



# Q1 2020 EARNINGS SUPPLEMENT

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MAY 2020





# PRO FORMA INFORMATION AND NON-GAAP FINANCIAL MEASURES



The pro forma information presented herein gives effect to the results of our 2020 and 2019 Partnerships during the unowned period as if the Company had acquired such Partners on January 1, 2020 and January 1, 2019, respectively. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.

Pro forma Adjusted EBITDA and pro forma Adjusted EBITDA Margin are not measures of financial performance under GAAP and should not be considered substitutes for net income. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these non-GAAP financial measures in isolation or as substitutes for commissions and fees, net income or other consolidated income statement data prepared in accordance with GAAP. Other companies in our industry may define or calculate these non-GAAP financial measures differently than we do, and accordingly these measures may not be comparable to similarly titled measures used by other companies.

Pro forma Adjusted EBITDA eliminates the effects of financing, depreciation and amortization. We define pro forma Adjusted EBITDA as pro forma net income (loss) before interest, taxes, depreciation, amortization and certain items of income and expense, including share-based compensation expense, transaction-related expenses related to forming Partnerships including severance, and certain non-recurring costs, including those related to the Offering and loss on modification and extinguishment of debt. We believe that pro forma Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to business performance, and that the presentation of this measure enhances an investor's understanding of our financial performance.

Pro forma Adjusted EBITDA Margin is pro forma Adjusted EBITDA divided by pro forma commissions and fees. Pro forma Adjusted EBITDA is a key metric used by management and our board of directors to assess our financial performance. We believe that pro forma Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to business performance, and that the presentation of this measure enhances an investor's understanding of our financial performance. We believe that pro forma Adjusted EBITDA Margin is helpful in measuring profitability of operations on a consolidated level.

# ACTUAL DISAGGREGATED COMMISSIONS AND FEES REVENUE & KPIS



## AMOUNTS IN 000'S 2020

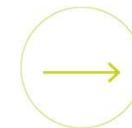
|                             | Q1        |
|-----------------------------|-----------|
| <i>MIDDLE MARKET</i>        |           |
| Commissions                 | \$ 18,653 |
| Profit-sharing              | 2,494     |
| Consulting and service fee  | 715       |
| Other                       | 170       |
| Total Middle Market revenue | \$ 22,032 |
| Closed Partnerships         | 1         |

## Q1

|                                  |           |
|----------------------------------|-----------|
| <i>SPECIALTY</i>                 |           |
| Commissions                      | \$ 12,907 |
| Profit-sharing                   | 957       |
| Policy fee and installment fee   | 3,382     |
| Other                            | 170       |
| Total Specialty revenue          | \$ 17,416 |
| Closed Partnerships              | 1         |
| Policies in force <sup>(1)</sup> | 401,520   |

1) Figure not in 000's. Represents total policies in force managed by our "MGA of the Future".

# ACTUAL DISAGGREGATED COMMISSIONS AND FEES REVENUE & KPIS



## AMOUNTS IN 000'S 2020

|                          | Q1       |
|--------------------------|----------|
| <i>MAINSTREET</i>        |          |
| Commissions              | \$ 6,609 |
| Profit-sharing           | 1,673    |
| Other                    | 26       |
| Total Mainstreet revenue | \$ 8,308 |
| Closed Partnerships      | -        |

## Q1

|                        |          |
|------------------------|----------|
| <i>MEDICARE</i>        |          |
| Commissions            | \$ 6,369 |
| Other                  | 34       |
| Total Medicare revenue | \$ 6,403 |
| Closed Partnerships    | 2        |

# ACTUAL DISAGGREGATED COMMISSIONS AND FEES REVENUE & KPIs



AMOUNTS IN 000'S

Q1 2020

## CONSOLIDATED

|  |    |        |
|--|----|--------|
| Total revenue  | \$ | 54,159 |
| Pro forma revenue <sup>(1)</sup>                             | \$ | 56,550 |
| Organic Revenue Growth                                       |    | 5%     |
| "MGA of the Future" Revenue Growth <sup>(2)</sup>            |    | 41%    |
| Organic + MGA of the Future Revenue Growth <sup>(2)</sup>    |    | 12%    |
| Total revenue growth <sup>(3)</sup>                          |    | 82%    |
| Closed Partnerships  |    | 4      |
| Cash/Equity aggregate consideration                          |    | 56,449 |
| Maximum contingent earnout                                   |    | 16,828 |
| Annualized acquired revenue <sup>(4)</sup>                   |    | 30,612 |
| Annualized estimated acquired adjusted EBITDA <sup>(5)</sup> |    | 5,123  |

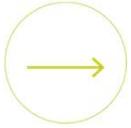
- 1) Reflects quarterly GAAP revenue, plus revenue from Partnerships in the unowned portion of the period for deals closed before the past quarter end. As a result, Partnerships closed in Q2 2020 are not yet reflected in Pro forma Q1 revenue but will be when we report Q2. See reconciliation included herein.
- 2) "MGA of the Future" was acquired by the Company on April 1, 2019 and as a result is not included in the Organic Revenue Growth calculation above because it has not reached the twelve-month owned mark. Since "MGA of the Future" was not acquired by the Company until April 1, 2019, the revenue of "MGA of the Future" for the prior-year period is not included in the consolidated results of operations for the Company for such period and the revenue growth rates were calculated including periods during which "MGA of the Future" was not owned by the Company.
- 3) Calculated as total GAAP revenue for the current period as compared to the same prior year period.
- 4) Represents the aggregate revenues of Partners acquired during Q1, for the most recent trailing twelve month period prior to acquisition by the Company, in each case, at the time the due diligence was concluded based on a quality of earnings review and not an audit.
- 5) Represents the aggregate estimated Adjusted EBITDA of Partners acquired during Q1, for the most recent trailing twelve month period prior to acquisition by the Company, in each case, at the time the due diligence was conducted based on a quality of earnings review and not an audit. Adjustments to net income include the adjustments to net income used by the Company to calculate its Adjusted EBITDA and certain estimated deal-specific cost-savings resulting from acquisition by the Company, including commissions grid alignment, technology-related cost savings, personnel-related cost savings and centralized growth services.

# PRO FORMA CONSOLIDATED ADJUSTED EBITDA BRIDGE



| <i>AMOUNTS IN 000'S</i>                          | <i>Q1 (1)</i> | <i>2020</i> |
|--|---------------|-------------|
| Pro forma commissions and fees revenue           | \$ 56,550     |             |
| Pro forma net income                             | \$ 5,917      |             |
| Adjustments to pro forma net income:             |               |             |
| Amortization expense                             | 3,657         |             |
| Depreciation expense                             | 165           |             |
| Interest expense, net                            | 585           |             |
| Change in fair value of contingent consideration | 1,661         |             |
| Share-based compensation                         | 1,139         |             |
| Transaction-related Partnership expenses         | 1,848         |             |
| Severance related to Partnership activity        | 53            |             |
| Income tax provision                             | 12            |             |
| Other  | 266           |             |
| Pro forma Adjusted EBITDA                        | \$ 15,303     |             |
| Pro forma Adjusted EBITDA Margin                 | 27%           |             |

1) Partnerships closed in Q2 2020 are not yet reflected in Q1 2020 Pro forma EBITDA, but will be when we announce Q2.



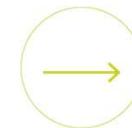
# RECONCILIATION TO GAAP

## AMOUNTS IN 000'S

|  | Q1 (3)           | 2020 |
|--|------------------|------|
| Commissions and fees revenue   | \$ 54,159        |      |
| Commissions and fees revenue for 2020 Partnerships in the unowned period | <u>2,391 (1)</u> |      |
| Pro forma commissions and fees revenue                                   | \$ 56,550        |      |
| <br>   |                  |      |
| Net income   | \$ 4,707         |      |
| <br>   |                  |      |
| Net income for 2020 Partnerships in the unowned period                   | <u>1,210 (2)</u> |      |
| Pro forma net income   | \$ 5,917         |      |

- 1) The adjustment reflects commissions and fees revenue for Agency RM and Vibrant as if the Company had acquired the Partners on January 1, 2020. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.
- 2) The adjustment reflects net income for Agency RM and Vibrant as if the Company had acquired the Partners on January 1, 2020. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.
- 3) Partnerships closed in Q2 2020 are not yet reflected in Q1 2020 Pro forma EBITDA, but will be when we announce Q2.

# SHAREHOLDER VALUE CREATION



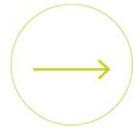
|  | Q1      | 2020 |
|--|---------|------|
| Stock price at quarter end   | 10.55   |      |
| Weighted average Class A & B shares outstanding (000's) <sup>(1)</sup> | 63,358  |      |
| Adjusted Diluted EPS (fully vested and as-if converted)                | \$ 0.19 |      |

| <i>RECONCILIATION TO GAAP</i>  | Q1      |
|--|---------|
| Diluted net income per share   | \$ 0.07 |
| Effect of exchange of Class B shares and net income attributable to noncontrolling interests per share | -       |
| Other adjustments to net income per share  | 0.14    |
| Adjusted income taxes per share  | (0.02)  |
| Adjusted Diluted EPS   | \$ 0.19 |

- 1) Assumes the vesting of all restricted stock and full exchange of Class B shares for Class A common stock pursuant to the amended LLC agreement. Shares used is consistent with the calculation of Adjusted EPS in the MD&A.



# TREASURY



| <i>INSTRUMENT</i>                | <i>DEBT OUTSTANDING<br/>@ 3.31.2020</i> | <i>AVAILABLE FOR<br/>BORROWING</i> | <i>RATE as of<br/>03.31.2020</i> | <i>MATURITY</i> | <i>CASH INTEREST<br/>PAID IN 2020</i> |
|----------------------------------|---|------------------------------------|----------------------------------|-----------------|---------------------------------------|
| Revolving line of credit (000's) | \$60,363                                | \$239,637                          | LIBOR + 2.00% (3.00%)            | September 2024  | \$573                                 |

## 2020 PARTNERSHIPS



| <i>AMOUNTS IN 000'S</i>                                      | 2020      |           |    |    |            |
|--|-----------|-----------|----|----|------------|
|  | Q1        | Q2        | Q3 | Q4 | YTD        |
| <i>CONSOLIDATED</i>  |           |           |    |    |            |
| Closed Partnerships  | 4         | 3         |    |    | 7          |
| Cash/Equity aggregate consideration                          | \$ 56,449 | \$ 48,193 |    |    | \$ 104,642 |
| Maximum contingent earnout <sup>(1)</sup>                    | \$ 16,828 | \$ 49,710 |    |    | \$ 66,539  |
| Annualized acquired revenue <sup>(2)</sup>                   | \$ 30,612 | \$ 11,396 |    |    | \$ 42,007  |
| Annualized estimated acquired adjusted EBITDA <sup>(3)</sup> | \$ 5,123  | \$ 3,968  |    |    | \$ 9,091   |

- 1) Q2 figure is inclusive of one uncapped earnout, which has been calculated assuming the Partner grows revenue 50% per year for three consecutive years.
- 2) Represents the aggregate revenues of Partners acquired during the relevant quarter presented, for the most recent trailing twelve month period prior to acquisition by the Company, in each case, at the time the due diligence was concluded based on a quality of earnings review and not an audit.
- 3) Represents the aggregate estimated Adjusted EBITDA of Partners acquired during the relevant quarter presented, for the most recent trailing twelve month period prior to acquisition by the Company, in each case, at the time the due diligence was conducted based on a quality of earnings review and not an audit. Adjustments to net income include the adjustments to net income used by the Company to calculate its Adjusted EBITDA and certain estimated deal-specific cost-savings resulting from acquisition by the Company, including commissions grid alignment, technology-related cost savings, personnel-related cost savings and centralized growth services.



# Appendix – 2019 results and KPIs

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MAY 2020



# ACTUAL DISAGGREGATED COMMISSIONS AND FEES REVENUE & KPIS



| <i>AMOUNTS IN 000'S</i>                                   | 2019      |           |           |           |            |
|---|-----------|-----------|-----------|-----------|------------|
|   | <i>Q1</i> | <i>Q2</i> | <i>Q3</i> | <i>Q4</i> | <i>YTD</i> |
| <i>MIDDLE MARKET</i>                                      |           |           |           |           |            |
| Commissions   | \$ 12,999 | 10,671    | 10,435    | 13,294    | \$ 47,399  |
| Profit-sharing  | 2,582     | 863       | 638       | 864       | 4,947      |
| Consulting  | 186       | (70)      | 490       | 250       | 856        |
| Service fee   | 601       | 509       | 622       | 121       | 1,853      |
| Consulting and service fee                                | 787       | 439       | 1,112     | 371       | 2,709      |
| Other   | 171       | 133       | 653       | 382       | 1,339      |
| Total Middle Market revenue                               | \$ 16,539 | 12,106    | 12,838    | 14,911    | \$ 56,394  |
| Organic Revenue Growth                                    |           |           |           |           | 11%        |
| Closed Partnerships                                       | 1         | -         | 1         | -         | 2          |
|   | <i>Q1</i> | <i>Q2</i> | <i>Q3</i> | <i>Q4</i> | <i>YTD</i> |
| <i>SPECIALTY</i>  |           |           |           |           |            |
| Commissions   | \$ 2,831  | 9,652     | 13,126    | 8,591     | \$ 34,200  |
| Profit-sharing  | -         | 753       | 846       | 617       | 2,216      |
| Policy fee and installment fee                            | -         | 2,393     | 2,719     | 3,042     | 8,154      |
| Other   | -         | 136       | 41        | 166       | 343        |
| Total Specialty revenue                                   | \$ 2,831  | 12,934    | 16,732    | 12,416    | \$ 44,913  |
| Organic Revenue Growth                                    |           |           |           |           | 9%         |
| "MGA of the Future" Revenue Growth <sup>(1)</sup>         |           |           |           |           | 38%        |
| Organic + MGA of the Future Revenue Growth <sup>(1)</sup> |           |           |           |           | 29%        |
| Closed Partnerships                                       | -         | 1         | -         | -         | 1          |
| Policies in force <sup>(2)</sup>                          | 294,373   | 314,565   | 355,744   | 374,591   | 374,591    |

1) "MGA of the Future" was acquired by the Company on April 1, 2019 and as a result is not included in the Organic Revenue Growth calculation above because it has not reached the twelve-month owned mark. Since "MGA of the Future" was not acquired by the Company until April 1, 2019, the revenue of "MGA of the Future" for the prior-year period is not included in the consolidated results of operations for the Company for such period and the revenue growth rates were calculated including periods during which "MGA of the Future" was not owned by the Company.

2) Figure not in 000's. Represents total policies in force managed by our "MGA of the Future".

# ACTUAL DISAGGREGATED COMMISSIONS AND FEES REVENUE & KPIs



| <i>AMOUNTS IN 000'S</i>  | 2019      |           |           |           |            |
|--------------------------|-----------|-----------|-----------|-----------|------------|
|                          | <i>Q1</i> | <i>Q2</i> | <i>Q3</i> | <i>Q4</i> | <i>YTD</i> |
| <i>MAINSTREET</i>        |           |           |           |           |            |
| Commissions              | \$ 4,632  | 5,494     | 6,528     | 6,329     | \$ 22,983  |
| Profit-sharing           | 1,871     | 221       | 103       | 240       | 2,435      |
| Other                    | 28        | 54        | 11        | 22        | 115        |
| Total Mainstreet revenue | \$ 6,531  | 5,769     | 6,642     | 6,591     | \$ 25,533  |
| Organic Revenue Growth   |           |           |           |           | 7%         |
| Closed Partnerships      | -         | 1         | 2         | -         | 3          |

|                        | <i>Q1</i> | <i>Q2</i> | <i>Q3</i> | <i>Q4</i> | <i>YTD</i> |
|------------------------|-----------|-----------|-----------|-----------|------------|
| <i>MEDICARE</i>        |           |           |           |           |            |
| Commissions            | \$ 3,571  | 2,242     | 2,162     | 1,897     | \$ 9,872   |
| Other                  | 364       | 10        | 11        | 744       | 1,129      |
| Total Medicare revenue | \$ 3,935  | 2,252     | 2,173     | 2,641     | \$ 11,001  |
| Organic Revenue Growth |           |           |           |           | 11%        |
| Closed Partnerships    | -         | -         | -         | -         | -          |

# ACTUAL DISAGGREGATED COMMISSIONS AND FEES REVENUE & KPIS



| AMOUNTS IN 000'S   | 2019      |        |        |        |            |
|--|-----------|--------|--------|--------|------------|
|  | Q1        | Q2     | Q3     | Q4     | YTD        |
| <i>CONSOLIDATED</i>  |           |        |        |        |            |
| Total revenue  | \$ 29,837 | 33,061 | 38,383 | 36,560 | \$ 137,841 |
| Pro forma revenue <sup>(1)</sup>                             | \$ 42,271 | 34,966 | 38,813 | 36,560 | \$ 152,610 |
| Organic Revenue Growth                                       | 12%       | 2%     | 12%    | 12%    | 10%        |
| "MGA of the Future" Revenue Growth <sup>(2)</sup>            | 39%       | 37%    | 43%    | 34%    | 38%        |
| Organic + MGA of the Future Revenue Growth <sup>(2)</sup>    | 18%       | 11%    | 22%    | 17%    | 17%        |
| Total revenue growth <sup>(3)</sup>                          | 37%       | 77%    | 107%   | 75%    | 73%        |
| Closed Partnerships  | 1         | 2      | 3      | -      | 6          |
| Cash/Equity aggregate consideration                          | \$ 37,044 | 77,606 | 30,024 | -      | \$ 144,674 |
| Maximum contingent earnout <sup>(4)</sup>                    | \$ -      | 61,575 | 23,975 | -      | \$ 85,550  |
| Annualized acquired revenue <sup>(5)</sup>                   | \$ 12,081 | 28,025 | 6,813  | -      | \$ 46,919  |
| Annualized estimated acquired adjusted EBITDA <sup>(6)</sup> | \$ 4,068  | 6,222  | 2,769  | -      | \$ 13,059  |

- 1) Reflects quarterly GAAP revenue, plus revenue from Partnerships in the unowned periods. See reconciliation included in the slide deck herein.
- 2) "MGA of the Future" was acquired by the Company on April 1, 2019 and as a result is not included in the Organic Revenue Growth calculation above because it has not reached the twelve-month owned mark. Since "MGA of the Future" was not acquired by the Company until April 1, 2019, the revenue of "MGA of the Future" for the prior-year period is not included in the consolidated results of operations for the Company for such period and the revenue growth rates were calculated including periods during which "MGA of the Future" was not owned by the Company.
- 3) Calculated as total GAAP revenue for the current period as compared to the same prior year period.
- 4) Amount includes the earnouts attributable to both business combinations and asset acquisitions.
- 5) Represents the aggregate revenues of Partners acquired during the relevant quarter presented, for the most recent trailing twelve month period prior to acquisition by the Company, in each case, at the time the due diligence was concluded based on a quality of earnings review and not an audit.
- 6) Represents the aggregate estimated Adjusted EBITDA of Partners acquired during the relevant quarter presented, for the most recent trailing twelve month period prior to acquisition by the Company, in each case, at the time the due diligence was conducted based on a quality of earnings review and not an audit. Adjustments to net income include the adjustments to net income used by the Company to calculate its Adjusted EBITDA and certain estimated deal-specific cost-savings resulting from acquisition by the Company, including commissions grid alignment, technology-related cost savings, personnel-related cost savings and centralized growth services.

# PRO FORMA CONSOLIDATED ADJUSTED EBITDA BRIDGE



| <i>AMOUNTS IN 000'S</i>                          | 2019      |            |            |             |             |
|--|-----------|------------|------------|-------------|-------------|
|  | Q1        | Q2         | Q3         | Q4          | YTD         |
| Pro forma commissions and fees revenue           | \$ 42,271 | \$ 34,966  | \$ 38,813  | \$ 36,560   | \$ 152,610  |
| Pro forma net income (loss)                      | \$ 9,396  | \$ (3,222) | \$ (2,170) | \$ (26,931) | \$ (22,927) |
| Adjustments to pro forma net income (loss):      |           |            |            |             |             |
| Amortization expense                             | 2,740     | 2,831      | 3,082      | 3,214       | 11,867      |
| Depreciation expense                             | 144       | 149        | 184        | 82          | 559         |
| Interest expense, net                            | 4,608     | 4,618      | 3,785      | 1,757       | 14,768      |
| Change in fair value of contingent consideration | (2,786)   | (971)      | 535        | 14,051      | 10,829      |
| Share-based compensation                         | 130       | 235        | 382        | 3,788       | 4,535       |
| Transaction-related Partnership expenses         | 257       | 778        | 500        | 668         | 2,203       |
| Offering expenses <sup>(1)</sup>                 | 38        | 1,052      | 1,124      | 2,525       | 4,739       |
| Severance related to Partnership activity        | -         | 300        | -          | 29          | 329         |
| Income tax provision                             | -         | -          | -          | 17          | 17          |
| Loss on extinguishment of debt                   | 115       | 0          | -          | 6,617       | 6,732       |
| Other  | 40        | 144        | 92         | 99          | 375         |
| Pro forma Adjusted EBITDA                        | \$ 14,682 | \$ 5,913   | \$ 7,514   | \$ 5,916    | \$ 34,026   |
| Pro forma Adjusted EBITDA Margin                 | 35%       | 17%        | 19%        | 16%         | 22%         |

1) Following the consummation of the Company's IPO in Q4 2019, the Company performed a full reconciliation of all costs incurred in connection with the IPO, which resulted in the identification of additional one-time offering costs incurred in the first half of 2019. Adjusted EBITDA margin herein for the first half of 2019 is presented as 27%, an increase from 25% in the Q3 2019 presentation as a result of those additional one-time offering costs.

# RECONCILIATION TO GAAP



| <i>AMOUNTS IN 000'S</i>  | 2019       |            |            |             |             |
|--|------------|------------|------------|-------------|-------------|
|  | Q1         | Q2         | Q3         | Q4          | YTD         |
| Commissions and fees revenue   | \$ 29,837  | \$ 33,061  | \$ 38,383  | \$ 36,560   | \$ 137,841  |
| Commissions and fees revenue for 2019 Partnerships in the unowned period | 12,434 (1) | 1,905(1)   | 430 (3)    | -           | 14,769      |
| Pro forma commissions and fees revenue                                   | \$ 42,271  | \$ 34,966  | \$ 38,813  | \$ 36,560   | \$ 152,610  |
| Net income (loss)  | \$ 9,742   | \$ (2,959) | \$ (2,306) | \$ (26,931) | \$ (22,454) |
| Net income (loss) for 2019 Partnerships in the unowned period            | (346) (2)  | (262)(2)   | 136 (4)    | -           | (472)       |
| Pro forma net income (loss)  | \$ 9,396   | \$ (3,221) | \$ (2,170) | \$ (26,931) | \$ (22,926) |

- 1) The adjustment reflects commissions and fees revenue for Lykes, MSI, Foundation Insurance and Fiduciary Partners, as well as two asset acquisitions for the unowned period, as if the Company had acquired the Partners on January 1, 2019. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.
- 2) The adjustment reflects net income (loss) for Lykes, MSI, Foundation Insurance and Fiduciary Partners, as well as two asset acquisitions for the unowned period, as if the Company had acquired the Partners on January 1, 2019. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.
- 3) The adjustment reflects commissions and fees revenue for Foundation Insurance, as well as one asset acquisition for the unowned period, as if the Company had acquired the Partners on July 1, 2019. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.
- 4) The adjustment reflects net income (loss) for Foundation Insurance, as well as one asset acquisition for the unowned period, as if the Company had acquired the Partners on July 1, 2019. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor the results that may be obtained in the future.