, (ii) the Company shall be deemed to have contributed to Ryan LLC in exchange for newly issued Common Units the full amount for which such shares of Class A Common Stock were sold to the public, and (iii) Ryan LLC shall be deemed to have paid the Discount as an expense. To the extent practicable, expenses incurred by the Manager or the Company on behalf of or for the benefit of Ryan LLC shall be billed directly to and paid by Ryan LLC and, if and to the extent any reimbursements to the Manager or any of its Affiliates (including the Company) by Ryan LLC pursuant to this Section 6.06 constitute gross income to such Person (as opposed to the repayment of advances made by such Person on behalf of Ryan LLC), such amounts shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Members' Capital Accounts. Notwithstanding the foregoing, Ryan LLC shall not bear any income tax obligations of the Manager or any payments made pursuant to the Tax Receivable Agreement

(except, in each case, to the extent such income tax obligations specifically arise as a result of the consummation of the IPO or any restructuring transactions related thereto).

Section 6.07 Delegation of Authority. The Manager (a) may, from time to time, delegate to one or more Persons such authority and duties as the Manager may deem advisable, and (b) may assign titles (including, without limitation, chief executive officer, president, chief financial officer, chief operating officer, general counsel, senior vice president, vice president, secretary, assistant secretary, treasurer or assistant treasurer) and delegate certain authority and duties to such Persons which may be amended, restated or otherwise modified from time to time. Any number of titles may be held by the same individual. The salaries or other compensation, if any, of such agents of the Company shall be fixed from time to time by the Manager, subject to the other provisions in this Agreement.

Section 6.08 Limitation of Liability of Manager.

(a) Except as otherwise provided herein or in an agreement entered into by such Person and the Company, neither the Manager nor any of the Manager's Affiliates or Manager's officers, employees or other agents shall be liable to the Company, to any Member that is not the Manager or to any other Person bound by this Agreement for any act or omission performed or omitted by the Manager in its capacity as the sole managing member of the Company pursuant to authority granted to the Manager by this Agreement; *provided, however,* that, except as otherwise provided herein, such limitation of liability shall not apply to the extent the act or omission was attributable to the Manager's willful misconduct or knowing violation of Law or for any present or future material breaches of any representations, warranties or covenants by the Manager or its Affiliates contained herein or in the Other Agreements with the Company. The Manager may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and shall not be responsible for any misconduct or negligence on the part of any such agent (so long as such agent was selected in good faith and with reasonable care). The Manager shall be entitled to rely upon the advice of legal counsel, independent public accountants and other experts, including financial advisors, and any act of or failure to act by the Manager in good faith reliance on such advice shall in no event subject the Manager to liability to the Company or any Member that is not the Manager.

(b) To the fullest extent permitted by applicable Law, whenever this Agreement or any other agreement contemplated herein provides that the Manager shall act in a manner which is, or provide terms which are, "fair and reasonable" to the Company or any Member that is not the Manager, the Manager shall determine such appropriate action or provide such terms considering, in each case, the relative interests of each party to such agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable United States generally accepted accounting practices or principles, notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise.

(c) To the fullest extent permitted by applicable Law and notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise, whenever in this Agreement or any other agreement contemplated herein, the Manager is permitted or required to take any action or to make a decision in its "sole discretion" or "discretion," with "complete discretion" or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company, other Members or any other Person.

(d) To the fullest extent permitted by applicable Law and notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Agreement the Manager is permitted or required to take any action or to make a decision in its "good faith" or under another express standard, the Manager shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein, notwithstanding any provision of this Agreement or duty otherwise, existing at Law or in equity, and, notwithstanding anything contained herein to the contrary, so long as the Manager acts in good faith or in accordance with such other express standard, the resolution, action or terms so made, taken or provided by the Manager shall not constitute a breach of this Agreement or impose liability upon the Manager or any of the Manager's Affiliates and shall be deemed approved by all Members.

Section 6.09 Investment Company Act. The Manager shall use its best efforts to ensure that the Company shall not be subject to registration as an investment company pursuant to the Investment Company Act.

## ARTICLE VII
## RIGHTS AND OBLIGATIONS OF MEMBERS AND MANAGER

Section 7.01 Limitation of Liability and Duties of Members.

(a) Except as provided in this Agreement or in the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company and no Member or Manager shall be obligated personally for any such debts, obligations, contracts or liabilities of the Company solely by reason of being a Member or the Manager (except to the extent and under the circumstances set forth in any non-waivable provision of the Delaware Act). Notwithstanding anything contained herein to the contrary, to the fullest extent permitted by applicable Law, the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business and affairs under this Agreement or the Delaware Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

(b) In accordance with the Delaware Act and the laws of the State of Delaware, a Member may, under certain circumstances, be required to return amounts previously distributed to such Member. It is the intent of the Members that no Distribution to any

Member pursuant to Article IV or XIV shall be deemed a return of money or other property paid or distributed in violation of the Delaware Act. The payment of any such money or Distribution of any such property to a Member shall be deemed to be a compromise within the meaning of Section 18-502(b) of the Delaware Act, and, to the fullest extent permitted by Law, any Member receiving any such money or property shall not be required to return any such money or property to the Company or any other Person, unless such distribution was made by the Company to its Members in clerical error. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of any other Member.

(c) To the fullest extent permitted by applicable Law, including Section 18-1101(c) of the Delaware Act, and notwithstanding any other provision of this Agreement (but subject, and without limitation, to Section 6.08 with respect to the Manager) or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise, the parties hereto hereby agree that to the extent that any Member (other than the Manager in its capacity as such) (or any Member's Affiliate or any manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of any Member or of any Affiliate of a Member) has duties (including fiduciary duties) to the Company, to the Manager, to another Member, to any Person who acquires an interest in a Unit or to any other Person bound by this Agreement, all such duties (including fiduciary duties) are hereby eliminated, to the fullest extent permitted by law, and replaced with the duties or standards expressly set forth herein, if any; provided, however, that the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing. The elimination of duties (including fiduciary duties) to the Company, the Manager, each of the Members, each other Person who acquires an interest in a Unit and each other Person bound by this Agreement and replacement thereof with the duties or standards expressly set forth herein, if any, are approved by the Company, the Manager, each of the Members, each other Person who acquires an interest in a Unit and each other Person bound by this Agreement.

Section 7.02 Lack of Authority. No Member, other than the Manager or a duly appointed Officer, in each case in its capacity as such, has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company or to make any expenditure on behalf of the Company. The Members hereby consent to the exercise by the Manager of the powers conferred on them by Law and this Agreement.

Section 7.03 No Right of Partition. No Member, other than the Manager, shall have the right to seek or obtain partition by court decree or operation of Law of any property of the Company, or the right to own or use particular or individual assets of the Company.

Section 7.04 Indemnification.

(a) Subject to Section 5.06, the Company hereby agrees to indemnify and hold harmless any Person (each an ***"Indemnified Person"***) to the fullest extent permitted under applicable Law, as the same now exists or may hereafter be amended, substituted or replaced (but, to the fullest extent permitted by Law, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or

replacement permits the Company to provide broader indemnification rights than the Company is providing immediately prior to such amendment), against all expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties) reasonably incurred or suffered by such Person (or one or more of such Person's Affiliates) by reason of the fact that such Person is or was a Member or an Affiliate thereof (other than as a result of an ownership interest in the Corporation) or is or was serving as the Manager or a director, officer, employee or other agent of the Manager, or a director, manager, Officer, employee or other agent of the Company or is or was serving at the request of the Company as a manager, officer, director, principal, member, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise; *provided, however,* that no Indemnified Person shall be indemnified for any expenses, liabilities and losses suffered that are attributable to such Indemnified Person's or its Affiliates' willful misconduct or knowing violation of Law or for any present or future breaches of any representations, warranties or covenants by such Indemnified Person or its Affiliates contained herein or in Other Agreements with the Company. Reasonable expenses, including out-of-pocket attorneys' fees, incurred by any such Indemnified Person in defending a proceeding shall be paid by the Company in advance of the final disposition of such proceeding, including any appeal therefrom, upon receipt of an undertaking by or on behalf of such Indemnified Person to repay such amount if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Company.

(b) The right to indemnification and the advancement of expenses conferred in this Section 7.04 shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, agreement, bylaw, action by the Manager or otherwise.

(c) The Company shall maintain directors' and officers' liability insurance, or substantially equivalent insurance, at its expense, to protect any Indemnified Person against any expense, liability or loss described in Section 7.04(a) whether or not the Company would have the power to indemnify such Indemnified Person against such expense, liability or loss under the provisions of this Section 7.04. The Company shall use its commercially reasonable efforts to purchase and maintain property, casualty and liability insurance in types and at levels customary for companies of similar size engaged in similar lines of business, as determined in good faith by the Manager, and the Company shall use its commercially reasonable efforts to purchase directors' and officers' liability insurance (including employment practices coverage) with a carrier and in an amount determined necessary or desirable as determined in good faith by the Manager.

(d) The indemnification and advancement of expenses provided for in this Section 7.04 shall be provided out of and to the extent of Company assets only. No Member (unless such Member otherwise agrees in writing or is found in a non-appealable decision by a court of competent jurisdiction to have personal liability on account thereof) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity of the Company. The Company (i) shall be the primary indemnitor of first resort for such Indemnified Person pursuant to this Section 7.04 and (ii) shall be fully responsible for the advancement of all expenses and the payment

of all damages or liabilities with respect to such Indemnified Person which are addressed by this Section 7.04.

(e) If this Section 7.04 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Indemnified Person pursuant to this Section 7.04 to the fullest extent permitted by any applicable portion of this Section 7.04 that shall not have been invalidated and to the fullest extent permitted by applicable Law.

Section 7.05 Inspection Rights. Section 18-305(a) of the Delaware Act (entitled "Access to and Confidentiality of Information; Records") shall not apply to or be incorporated into this Agreement and each Unitholder hereby expressly waives any and all rights under such Section of the Delaware Act.

## ARTICLE VIII
## BOOKS, RECORDS, ACCOUNTING AND REPORTS, AFFIRMATIVE COVENANTS

Section 8.01 Records and Accounting. The Company shall keep, or cause to be kept, appropriate books and records with respect to the Company's business, including all books and records necessary to provide any information, lists and copies of documents required pursuant to applicable Laws. All matters concerning (a) the determination of the relative amount of allocations and Distributions among the Members pursuant to Article IV and V and (b) accounting procedures and determinations, and other determinations not specifically and expressly provided for by the terms of this Agreement, shall be determined by the Manager, whose determination shall be final and conclusive as to all of the Members absent manifest clerical error.

Section 8.02 Fiscal Year. The Fiscal Year of the Company shall end on December 31 of each year or such other date as may be required by the established by the Manager.

## ARTICLE IX
## TAX MATTERS

Section 9.01 Preparation of Tax Returns. The Manager shall arrange for the preparation and timely filing of all tax returns required to be filed by the Company. The Manager shall use reasonable efforts to furnish, within one hundred and eighty (180) days of the close of each Taxable Year, to each Member a completed IRS Schedule K-l (and any comparable state income tax form) and such other information as is reasonably requested by such Member relating to the Company that is necessary for such Member to comply with its tax reporting obligations. Subject to the terms and conditions of this Agreement and except as otherwise provided in this Agreement, in its capacity as Partnership Representative, the Corporation shall have the authority to prepare the tax returns of the Company using such permissible methods and elections as it determines in its reasonable discretion, including without limitation the use of any permissible method under Section 706 of the Code for purposes of determining the varying Units of its Members.

Section 9.02 Tax Elections. The Taxable Year shall be the Fiscal Year set forth in Section 8.02, unless otherwise required by Section 706 of the Code. The Manager shall cause the Company and each of its Subsidiaries that is treated as a partnership for U.S. federal income tax purposes to have in effect an election pursuant to Section 754 of the Code (or any similar provisions of

applicable state, local or foreign tax Law) for each Taxable Year. The Manager shall take commercially reasonable efforts to cause each Person in which the Company owns a direct or indirect equity interest (other than a Subsidiary) that is so treated as a partnership to have in effect any such election for each Taxable Year. Each Member will upon request supply any information reasonably necessary to give proper effect to any such elections.

Section 9.03 Tax Controversies. The Manager shall cause the Company to take all necessary actions required by Law to designate the Corporation as the "tax matters partner" of the Company within the meaning of Section 6231 of the Code (as in effect prior to repeal of such section pursuant to the Revised Partnership Audit Provisions) with respect any Taxable Year beginning on or before December 31, 2017. The Manager shall further cause the Company to take all necessary actions required by Law to designate the Corporation as the "partnership representative" of the Company as provided in Section 6223(a) of the Code with respect to any Taxable Year of the Company beginning after December 31, 2017, and if the "partnership representative" is an entity, the Corporation is hereby authorized to designate an individual to be the sole individual through which such entity "partnership representative" will act (in such capacities, collectively, the "***Partnership Representative***"). The Company and the Members shall cooperate fully with each other and shall use reasonable best efforts to cause the Corporation (or its designated individual, as applicable) to become the Partnership Representative with respect to any taxable period of the Company with respect to which the statute of limitations has not yet expired (and causing any tax matters partner, partnership representative or designated individual designated prior to the Effective Date to resign, be revoked or replaced, as applicable). The Partnership Representative shall have the right and obligation to take all actions authorized and required, by the Code for the Partnership Representative and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including any resulting administrative and judicial proceedings, and to expend Company funds for professional services reasonably incurred in connection therewith. Each Member agrees to cooperate with the Company and the Partnership Representative and to do or refrain from doing any or all things reasonably requested by the Company or the Partnership Representative with respect to the conduct of such proceedings. Without limiting the generality of the foregoing, with respect to any audit or other proceeding, the Partnership Representative shall be entitled to cause the Company (and any of its Subsidiaries) to make any available elections pursuant to Section 6226 of the Code (and similar provisions of state, local and other Law), and the Members shall cooperate to the extent reasonably requested by the Company in connection therewith. The Company shall reimburse the Partnership Representative for all reasonable out-of-pocket expenses incurred by the Partnership Representative, including reasonable fees of any professional attorneys, in carrying out its duties as the Partnership Representative. The provisions of this Section 9.03 shall survive the transfer or termination of any Member's interest in any Units of the Company, the termination of this Agreement and the termination of the Company, and shall remain binding on each Member for the period of time necessary to resolve all tax matters relating to the Company, and shall be subject to the provisions of the Tax Receivable Agreement, as applicable.

## ARTICLE X
## RESTRICTIONS ON TRANSFER OF UNITS; CERTAIN TRANSACTIONS

Section 10.01 Transfers by Members. No holder of Units shall Transfer any interest in any Units, except Transfers (a) pursuant to and in accordance with Section 10.02 and 10.09 or (b) approved in advance and in writing by the Manager, in the case of Transfers by any Member other than the Manager, or (c) in the case of Transfers by the Manager, to any Person who succeeds to the Manager in accordance with Section 6.04. Notwithstanding the foregoing, "***Transfer***" shall not include any indirect Transfer of Units held by the Manager by virtue of any Transfer of Equity Securities in the Corporation.

Section 10.02 Permitted Transfers. The restrictions contained in Section 10.01 shall not apply to any of the following Transfers (each, a *"**Permitted Transfer**"* and each transferee, a "***Permitted Transferee***"): (i)(A) a Transfer pursuant to a Redemption or Direct Exchange in accordance with Article XI hereof or (B) a Transfer by a Member to the Corporation or any of its Subsidiaries, (ii) a Transfer to an Affiliate of such Member or pursuant to applicable laws of descent and distribution or among such Member's Family Group (provided that (x) Units may not be Transferred to a Member's spouse in connection with a divorce proceeding, (y) Unvested Common Units and Unvested Class C Common Incentive Units may not be Transferred without the written consent of the Manager and (z) such Member retains exclusive voting control of the Units Transferred); *provided, however,* that (x) the restrictions contained in this Agreement will continue to apply to Units after any Permitted Transfer of such Units, and (y) in the case of the foregoing clause (ii), the Permitted Transferees of the Units so Transferred shall agree in writing to be bound by the provisions of this Agreement, and prior to such Transfer the transferor will deliver a written notice to the Company and the Members, which notice will disclose in reasonable detail the identity of the proposed Permitted Transferee. In the case of a Permitted Transfer of any Common Units by any Member that is authorized to hold Class B Common Stock in accordance with the Corporation's certificate of incorporation to a Permitted Transferee in accordance with this Section 10.02, such Member (or any subsequent Permitted Transferee of such Member) shall also transfer a number of shares of Class B Common Stock equal to the number of Common Units that were transferred by such Member (or subsequent Permitted Transferee) in the transaction to such Permitted Transferee. All Permitted Transfers are subject to the additional limitations set forth in Section 10.07(b).

Section 10.03 Restricted Units Legend. The Units have not been registered under the Securities Act and, therefore, in addition to the other restrictions on Transfer contained in this Agreement, cannot be sold unless subsequently registered under the Securities Act or if an exemption from such registration is then available with respect to such sale. To the extent such Units have been certificated, each certificate evidencing Units and each certificate issued in exchange for or upon the Transfer of any Units shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ISSUED ON [______________], AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***ACT***"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES

REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF NEW RYAN SPECIALTY, LLC, AS IT MAY BE AMENDED, RESTATED, AMENDED AND RESTATED, OR OTHERWISE MODIFIED FROM TIME TO TIME, AND NEW RYAN SPECIALTY, LLC RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITIES UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY NEW RYAN SPECIALTY, LLC TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

The Company shall imprint such legend on certificates (if any) evidencing Units. The legend set forth above shall be removed from the certificates (if any) evidencing any Units which cease to be Units in accordance with the definition thereof.

Section 10.04 Transfer. Prior to Transferring any Units, the Transferring holder of Units shall cause the prospective Permitted Transferee to be bound by this Agreement and any other agreements executed by the holders of Units and relating to such Units in the aggregate to which the transferor was a party (collectively, the *"**Other Agreements**")* by executing and delivering to the Company counterparts of this Agreement and any applicable Other Agreements.

Section 10.05 Assignee's Rights.

(a) The Transfer of a Unit in accordance with this Agreement shall be effective as of the date of such Transfer (assuming compliance with all of the conditions to such Transfer set forth herein), and such Transfer shall be shown on the books and records of the Company. Profits, Losses and other items of the Company shall be allocated between the transferor and the transferee according to Code Section 706, using any permissible method as determined in the reasonable discretion of the Manager. Distributions made before the effective date of such Transfer shall be paid to the transferor, and Distributions made on or after such date shall be paid to the Assignee.

(b) Unless and until an Assignee becomes a Member pursuant to Article XII, the Assignee shall not be entitled to any of the rights granted to a Member hereunder or under applicable Law, other than the rights granted specifically to Assignees pursuant to this Agreement; *provided, however,* that, without relieving the Transferring Member from any such limitations or obligations as more fully described in Section 10.06, such Assignee shall be bound by any limitations and obligations of a Member contained herein by which a Member would be bound on account of the Assignee's Units (including the obligation to make Capital Contributions on account of such Units).

Section 10.06 Assignor's Rights and Obligations. Any Member who shall Transfer any Unit in a manner in accordance with this Agreement shall cease to be a Member with respect to such Units and shall no longer have any rights or privileges, or, except as set forth in this Section 10.06, duties, liabilities or obligations, of a Member with respect to such Units or other interest (it being understood, however, that the applicable provisions of Section 6.08 and 7.04 shall continue to inure to such Person's benefit), except that unless and until the Assignee (if not already a Member) is admitted as a Substituted Member in accordance with the provisions of Article XII

(the *"**Admission Date**"*), (i) such Transferring Member shall retain all of the duties, liabilities and obligations of a Member with respect to such Units, and (ii) the Manager may, in its sole discretion, reinstate all or any portion of the rights and privileges of such Member with respect to such Units for any period of time prior to the Admission Date. Nothing contained herein shall relieve any Member who Transfers any Units in the Company from any liability of such Member to the Company with respect to such Units that may exist as of the Admission Date or that is otherwise specified in the Delaware Act or for any liability to the Company or any other Person for any materially false statement made by such Member (in its capacity as such) or for any present or future breaches of any representations, warranties or covenants by such Member (in its capacity as such) contained herein or in the Other Agreements with the Company.

Section 10.07 Overriding Provisions.

(a) Any Transfer or attempted Transfer of any Units in violation of this Agreement (including any prohibited indirect Transfers) shall be, to the fullest extent permitted by applicable law, null and void *ab initio,* and the provisions of Section 10.05 and 10.06 shall not apply to any such Transfers. For the avoidance of doubt, any Person to whom a Transfer is made or attempted in violation of this Agreement shall not become a Member and shall not have any other rights in or with respect to any rights of a Member of the Company with respect to the applicable Units. The approval of any Transfer in any one or more instances shall not limit or waive the requirement for such approval in any other or future instance. The Manager shall promptly amend the Schedule of Members to reflect any Permitted Transfer pursuant to this Article X.

(b) Notwithstanding anything contained herein to the contrary (including, for the avoidance of doubt, the provisions of Section 10.01 and Article XI and Article XII), in no event shall any Member Transfer any Units to the extent such Transfer would:

(i) result in the violation of the Securities Act, or any other applicable federal, state or foreign Laws;

(ii) cause an assignment under the Investment Company Act;

(iii) in the reasonable determination of the Manager, be a violation of or a default (or an event that, with notice or the lapse of time or both, would constitute a default) under, or result in an acceleration of any obligation under any Credit Agreement to which the Company or the Manager is a party; *provided* that the payee or creditor to whom the Company or the Manager owes such obligation is not an Affiliate of the Company or the Manager;

(iv) be a Transfer to a Person who is not legally competent or who has not achieved his or her majority of age under applicable Law (excluding trusts for the benefit of minors);

(v) reasonably be expected to create a material risk that the Company could be treated as a "publicly traded partnership" or could be taxed as a corporation pursuant to Section 7704 of the Code or any successor provision thereto under the Code (as determined in the sole discretion of the Manager); or

(vi) reasonably be expected to create a material risk that the Company would have more than one hundred (100) partners, within the meaning of Treasury Regulations Section 1.7704-1(h)(1) (determined pursuant to the rules of Treasury Regulations Section 1.7704-1(h)(3)) (as determined in the sole discretion of the Manager); provided, for the avoidance of doubt, that in determining whether a Transfer creates a material risk that the Company would have more than one hundred (100) partners, the Manager may assume in its sole discretion the admission of any number of future additional Members.

(c) Notwithstanding anything contained herein to the contrary, in no event shall any Member that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code Transfer any Units, unless such Member and the transferee have delivered to the Company, in respect of the relevant Transfer, written evidence that all required withholding under Section 1446(f) of the Code will have been done and duly remitted to the applicable taxing authority or duly executed certifications (prepared in accordance with the applicable Treasury Regulations or other authorities) of an exemption from such withholding.

(d) Without limiting any of the foregoing, and notwithstanding any other provision of this Agreement to the contrary, no Member shall Transfer any Units during the 2021 taxable year of the Company unless such Transfer either (x) qualifies as a "block transfer" under Treasury Regulations Section 1.7704-1(e)(2), or (y) is disregarded pursuant to Treasury Regulations Sections 1.7704-1(e)(1)(ii).

(e) For the avoidance of doubt, in the event that a Member (or such Member's estate) attempts to Transfer any Units in connection with the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of such Member, such Transfer shall, to the extent it is in violation of this Agreement (unless otherwise waived by the Manager), be void *ab initio* and the provisions of Section 10.05 and 10.06 shall not apply to any such Transfers, such that such Member (or such Member's estate) remains the owner of the applicable Units.

(f) In the event that, notwithstanding this Section 10.07 or any other provision in this Agreement, a Transfer is required pursuant to applicable Law, immediately prior to such Transfer, the Units subject to such Transfer shall be redeemed in accordance with the provisions of Section 11.01 and Section 11.05, as applicable, such that in no event shall the transferee in respect of such Transfer become a Member of the Company at any time.

Section 10.08 Spousal Consent. In connection with the execution and delivery of this Agreement, any Member who is a natural person will deliver to the Company an executed consent from such Member's spouse (if any) in the form of Exhibit B-l attached hereto or a Member's spouse confirmation of separate property in the form of Exhibit B-2 attached hereto. If, at any time subsequent to the date of this Agreement such Member becomes legally married (whether in the first instance or to a different spouse), such Member shall cause his or her spouse to execute and deliver to the Company a consent in the form of Exhibit B-l or Exhibit B-2 attached hereto. Such Member's non-delivery to the Company of an executed consent in the form of Exhibit B-l or

Exhibit B-2 at any time shall constitute such Member's continuing representation and warranty that such Member is not legally married as of such date.

Section 10.09 Certain Transactions with respect to the Corporation.

(a) In connection with a Change of Control Transaction, the Manager shall have the right, in its sole discretion, to require each Member to effect (x) an Exchange of all of such Member's Vested and Unvested Class C Common Incentive Units (if any) pursuant to Section 11.05 and thereafter (y) a Redemption of all or a portion of such Member's Units together with an equal number of shares of Class B Common Stock, pursuant to which such Units and such shares of Class B Common Stock will be exchanged for shares of Class A Common Stock (or economically equivalent cash or securities of a successor entity), *mutatis mutandis,* in accordance with the Redemption provisions of Article XI (applied for this purpose as if the Corporation had delivered an Election Notice that specified a Share Settlement with respect to such Redemption) and otherwise in accordance with this Section 10.09(a). Any such Redemption pursuant to this Section 10.09(a) shall be effective immediately prior to the consummation of such Change of Control Transaction (and, for the avoidance of doubt, shall be contingent upon the consummation of such Change of Control Transaction and shall not be effective if such Change of Control Transaction is not consummated) (the date of such Redemption pursuant to this Section 10.09(a), the *"**Change of Control Date**"*). From and after the Change of Control Date, (i) the Units and any shares of Class B Common Stock subject to such Redemption shall be deemed to be transferred to the Corporation on the Change of Control Date and (ii) each such Member shall cease to have any rights with respect to the Units and any shares of Class B Common Stock subject to such Redemption (other than the right to receive shares of Class A Common Stock (or economically equivalent cash or equity securities in a successor entity) pursuant to such Redemption). In the event the Manager desires to initiate the provisions of this Section 10.09, the Manager shall provide written notice of an expected Change of Control Transaction to all Members within the earlier of (x) five (5) Business Days following the execution of an agreement with respect to such Change of Control Transaction and (y) ten (10) Business Days before the proposed date upon which the contemplated Change of Control Transaction is to be effected, including in such notice such information as may reasonably describe the Change of Control Transaction, subject to Law, including the date of execution of such agreement or such proposed effective date, as applicable, the amount and types of consideration to be paid for shares of Class A Common Stock in the Change of Control Transaction and any election with respect to types of consideration that a holder of shares of Class A Common Stock, as applicable, shall be entitled to make in connection with a Change of Control Transaction (which election shall be available to each Member on the same terms as holders of shares of Class A Common Stock). Following delivery of such notice and on or prior to the Change of Control Date, the Members shall take all actions reasonably requested by the Corporation to effect such Redemption in accordance with the terms of Article XI, including taking any action and delivering any document required pursuant to this Section 10.09(a) to effect such Redemption. Notwithstanding the foregoing, in the event the Manager requires the Members to exchange less than all of their outstanding Units (and to surrender a corresponding number of shares of Class B Common Stock for cancellation), each Member's participation in the Change of Control Transaction shall be reduced *pro rata.* In

the event that any Unvested Class C Common Incentive Units participate in a Change of Control Transaction, all consideration payable with respect thereto shall (except as otherwise determined by the Manager) be subject to the same vesting, forfeiture and other provisions.

(b) In the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization, or similar transaction with respect to Class A Common Stock (a *"**Pubco Offer**"*) is proposed by the Corporation or is proposed to the Corporation or its stockholders and approved by the Corporate Board or is otherwise effected or to be effected with the consent or approval of the Corporate Board, the Manager shall provide written notice of the Pubco Offer to all Members within the earlier of (i) five (5) Business Days following the execution of an agreement (if applicable) with respect to, or the commencement of (if applicable), such Pubco Offer and (ii) ten (10) Business Days before the proposed date upon which the Pubco Offer is to be effected, including in such notice such information as may reasonably describe the Pubco Offer, subject to Law, including the date of execution of such agreement (if applicable) or of such commencement (if applicable), the material terms of such Pubco Offer, including the amount and types of consideration to be received by holders of shares of Class A Common Stock in the Pubco Offer, any election with respect to types of consideration that a holder of shares of Class A Common Stock, as applicable, shall be entitled to make in connection with such Pubco Offer, and the number of Units (and the corresponding shares of Class B Common Stock) held by such Member that is applicable to such Pubco Offer. The Members (other than the Manager) shall be permitted to participate in such Pubco Offer by delivering a written notice of participation that is effective immediately prior to the consummation of such Pubco Offer (and that is contingent upon consummation of such offer), and shall include such information necessary for consummation of such offer as requested by the Corporation. In the case of any Pubco Offer that was initially proposed by the Corporation, the Corporation shall use reasonable best efforts to enable and permit the Members (other than the Manager) to participate in such transaction to the same extent or on an economically equivalent basis as the holders of shares of Class A Common Stock, and to enable such Members to participate in such transaction without being required to exchange Units or shares of Class B Common Stock prior to the consummation of such transaction. For the avoidance of doubt, in no event shall Members be entitled to receive in such Pubco Offer aggregate consideration for each Common Unit that is greater than the consideration payable in respect of each share of Class A Common Stock in connection with a Pubco Offer (it being understood that payments under or in respect of the Tax Receivable Agreement shall not be considered part of any such consideration).

(c) In the event that a transaction or proposed transaction constitutes both a Change of Control Transaction and a Pubco Offer, the provisions of Section 10.09(a) shall take precedence over the provisions of Section 10.09(b) with respect to such transaction, and the provisions of Section 10.09(b) shall be subordinate to provisions of Section 10.09(a), and may only be triggered if the Manager elects to waive the provisions of Section 10.09(a).

Section 10.10 Unvested Common Units. With respect to any shares of Class B Common Stock corresponding to Unvested Common Units, the Member holding such shares of

Class B Common Stock shall abstain from voting any such shares of Class B Common Stock with respect to any matter to be voted on or considered by the stockholders of the Corporation at any annual or special meeting of the stockholders of the Corporation or action by written consent of the stockholders of the Corporation unless and until such time as such Common Units have vested in accordance with the applicable Equity Plan or Individual Award Agreement.

## ARTICLE XI
## REDEMPTION AND DIRECT EXCHANGE RIGHTS

Section 11.01 Redemption Right of a Member.

(a) At any time and from time to time from and after the date of the IPO, and subject to (A) in the case of Service Provider Members, the terms of any applicable Award Agreement and any Black-Out Period and (B) the waiver or expiration of the lock-up period in the Corporation's IPO or any other contractual lock-up period relating to the shares of the Corporation (or any corresponding Units) that may be applicable to such Member, each Member (other than the Corporation and its Subsidiaries) shall be entitled to cause the Company to redeem (a *"**Redemption**"*) all or any portion of its Common Units (excluding, for the avoidance of doubt, any Common Units that are subject to vesting conditions or the Transfer of which is prohibited pursuant to Section 10.07(b), 10.07(c) or 10.07(d) of this Agreement) in whole or in part (the "***Redemption Right***"). A Member desiring to exercise its Redemption Right (each, a *"**Redeeming Member**"*) shall exercise such right by giving written notice (the *"**Redemption Notice**"*) to the Company with a copy to the Corporation. The Redemption Notice shall specify the number of Common Units (the *"**Redeemed Units**"*) that the Redeeming Member intends to have the Company redeem and a date, not less than three (3) Business Days nor more than ten (10) Business Days after delivery of such Redemption Notice (unless and to the extent that the Manager in its sole discretion agrees in writing to waive such time periods), on which exercise of the Redemption Right shall be completed (the *"**Redemption Date**"*), *provided,* that the Company, the Corporation and the Redeeming Member may change the number of Redeemed Units and/or the Redemption Date specified in such Redemption Notice to another number and/or date by mutual agreement signed in writing by each of them; *provided, further,* that in the event the Corporation elects a Share Settlement, the Redemption may be conditioned (including as to timing) by the Redeeming Member on the closing of an underwritten distribution of the shares of Class A Common Stock that may be issued in connection with such proposed Redemption (*provided*, for the avoidance of doubt, that such condition to a Share Settlement, as applicable, shall create no obligation on the part of the Company or the Corporation to initiate or complete an underwritten distribution of such shares). Subject to Section 11.03 and unless the Redeeming Member timely has delivered a Retraction Notice as provided in Section 11.01(c) or has revoked or delayed a Redemption as provided in Section 11.01(d), on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date):

(i) the Redeeming Member shall Transfer and surrender, free and clear of all liens and encumbrances (x) the Redeemed Units to the Company (including any certificates representing the Redeemed Units if they are certificated), and (y) a number of shares of Class B Common Stock (together with any Corresponding

Rights) equal to the number of Redeemed Units to the Corporation, to the extent applicable;

(ii) the Company shall (x) cancel the Redeemed Units, (y) transfer to the Redeeming Member the consideration to which the Redeeming Member is entitled under Section 11.01(b), and (z) if the Units are certificated, issue to the Redeeming Member a certificate for a number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate surrendered by the Redeeming Member pursuant to clause (i) of this Section 11.01(a) and the Redeemed Units; and

(iii) the Corporation shall cancel and retire for no consideration the shares of Class B Common Stock (together with any Corresponding Rights) that were Transferred to the Corporation pursuant to Section 11.01(a)(i)(y) above.

(b) The Corporation shall have the option (as determined solely by a majority of its directors who are disinterested) as provided in Section 11.02 to elect to have the Redeemed Units be redeemed in consideration for either a Share Settlement or a Cash Settlement; *provided,* for the avoidance of doubt, that the Corporation may elect to have the Redeemed Units be redeemed in consideration for a Cash Settlement only to the extent that the Corporation has cash available in an amount equal to at least the Redeemed Units Equivalent which was received pursuant to a Secondary Offering. The Corporation shall give written notice (the *"**Election Notice**"*) to the Company (with a copy to the applicable Redeeming Member) of such election within two (2) Business Days of receiving the Redemption Notice; *provided,* that if the Corporation does not timely deliver an Election Notice, the Corporation shall be deemed to have elected the Share Settlement method. If the Corporation elects a Share Settlement (including in connection with a Direct Exchange pursuant to Section 11.03), the Corporation shall deliver or cause to be delivered the number of shares of Class A Common Stock deliverable upon such Share Settlement as promptly as practicable (but not later than three (3) Business Days) after the Redemption Date, at the offices of the then-acting registrar and transfer agent of the shares of Class A Common Stock (or, if there is no then-acting registrar and transfer agent of Class A Common Stock, at the principal executive offices of the Corporation), registered in the name of the relevant Redeeming Member (or in such other name as is requested in writing by the Redeeming Member), in certificated or uncertificated form, as determined by the Corporation; *provided*, that to the extent the shares of Class A Common Stock are settled through the facilities of The Depository Trust Company, upon the written instruction of the Redeeming Member set forth in the Redemption Notice, the Corporation shall use its commercially reasonable efforts to deliver the shares of Class A Common Stock deliverable to such Redeeming Member through the facilities of The Depository Trust Company, to the account of the participant of The Depository Trust Company designated by such Redeeming Member by no later than the close of business on the Business Day immediately following the Redemption Date. Notwithstanding anything to the contrary in this Agreement or any Award Agreement, in no event may the Company and the Corporation effect a Cash Settlement unless the Redeemed Units have been outstanding and Vested for at least six (6) months prior to the date of the Redemption Notice.

(c) In the event the Corporation elects the Cash Settlement in connection with a Redemption, the Redeeming Member may retract its Redemption Notice by giving written notice (the *"**Retraction Notice**"*) to the Company (with a copy to the Corporation) within three (3) Business Days of delivery of the Election Notice. The timely delivery of a Retraction Notice shall terminate all of the Redeeming Member's, the Company's and the Corporation's rights and obligations under this Section 11.01 arising from the Redemption Notice.

(d) In the event the Corporation elects a Share Settlement in connection with a Redemption, a Redeeming Member shall be entitled to revoke its Redemption Notice or delay the consummation of a Redemption if any of the following conditions exists:

(i) any registration statement pursuant to which the resale of the Class A Common Stock to be registered for such Redeeming Member at or immediately following the consummation of the Redemption shall have ceased to be effective pursuant to any action or inaction by the SEC or no such resale registration statement has yet become effective;

(ii) the Corporation shall have failed to cause any related prospectus to be supplemented by any required prospectus supplement necessary to effect such Redemption;

(iii) the Corporation shall have exercised its right to defer, delay or suspend the filing or effectiveness of a registration statement and such deferral, delay or suspension shall affect the ability of such Redeeming Member to have its Class A Common Stock registered at or immediately following the consummation of the Redemption;

(iv) the Redeeming Member is in possession of any material non-public information concerning the Corporation, the receipt of which results in such Redeeming Member being prohibited or restricted from selling Class A Common Stock at or immediately following the Redemption without disclosure of such information (and the Corporation does not permit disclosure of such information);

(v) any stop order relating to the registration statement pursuant to which the Class A Common Stock was to be registered by such Redeeming Member at or immediately following the Redemption shall have been issued by the SEC;

(vi) there shall have occurred a material disruption in the securities markets generally or in the market or markets in which the Class A Common Stock is then traded;

(vii) there shall be in effect an injunction, a restraining order or a decree of any nature of any Governmental Entity that restrains or prohibits the Redemption; or

(viii) the Corporation shall have failed to comply in all material respects with its obligations under the Registration Rights Agreement, and such failure shall

have affected the ability of such Redeeming Member to consummate the resale of Class A Common Stock to be received upon such Redemption pursuant to an effective registration statement.

If a Redeeming Member delays the consummation of a Redemption pursuant to this Section 11.01(d), the Redemption Date shall occur on the fifth (5th) Business Day following the date on which the condition(s) giving rise to such delay cease to exist (or such earlier day as the Corporation, the Company and such Redeeming Member may agree in writing).

(e) The number of shares of Class A Common Stock (or Redeemed Units Equivalent, if applicable) (together with any Corresponding Rights) applicable to any Share Settlement or Cash Settlement shall not be adjusted on account of any Distributions previously made with respect to the Redeemed Units or dividends previously paid with respect to Class A Common Stock; *provided, however,* that if a Redeeming Member causes the Company to redeem Redeemed Units and the Redemption Date occurs subsequent to the record date for any Distribution with respect to the Redeemed Units but prior to payment of such Distribution, the Redeeming Member shall be entitled to receive such Distribution with respect to the Redeemed Units on the date that it is made notwithstanding that the Redeeming Member Transferred and surrendered the Redeemed Units to the Company prior to such date.

(f) In the case of a Share Settlement, in the event a reclassification or other similar transaction occurs following delivery of a Redemption Notice, but prior to the Redemption Date, as a result of which shares of Class A Common Stock are converted into another security, then a Redeeming Member shall be entitled to receive the amount of such other security (and, if applicable, any Corresponding Rights) that the Redeeming Member would have received if such Redemption Right had been exercised and the Redemption Date had occurred immediately prior to the record date of such reclassification or other similar transaction.

(g) Notwithstanding anything to the contrary contained herein, neither the Company nor the Corporation shall be obligated to effectuate a Redemption if such Redemption could reasonably be expected to create a material risk (as determined in the sole discretion of the Manager) of the Company being treated as a "publicly traded partnership" or to be taxed as a corporation pursuant to Section 7704 of the Code or successor provisions of the Code.

Section 11.02 Election and Contribution of the Corporation. Unless the Redeeming Member has timely delivered a Retraction Notice as provided in Section 11.01(c), or has revoked or delayed a Redemption as provided in Section 11.01(d), subject to Section 11.03 on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date) (i) the Corporation shall make a Capital Contribution to the Company (in the form of the Share Settlement or the Cash Settlement, as determined by the Corporation in accordance with Section 11.01(b)). and (ii) in the event of a Share Settlement, the Company shall issue to the Corporation a number of Common Units equal to the number of Redeemed Units surrendered by the Redeeming Member. Notwithstanding any other provisions of this Agreement to the contrary, but subject to Section 11.03, in the event that the Corporation elects a Cash Settlement, the

Corporation shall only be obligated to contribute to the Company an amount in respect of such Cash Settlement equal to the Redeemed Units Equivalent with respect to such Cash Settlement, which in no event shall exceed the amount actually paid by the Company to the Redeeming Member as the Cash Settlement. The timely delivery of a Retraction Notice shall terminate all of the Company's and the Corporation's rights and obligations under this Section 11.02 arising from the Redemption Notice.

Section 11.03 Direct Exchange Right of the Corporation.

(a) Notwithstanding anything to the contrary in this Article XI (save for the limitations set forth in Section 11.01(b) regarding the Corporation's option to select the Share Settlement or the Cash Settlement, and without limitation to the rights of the Members under Section 11.01, including the right to revoke a Redemption Notice), the Corporation may, in its sole and absolute discretion (as determined solely by a majority of its directors who are disinterested) (subject to the timing limitations set forth on such discretion in Section 11.01(b)), elect to effect on the Redemption Date the exchange of Redeemed Units for the Share Settlement or the Cash Settlement, as the case may be, through a direct exchange of such Redeemed Units and the Share Settlement or the Cash Settlement, as applicable, between the Redeeming Member and the Corporation (a *"**Direct Exchange**"*) (rather than contributing the Share Settlement or the Cash Settlement, as the case may be, to the Company in accordance with Section 11.02 for purposes of the Company redeeming the Redeemed Units from the Redeeming Member in consideration of the Share Settlement or the Cash Settlement, as applicable). Upon such Direct Exchange pursuant to this Section 11.03, the Corporation shall acquire the Redeemed Units and shall be treated for all purposes of this Agreement as the owner of such Units.

(b) The Corporation may, at any time prior to a Redemption Date (including after delivery of an Election Notice pursuant to Section 11.01(b)), deliver written notice (an *"**Exchange Election Notice**"*) to the Company and the Redeeming Member setting forth its election to exercise its right to consummate a Direct Exchange; *provided*, that such election is subject to the limitations set forth in Section 11.01(b) and does not unreasonably prejudice the ability of the parties to consummate a Redemption or Direct Exchange on the Redemption Date. An Exchange Election Notice may be revoked by the Corporation at any time; *provided*, that any such revocation does not unreasonably prejudice the ability of the parties to consummate a Redemption or Direct Exchange on the Redemption Date. The right to consummate a Direct Exchange in all events shall be exercisable for all of the Redeemed Units that would have otherwise been subject to a Redemption.

(c) Except as otherwise provided by this Section 11.03, a Direct Exchange shall be consummated pursuant to the same timeframe as the relevant Redemption would have been consummated if the Corporation had not delivered an Exchange Election Notice and as follows:

(i) the Redeeming Member shall transfer and surrender, free and clear of all liens and encumbrances (x) the Redeemed Units and (y) a number of shares of Class B Common Stock (together with any Corresponding Rights) equal to the number of Redeemed Units, to the extent applicable, in each case, to the Corporation;

(ii) the Corporation shall (x) issue or pay to the Redeeming Member the Share Settlement or the Cash Settlement, as applicable, and (y) cancel and retire for no consideration the shares of Class B Common Stock (together with any Corresponding Rights) that were Transferred to the Corporation pursuant to Section 11.03(c)(i)(y) above; and

(iii) the Company shall (x) register the Corporation as the owner of the Redeemed Units and (y) if the Units are certificated, issue to the Redeeming Member a certificate for a number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate surrendered by the Redeeming Member pursuant to Section 11.03(c)(i)(x) and the Redeemed Units, and issue to the Corporation a certificate for the number of Redeemed Units.

Section 11.04 Reservation of shares of Class A Common Stock; Listing; Certificate of the Corporation.

(a) At all times the Corporation shall reserve and keep available out of its authorized but unissued Class A Common Stock, solely for the purpose of issuance upon a Share Settlement in connection with a Redemption or Direct Exchange, such number of shares of Class A Common Stock as shall be issuable upon any such Share Settlement pursuant to a Redemption or Direct Exchange; *provided*, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of any such Share Settlement pursuant to a Redemption or Direct Exchange by delivery of purchased Class A Common Stock (which may or may not be held in the treasury of the Corporation) or by way of Cash Settlement. The Corporation shall deliver Class A Common Stock that has been registered under the Securities Act with respect to any Share Settlement pursuant to a Redemption or Direct Exchange to the extent a registration statement is effective and available with respect to such shares; *provided*, all such unregistered shares of Class A Common Stock (if any) shall be entitled to the registration rights set forth in the Registration Rights Agreement if the holders thereof are party to the Registration Rights Agreement and have such rights thereunder. The Corporation shall use its commercially reasonable efforts to list the Class A Common Stock required to be delivered upon any such Share Settlement pursuant to a Redemption or Direct Exchange prior to such delivery upon each national securities exchange upon which the outstanding shares of Class A Common Stock are listed at the time of such Share Settlement pursuant to a Redemption or Direct Exchange (it being understood that any such shares may be subject to transfer restrictions under applicable securities Laws). The Corporation covenants that all shares of Class A Common Stock issued in connection with a Share Settlement pursuant to a Redemption or Direct Exchange will, upon issuance, be validly issued, fully paid and non-assessable. The provisions of this Article XI shall be interpreted and applied in a manner consistent with any corresponding provisions of the Corporation's certificate of incorporation (if any).

(b) Prior to any Redemption or Direct Exchange effected pursuant to this Agreement, the Corporation shall take all such steps as may be required to cause to qualify for exemption under Rule 16b-3(d) or (e), as applicable, under the Exchange Act, and to be exempt for purposes of Section 16(b) under the Exchange Act, any acquisitions from, or dispositions to, the Corporation of equity securities of the Corporation (including derivative securities with respect thereto) and any securities that may be deemed to be equity securities or derivative securities of the Corporation for such purposes that result from the transactions contemplated by this Agreement, by each officer or director of the Corporation, including any director by deputization. The authorizing resolutions shall be approved by either the Corporate Board or a committee thereof composed solely of two or more Non-Employee Directors (as defined in Rule 16b-3) of the Corporation with the authorizing resolutions specifying the name of each such director whose acquisition or disposition of securities is to be exempted and the number of securities that may be acquired and disposed of by each such Person pursuant to this Agreement.

Section 11.05 Exchange of Class C Common Incentive Units. From and after the date of the IPO, and subject to (A) in the case of Service Provider Members, the terms of any applicable Award Agreement and any Black-Out Period and (B) the waiver or expiration of the lock-up period in the Corporation's IPO or any other contractual lock-up period relating to the shares of the Corporation (or any corresponding Units) that may be applicable to such Member, each Member (other than the Manager) shall be entitled to cause the Company to exchange (an *"**Exchange**"*) its vested Class C Common Incentive Units, in whole or in part (the ***"Exchange Right"***) at any time and from time to time for a number of New Common Units determined with respect to such vested Class C Common Incentive Units and in accordance with the terms set forth below; provided, that such Exchange shall not be permitted if such Class C Common Incentive Units would be entitled to zero New Common Units pursuant to this Section 11.05. A Member desiring to exercise its Exchange Right (an "Exchanging Member") shall exercise such right by giving written notice (including, if permitted by the Company, in electronic form) (the "***Exchange Notice***") to the Company and the Corporation. The Exchange Notice shall specify the number and identity (including the relevant then-unsatisfied Class C Common Incentive Unit Return Threshold) of Class C Common Incentive Units (the *"**Exchanged Class C Common Incentive Units**"*) that the Exchanging Member intends to have the Company exchange and a date, not less than two (2) Business Days nor more than ten (10) Business Days after delivery of such Exchange Notice (unless and to the extent that the Manager in its sole discretion agrees in writing to waive such time periods), on which exercise of the Exchange Right shall be completed (the ***"Exchange Date"***); provided, that the Company and the Exchanging Member may change the number of Exchanged Class C Common Incentive Units and/or the Exchange Date specified in such Exchange Notice to another number and/or date by mutual agreement signed in writing (including, if permitted by the Company, in electronic form) by each of the Company and PubCo. On the Exchange Date (to be effective immediately prior to the close of business on the Exchange Date): (a) the Exchanging Member shall Transfer and surrender, free and clear of all liens and encumbrances, the Exchanged Class C Common Incentive Units to the Company and (b) the Company shall (i) cancel the Exchanged Class C Common Incentive Units, (ii) issue to the Exchanging Member the New Common Units applicable to the Exchanged Class C Common Incentive Units and (iii) if the Exchanged Class C Common Incentive Units are certificated, issue to the Exchanging Member a certificate for a number of Class C Common Incentive Units equal to the difference (if any) between the number of Class C Common Incentive Units evidenced by

the certificate surrendered by the Exchanging Member and the Exchanged Class C Common Incentive Units. Upon issuance of the New Common Units, such New Common Units shall immediately be subject to all of the provisions herein applicable to Common Units, including the Redemption provisions contained in this Article XI, and notwithstanding anything herein to the contrary, immediately upon consummation of any Exchange, the Exchanging Member shall be required to initiate its Redemption Right with respect to the New Common Units received in such Exchange, and therefore the provisions of the foregoing Section 11.01 shall be deemed to apply as though the applicable Member had sent a Redemption Notice thereunder on the date that it sent the Exchange Notice under this Section 11.05, such that the Redemption occurs on the same day as, and immediately following, the Exchange.

Section 11.06 Effect of Exercise of Redemption or Direct Exchange. This Agreement shall continue notwithstanding the consummation of a Redemption or Direct Exchange by a Member and all rights set forth herein shall continue in effect with respect to the remaining Members and, to the extent the Redeeming Member has a remaining Unit following such Redemption or Direct Exchange, the Redeeming Member. No Redemption or Direct Exchange shall relieve a Redeeming Member, the Company or the Corporation of any prior breach of this Agreement by such Redeeming Member, the Company or the Corporation.

Section 11.07 Tax Treatment. Unless otherwise required by applicable Law, the parties hereto acknowledge and agree that a Redemption or a Direct Exchange, as the case may be, shall be treated as a direct exchange between the Corporation and the Redeeming Member for U.S. federal and applicable state and local income tax purposes.

Section 11.08 Company Exchange and Redemption Right. At any time following the occurrence of a Triggering Event with respect to a Member, the Company shall have the right to (a) require such Member and its Affiliates to engage in an Exchange pursuant to Section 11.05 covering all, but not less than all, of the Class C Common Incentive Units held by such Member and subsequently (b) require such Member and its Affiliates to engage in a Redemption transaction with the Company covering all, but not less than all, of the Units held by such Member (including, for the avoidance of doubt, any Common Units received by such Member and its Affiliates pursuant to any Exchange under clause (a) (the "***Company Redemption Right***"). The Company shall exercise the Company Redemption Right by delivering written notice to such Member (the "***Company Redemption Notice***"), which notice shall specify the Redemption Date and whether the redemption shall be effected through a Cash Settlement, a Share Settlement or a Direct Exchange. The Member whose Units are the subject of the Redemption Notice shall not have the right to deliver a Retraction Notice or otherwise cancel or reverse the Company's decision to proceed with the Redemption. Except as otherwise provided in this Section 11.07, the Company Redemption Right shall be settled in accordance with the provisions of this Article XI. Notwithstanding anything in this Article XI, the Company's right to cause a Redemption and/or Exchange under this Section shall apply to any and all Units (including those Units that are subject to vesting conditions held by a Member and its Affiliates), and any Shares received in exchange or redemption of any such Units which are subject to vesting conditions shall be subject to the same vesting conditions and in the same proportions as such Units.

ARTICLE XII
ADMISSION OF MEMBERS

Section 12.01 Substituted Members. Subject to the provisions of Article X hereof, in connection with the Permitted Transfer of a Unit hereunder, the Permitted Transferee shall become a Substituted Member on the effective date of such Transfer, which effective date shall not be earlier than the date of compliance with the conditions to such Transfer, and such admission shall be shown on the books and records of the Company, including the Schedule of Members.

Section 12.02 Additional Members. Subject to the provisions of Article X hereof, any Person that is not a Member as of the Effective Date may be admitted to the Company as an additional Member (any such Person, an *"**Additional Member**"*) only upon furnishing to the Manager (a) duly executed Joinder and counterparts to any applicable Other Agreements and (b) such other documents or instruments as may be reasonably necessary or appropriate to effect such Person's admission as a Member (including entering into such documents as may reasonably be requested by the Manager). Such admission shall become effective on the date on which the Manager determines in its sole discretion that such conditions have been satisfied and when any such admission is shown on the books and records of the Company, including the Schedule of Members.

ARTICLE XIII
WITHDRAWAL AND RESIGNATION; TERMINATION OF RIGHTS

Section 13.01 Withdrawal and Resignation of Members. Except in the event of Transfers pursuant to Section 10.06 and the Manager's right to resign pursuant to Section 6.03, no Member shall have the power or right to withdraw or otherwise resign as a Member from the Company prior to the dissolution and winding up of the Company pursuant to Article XIV. Any Member, however, that attempts to withdraw or otherwise resign as a Member from the Company without the prior written consent of the Manager upon or following the dissolution and winding up of the Company pursuant to Article XIV, but prior to such Member receiving the full amount of Distributions from the Company to which such Member is entitled pursuant to Article XIV, shall be liable to the Company for all damages (including all lost profits and special, indirect and consequential damages) directly or indirectly caused by the withdrawal or resignation of such Member. Upon a Transfer of all of a Member's Units in a Transfer permitted by this Agreement, subject to the provisions of Section 10.06, such Member shall cease to be a Member.

ARTICLE XIV
DISSOLUTION AND LIQUIDATION

Section 14.01 Dissolution. The Company shall not be dissolved by the admission of Additional Members or Substituted Members or the attempted withdrawal, removal, dissolution, bankruptcy or resignation of a Member. The Company shall dissolve, and its affairs shall be wound up, upon:

(a) the decision of the Manager together with the written approval of the Members holding a majority of the Common Units to dissolve the Company (excluding for

purposes of such calculation the Corporation and all Common Units held directly or indirectly by it);

(b) a dissolution of the Company under Section 18-801(4) of the Delaware Act, unless the Company is continued without dissolution pursuant thereto;

(c) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Delaware Act; or

(d) the termination of the legal existence of the last remaining Member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining Member of the Company in the Company unless the Company is continued without dissolution in a manner permitted by this Agreement or the Act.

Except as otherwise set forth in this Article XIV, the Company is intended to have perpetual existence. An Event of Withdrawal shall not in and of itself cause a dissolution of the Company and the Company shall continue in existence subject to the terms and conditions of this Agreement.

Section 14.02 Winding up. Subject to Section 14.05, on dissolution of the Company, the Manager shall act as liquidating trustee or may appoint one or more Persons as liquidating trustee (each such Person, a *"**Liquidator**"*). The Liquidators shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Delaware Act. The costs of liquidation shall be borne as an expense of the Company. Until final distribution, the Liquidators shall, to the fullest extent permitted by applicable Law, continue to operate the properties of the Company with all of the power and authority of the Manager. The steps to be accomplished by the Liquidators are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the Liquidators shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the Liquidators shall pay, satisfy or discharge from the Company's funds, or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash fund for contingent, conditional and unmatured liabilities in such amount and for such term as the liquidators may reasonably determine) the following: first, all of the debts, liabilities and obligations of the Company owed to creditors other than the Members in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof), including all expenses incurred in connection with the liquidations; and second, all of the debts, liabilities and obligations of the Company owed to the Members (other than any payments or distributions owed to such Members in their capacity as Members pursuant to this Agreement); and

(c) following any payments pursuant to the foregoing Section 14.02(b), all remaining assets of the Company shall be distributed to the Members in accordance with

Section 4.01(a) by the end of the Taxable Year during which the liquidation of the Company occurs (or, if later, by ninety (90) days after the date of the liquidation).

The distribution of cash and/or property to the Members in accordance with the provisions of this Section 14.02 and Section 14.03 below shall constitute a complete return to the Members of their Capital Contributions, a complete distribution to the Members of their interest in the Company and all of the Company's property and shall constitute a compromise to which all Members have consented within the meaning of the Delaware Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

Section 14.03 Deferment; Distribution in Kind. Notwithstanding the provisions of Section 14.02, but subject to the order of priorities set forth therein, if upon dissolution of the Company the Liquidators determine that an immediate sale of part or all of the Company's assets would be impractical or would cause undue loss (or would otherwise not be beneficial) to the Members, the Liquidators may, in their sole discretion and the fullest extent permitted by applicable Law, defer for a reasonable time the liquidation of any assets except those necessary to satisfy the Company's liabilities (other than loans to the Company by any Member(s)) and reserves. Subject to the order of priorities set forth in Section 14.02, the Liquidators may, in their sole discretion, distribute to the Members, in lieu of cash, either (a) all or any portion of such remaining assets in-kind of the Company in accordance with the provisions of Section 14.02(c), (b) as tenants in common and in accordance with the provisions of Section 14.02(c), undivided interests in all or any portion of such assets of the Company or (c) a combination of the foregoing. Any such Distributions in-kind shall be subject to (y) such conditions relating to the disposition and management of such assets as the Liquidators deem reasonable and equitable and (z) the terms and conditions of any agreements governing such assets (or the operation thereof or the holders thereof) at such time. Any assets of the Company distributed in kind will first be written up or down to their Fair Market Value, thus creating Profit or Loss (if any), which shall be allocated in accordance with Article V. The Liquidators shall determine the Fair Market Value of any property distributed.

Section 14.04 Cancellation of Certificate. On completion of the winding up of the Company as provided herein, the Manager (or such other Person or Persons as the Delaware Act may require or permit) shall file a certificate of cancellation of the Certificate with the Secretary of State of Delaware, cancel any other filings made pursuant to this Agreement that should be canceled and take such other actions as may be necessary to terminate the existence of the Company. The Company shall continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 14.04.

Section 14.05 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Section 14.02 and 14.03 in order to minimize any losses otherwise attendant upon such winding up.

Section 14.06 Return of Capital. The Liquidators shall not be personally liable for the return of Capital Contributions or any portion thereof to the Members (it being understood that any such return shall be made solely from assets of the Company).

## ARTICLE XV
## GENERAL PROVISIONS

Section 15.01 Power of Attorney.

(a) Each Member hereby constitutes and appoints the Manager (or the Liquidator, if applicable) with full power of substitution, as his or her true and lawful agent and attorney-in-fact, with full power and authority in his, her or its name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) this Agreement, all certificates and other instruments and all amendments thereof which the Manager deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (B) all instruments which the Manager deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (C) all conveyances and other instruments or documents which the Manager deems appropriate or necessary to reflect the dissolution, winding up and termination of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; (D) all instruments relating to the admission, substitution or resignation of any Member pursuant to Article XII or Article XIII; and (E) the limited liability company agreement for New Ryan Specialty and other instruments in connection with the formation and initial capitalization thereof as contemplated by Section 15.18 of this Agreement; and

(ii) sign, execute, swear to and acknowledge all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the reasonable judgment of the Manager, to evidence, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Members hereunder or is consistent with the terms of this Agreement, in the reasonable judgment of the Manager, to effectuate the terms of this Agreement.

(b) The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member and the transfer of all or any portion of his, her or its Units and shall extend to such Member’s heirs, successors, assigns and personal representatives.

Section 15.02 Confidentiality.

Each of the Members (other than the Corporation) agrees that, without limiting the applicability of any other agreement to which any Member may be subject, no Member shall directly or indirectly disclose or use (other than solely for the purpose of such Member monitoring and analyzing such Member’s investment made herein) at any time, including without limitation use for commercial or proprietary advantage or profit, either during his, her or its association or employment with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all

appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft. *"**Confidential Information**"* as used herein includes all nonpublic information concerning the Company or its Subsidiaries including, but not limited to, ideas, business strategies, innovations and materials, all aspects of the Company's business plan, proposed operation and products, operating practices and methods, corporate structure, financial and organizational information, analyses, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, designs, employees and their identities, equity ownership, the methods and means by which the Company plans to conduct its business, all trade secrets, trademarks, tradenames and all intellectual property associated with the Company's business. With respect to each Member, Confidential Information does not include information or material that:

(a) (i) is rightfully in the possession of such Member at the time of disclosure by the Company; (ii) before or after it has been disclosed to such Member by the Company, becomes part of public knowledge, not as a result of any action or inaction of such Member in violation of this Agreement; or (iii) is approved for release by written authorization of the Corporate Board or the Manager, or any other officer designated by the Manager.

(b) Notwithstanding the foregoing, a Member may disclose Confidential Information to the extent (i) the disclosure is necessary for the Member and/or the Company's employees, agents, representatives and advisors to fulfill their duties to the Company pursuant to this Agreement and/or other written agreements or (ii) the disclosure is required by Law, court order, subpoena or legal process or to comply with the requirements of a state or federal regulatory authority.

(c) Upon expiration or other termination of a Member's interest in the Company, that Member may not take any of the Confidential Information, and that Member shall promptly return to the Company all Confidential Information in that Member's possession or control.

Section 15.03 Amendments. Except as otherwise contemplated by this Agreement, this Agreement may be amended or modified upon the written consent of the Manager, together with the written consent of the holders of a majority of the Common Units then outstanding (excluding all Common Units held directly or indirectly by the Corporation). Notwithstanding the foregoing, no amendment or modification:

(a) to this Section 15.03 may be made without the prior written consent of the Manager and the holders of a majority of the Units (excluding all Common Units held directly or indirectly by the Corporation);

(b) to any of the terms and conditions of this Agreement which terms and conditions expressly require the approval or action of certain Persons may be made without obtaining the consent of the requisite number or specified percentage of such Persons who are entitled to approve or take action on such matter; and

(c) to any of the terms and conditions of this Agreement which would (A) reduce the amounts distributable to a Member pursuant to Article IV and XIV in a manner that is

not *pro rata* with respect to all Members, (B) increase the liabilities of such Member hereunder, (C) otherwise materially and adversely affect a holder of Units (with respect to such Units) in a manner materially disproportionate to any other holder of Units of the same class or series (with respect to such Units) (other than amendments, modifications and waivers necessary to implement the provisions of Article XII) or (D) materially and adversely affect the rights of any Member under Section 3.04, Section 3.05, Section 7.01, Section 7.04, Article X or Article XI, shall be effective against such affected Member or holder of Units, as the case may be, without the prior written consent of the holders a majority of such affected Units, as the case may be.

Notwithstanding any of the foregoing, the Manager may make any amendment (i) of an administrative nature that is necessary in order to implement the substantive provisions hereof, without the consent of any other Member; *provided*, that any such amendment does not adversely change the rights of the Members hereunder in any respect, or (ii) to reflect any changes to the Class A Common Stock or Class B Common Stock or the issuance of any other capital stock of the Corporation; *provided*, that in each case of the foregoing clauses and notwithstanding anything herein to the contrary, so long as the Tax Receivable Agreement remains outstanding and in effect, no amendment or modification may be made to this Agreement that is adverse to the TRA Holders without the prior written consent of a majority of the TRA Holder Representative (as defined in the Tax Receivable Agreement).

Section 15.04 Title to Company Assets. Company assets shall be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such assets of the Company or any portion thereof. The Company shall hold title to all of its property in the name of the Company and not in the name of any Member. All assets of the Company shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such assets is held. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for, or in payment of, any individual obligation of any Member.

Section 15.05 Addresses and Notices. All notices and other communications to be given to any party hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered by hand, courier or overnight delivery service, or when received in the form of an electronic transmission (receipt confirmation requested), and shall be directed to the address set forth, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the Company or the sending party.

To the Company:

New Ryan Specialty, LLC
Two Prudential Plaza
180 N. Stetson
Suite 4600
Chicago, IL 60601
Attn:
Email:

with a copy (which copy shall not constitute notice) to:

Kirkland & Ellis LLP
300 N. LaSalle
Chicago, IL 60654
Attn: Robert M. Hayward, P.C.
Facsimile: (312) 862-2200
E-mail: rhayward@kirkland.com

To the Corporation:

Ryan Specialty Holdings, Inc.
Two Prudential Plaza
180 N. Stetson
Suite 4600
Chicago, IL 60601
Attn:
Email:

with a copy (which copy shall not constitute notice) to:

Kirkland & Ellis LLP
300 N. LaSalle
Chicago, IL 60654
Attn: Robert M. Hayward, P.C.
Facsimile: (312) 862-2200
E-mail: rhayward@kirkland.com

To the Members, as set forth on the Schedule of Members.

Section 15.06 Binding Effect; Intended Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.07 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Profits, Losses, Distributions, capital or property of the Company other than as a secured creditor.

Section 15.08 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.09 Counterparts. This Agreement may be executed in separate counterparts, each of which will be an original and all of which together shall constitute one and the same agreement binding on all the parties hereto.

Section 15.10 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Any suit, dispute, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be heard in the state or federal courts of the State of Delaware, and the parties hereby consent to the exclusive jurisdiction of such court (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE SERVED ON ANY PARTY ANYWHERE IN THE WORLD, WHETHER WITHIN OR WITHOUT THE JURISDICTION OF ANY SUCH COURT (INCLUDING BY PREPAID CERTIFIED MAIL WITH A VALIDATED PROOF OF MAILING RECEIPT) AND SHALL HAVE THE SAME LEGAL FORCE AND EFFECT AS IF SERVED UPON SUCH PARTY PERSONALLY WITHIN THE STATE OF DELAWARE. WITHOUT LIMITING THE FOREGOING, TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES AGREE THAT SERVICE OF PROCESS UPON SUCH PARTY AT THE ADDRESS REFERRED TO IN SECTION 15.05 (INCLUDING BY PREPAID CERTIFIED MAIL WITH A VALIDATED PROOF OF MAILING RECEIPT), TOGETHER WITH WRITTEN NOTICE OF SUCH SERVICE TO SUCH PARTY, SHALL BE DEEMED EFFECTIVE SERVICE OF PROCESS UPON SUCH PARTY.

Section 15.11 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 15.12 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.13 Execution and Delivery by Electronic Signature and Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement or contemplated hereby or entered into by the Company in accordance herewith, and any amendments hereto or thereto, to the extent signed and delivered by means of an electronic signature and/or electronic transmission, including by a facsimile machine or via email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of

electronic signature or electronic transmission to execute and/or deliver a document or the fact that any signature or agreement or instrument was transmitted or communicated through such electronic transmission as a defense to the formation of a contract and each such party forever waives any such defense.

Section 15.14 Right of Offset. Whenever the Company or the Corporation is to pay any sum (other than pursuant to Article IV) to any Member, any amounts that such Member owes to the Company or the Corporation which are not the subject of a good faith dispute may be deducted from that sum before payment. For the avoidance of doubt, the distribution of Units to the Corporation shall not be subject to this Section 15.14.

Section 15.15 Entire Agreement. This Agreement, those documents expressly referred to herein (including the Registration Rights Agreement and the Tax Receivable Agreement), any indemnity agreements entered into in connection with the Previous LLC Agreement with any member of the board of directors at that time and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. For the avoidance of doubt, the Previous LLC Agreement is superseded by this Agreement as of the Effective Date and shall be of no further force and effect thereafter.

Section 15.16 Remedies. Each Member shall have all rights and remedies set forth in this Agreement and all rights and remedies which such Person has been granted at any time under any other agreement or contract and all of the rights which such Person has under any Law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by Law.

Section 15.17 Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The use of the word “including” in this Agreement shall be by way of example rather than by limitation. Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Without limiting the generality of the immediately preceding sentence, no amendment or other modification to any agreement, document or instrument that requires the consent of any Person pursuant to the terms of this Agreement or any other agreement will be given effect hereunder unless such Person has consented in writing to such amendment or modification. Wherever required by the context, references to a Fiscal Year shall refer to a portion thereof. The use of the words “or,” “either” and “any” shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 15.18 Holding Company. The Members acknowledge and agree that the Company is intended to serve as a holding company for Ryan LLC, and that for each Unit issued by the Company, it is intended that the Company will own a corresponding unit issued by Ryan LLC (a "***Subsidiary Mirror Unit***"). Each Subsidiary Mirror Unit is intended to have the same economic terms and entitlements as a corresponding Unit issued by the Company, and in the case of a Class C Common Incentive Unit, each corresponding Subsidiary Mirror Unit (a "***Subsidiary Mirror Incentive Unit***") shall be subject to the same terms, conditions and limitations (including applicable participation thresholds) as the applicable Unit issued by the Company. The Company shall take any action as the Manager determines in its sole discretion is necessary or appropriate to implement the intention of the Members described in this Section 15.18, including, without limitation, the contribution to Ryan LLC of cash or other property in exchange for additional Subsidiary Mirror Units, the conversion of Subsidiary Mirror Incentive Units into another class of Subsidiary Mirror Unit in connection with any Exchange described in Section 11.05, the redemption of Subsidiary Mirror Units in connection with a redemption of corresponding Units (other than any redemption contemplated by Section 11.01 of this Agreement), and any similar or related action in connection with any of the foregoing.

Section 15.19 Voting of Units in Ryan LLC. Notwithstanding any provision in this Agreement to the contrary, neither the Manager nor the Members of the Company will vote any units or membership interests of Ryan LLC held by the Company (or execute any written consent or similar instrument or take any similar action on behalf of the Company in its capacity as a member of Ryan LLC) with respect to (i) any amendment to the limited liability company agreement of Ryan LLC or (ii) any other matter for which the vote or approval of the members of Ryan LLC is required or is being sought, in each case unless the Company has received the prior written approval of the holders of a majority of the Company's Common Units then outstanding (excluding all Common Units held directly or indirectly by the Corporation).

* * * * *

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Second Amended and Restated Limited Liability Company Agreement as of the date first written above.

**MANAGER:**

**RYAN SPECIALTY HOLDINGS, INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**UNITHOLDERS:**

**RYAN SPECIALTY HOLDINGS, INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**RSG INTERMEDIATE HOLDCO, INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**ONEX RSG HOLDINGS I INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**OTHER UNITHOLDERS:**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chief Executive Officer of Ryan Specialty Holdings, Inc.
Acting as attorney-in-fact for certain Unitholders of New Ryan Specialty, LLC

# <u>SCHEDULE 1</u>

## SCHEDULE OF MEMBERS

On file with the Company

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**SCHEDULE 2**

**OFFICERS AS OF EFFECTIVE DATE**

| Name | Position |
| --- | --- |
| Patrick G. Ryan | Chairman and Chief Executive Officer |
| Timothy W. Turner | President |
| Shirley W. Ryan | Vice President |
| Jeremiah R. Bickham | Executive Vice President and Chief Financial Officer |
| Michael T. VanAcker | Executive Vice President and Chief Operating Officer |
| Brendan M. Mulshine | Executive Vice President and Chief Revenue Officer |
| Mark S. Katz | Executive Vice President, General Counsel and Secretary |
| Janice M. Hamilton | Senior Vice President, Controller and Chief Accounting Officer |
| Lisa J. Paschal | Senior Vice President and Chief HR Officer |
| Noah S. Angeletti | Senior Vice President and Treasurer |

**FORM OF JOINDER AGREEMENT**

This JOINDER AGREEMENT, dated as of [_________], 20[__] (this "Joinder"), is delivered pursuant to that certain Second Amended and restated Limited Liability Company Agreement, dated as of November 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "LLC Agreement") of New Ryan Specialty, LLC, a Delaware limited liability company (the "Company"), by and among the Company, Ryan Specialty Holdings, Inc., a Delaware corporation and the managing member of the Company (the "Corporation"), and each of the Members from time to time party thereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in the LLC Agreement.

1. Joinder to the LLC Agreement. Upon the execution of this Joinder by the undersigned and delivery hereof to the Corporation, the undersigned hereby is admitted as and hereafter will be a Member under the LLC Agreement and a party thereto, with all the rights, privileges and responsibilities of a Member thereunder. The undersigned hereby agrees that it shall comply with and be fully bound by the terms of the LLC Agreement as if it had been a signatory thereto as of the date thereof.

2. Incorporation by Reference. All terms and conditions of the LLC Agreement are hereby incorporated by reference in this Joinder as if set forth herein in full.

3. Address. All notices under the LLC Agreement to the undersigned shall be direct to:

[Name]
[Address]
[City, State, Zip Code]
Attn:
Facsimile:
E-mail:

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Joinder as of the day and year first above written.

**[NAME OF NEW MEMBER]**
By:
Name:
Title:

Acknowledged and agreed
as of the date first set forth above:

**NEW RYAN SPECIALTY, LLC**
By: RYAN SPECIALTY HOLDINGS, INC., its Manager

By:
Name:
Title:

EXHIBIT B-1

**FORM OF AGREEMENT AND CONSENT OF SPOUSE**

The undersigned spouse of [________] (the "Member"), a party to that certain Second Amended and restated Limited Liability Company Agreement, dated as of November 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Agreement") of New Ryan Specialty, LLC, a Delaware limited liability company (the "Company"), by and among the Company, Ryan Specialty Holdings, Inc., a Delaware corporation and the managing member of the Company, and each of the Members from time to time party thereto (capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Agreement), acknowledges on his or her own behalf that:

I have read the Agreement and understand its contents. I acknowledge and understand that under the Agreement, any interest I may have, community property or otherwise, in the Units owned by the Member is subject to the terms of the Agreement which include certain restrictions on Transfer.

I hereby consent to and approve the Agreement. I agree that said Units and any interest I may have, community property or otherwise, in such Units are subject to the provisions of the Agreement and that I will take no action at any time to hinder operation of the Agreement on said Units or any interest I may have, community property or otherwise, in said Units.

I hereby acknowledge that the meaning and legal consequences of the Agreement have been explained fully to me and are understood by me, and that I am signing this Agreement and consent without any duress and of free will.

Dated:

**[NAME OF SPOUSE]**
By:
Name:
Title:

**EXHIBIT B-2**

**FORM OF SPOUSE'S CONFIRMATION OF SEPARATE PROPERTY**

I, the undersigned, the spouse of [_________] (the "Member"), who is a party to that certain Second Amended and restated Limited Liability Company Agreement, dated as of November 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Agreement") of New Ryan Specialty, LLC, a Delaware limited liability company (the "Company"), by and among the Company, Ryan Specialty Holdings, Inc., a Delaware corporation and the managing member of the Company, and each of the Members from time to time party thereto (capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Agreement), acknowledge and confirm on that the Units owned by said Member are the sole and separate property of said Member, and I hereby disclaim any interest in same.

I hereby acknowledge that the meaning and legal consequences of this Member's spouse's confirmation of separate property have been fully explained to me and are understood by me, and that I am signing this Member's spouse's confirmation of separate property without any duress and of free will.

Dated:

**[NAME OF NEW MEMBER]**
By:
Name:
Title:

Exhibit 21.1

**Subsidiaries of Ryan Specialty Holdings, Inc.**

| Entity Name | Country of Incorporation / Organization |
|---|---|
| New Ryan Specialty, LLC | United States, Delaware |
| Ryan Specialty, LLC | United States, Delaware |
| Ryan Services Group, LLC | United States, Delaware |
| RSG Underwriting Managers, LLC | United States, Delaware |
| WKFC Underwriting Managers, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| EmergIn Risk, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Technical Risk Underwriters, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Life Science Risk, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Sapphire Blue, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Power Energy Risk , a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Concord Specialty Risk, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| RSG Group Program Administrator, LLC | United States, Delaware |
| RSG Specialty, LLC | United States, Delaware |
| International Facilities Insurance Services, Inc. | United States, California |
| SafeWaters Underwriting Managers, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| CorRisk Solutions, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Concord Specialty Risk of Canada, LLC | United States, Delaware |
| Capital Bay Underwriting, LLC | United States, Delaware |
| Smooth Waters, LLC | United States, Delaware |
| RSG Platform, LLC | United States, Delaware |
| Stetson Insurance Funding, LLC | United States, Delaware |
| SUITELIFE Underwriting Managers, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Trident Marine Managers, a Series of RSG Specialty, LLC | United States, Delaware |
| Ryan Alternative Risk, a Series of RSG Specialty, LLC | United States, Delaware |
| SUITELIFE Underwriting Managers, a series of RSG Specialty, LLC | United States, Delaware |
| Ryan Re Underwriting Managers, LLC | United States, Delaware |
| StartPoint Executive Risks US, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Ryan Specialty Transactional Risks US, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Ryan Specialty Transportation Underwriting Managers, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| Verdant Underwriting Managers, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| JEM Underwriting Managers, LLC | United States, Delaware |
| Global Special Risks, a series of RSG Specialty, LLC | United States, Delaware |
| Irwin Siegel Agency, a series of RSG Specialty, LLC | United States, Delaware |
| Emerald Underwriting Managers, a series of RSG Underwriting Managers, LLC | United States, Delaware |
| KRP Managers, LLC | United States, Delaware |
| Ryan Specialty Holdings International Limited | United Kingdom |
| Jubilee Group Holdings Limited | United Kingdom |
| Ryan Specialty Nordics AB | Sweden |
| Ryan Specialty Denmark A/S | Denmark |
| Hunter George & Partners Limited | United Kingdom |
| Ryan Specialty International Limited | United Kingdom |
| Ryan Specialty Services Centre Limited | United Kingdom |
| RSG Construction and Specialty AB | Sweden |
| RSG Insurance Services of Canada Limited | Canada |
| Ryan Specialty Group Spain Agencia de Suscripcion, SL | Spain |
| Keystone Risk Brokerage, LTD | Bermuda |
| Ryan Specialty Nordics AB, UK Branch | United Kingdom |
| Ryan Specialty Nordics AB, Spanish Branch | Spain |

**Exhibit 23.1**

# CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements (No. 333-258142 and 333-263771) on Forms S-8 of our report dated March 1, 2023, relating to the financial statements of Ryan Specialty Holdings, Inc., appearing in this Annual Report on Form 10-K for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP

Chicago, Illinois
March 1, 2023

**Exhibit 31.1**

**Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002**

I, Patrick G. Ryan, certify that:

1.I have reviewed this Annual Report on Form 10-K of Ryan Specialty Holdings, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2023

/s/ Patrick G. Ryan

Patrick G. Ryan
*Chief Executive Officer and Chairman*

Exhibit 31.2

**Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002**

I, Jeremiah R. Bickham, certify that:

1.I have reviewed this Annual Report on Form 10-k of Ryan Specialty Holdings, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2023

/s/ Jeremiah R. Bickham

Jeremiah R. Bickham
*Executive Vice President and Chief Financial Officer*

**Exhibit 32.1**

**Certification of the Chief Executive Officer**

**Pursuant to Rule 18 U.S.C. Section 1350**

In connection with the Annual Report on Form 10-K of Ryan Specialty Holdings, Inc. (the “Company”) for the period ended December 31, 2022, as filed with the U.S. Securities and Exchange Commission (the “Report”), I, Patrick G. Ryan, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2023

/s/ Patrick G. Ryan

Patrick G. Ryan
*Chief Executive Officer and Chairman*

**Exhibit 32.2**

**Certification of the Chief Financial Officer**

**Pursuant to Rule 18 U.S.C. Section 1350**

In connection with the Annual Report on Form 10-K of Ryan Specialty Holdings, Inc. (the "Company") for the period ended December 31, 2022, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, Jeremiah R. Bickham, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2023

/s/ Jeremiah R. Bickham

Jeremiah R. Bickham
Executive Vice President and Chief
Financial Officer