



## Hagerty Reports First Quarter 2024 Results Reaffirms 2024 Outlook for Strong Growth and Margin Expansion

- First quarter 2024 Total Revenue increased 24% year-over-year to \$271.7 million
- First quarter 2024 Written Premium increased 19% year-over-year to \$218.3 million
- First quarter 2024 Operating Income margin expanded by 1,210 bps compared to the prior year period
- First quarter 2024 Net Income of \$8.2 million, an increase of \$23.2 million compared to the prior year period
- First quarter 2024 Adjusted EBITDA (a non-GAAP measure) of \$27.3 million, an increase of \$20.6 million compared to the prior year period
- Delivered Policies in Force Retention of 7% and achieved insurance Net Promoter Score of 82
- Reaffirmed 2024 Outlook for 15-17% Total Revenue growth, 116-148% Net Income growth and 41-53% Adjusted EBITDA growth

**TRAVERSE CITY, Mich.,** May 7, 2024 /PRNewswire/ - Hagerty, Inc. (NYSE: HGTY), an automotive enthusiast brand and leading specialty vehicle insurance provider, announced today financial results for the three months ended March 31, 2024.

“We are off to a great start in 2024 as the initiatives undertaken in 2023 powered strong top-line momentum and significant margin expansion,” said McKeel Hagerty, Chief Executive Officer and Chairman of Hagerty. “Total revenue gains of 24% were fueled by written premium growth of 19% as our brand strength and performance marketing efforts drove high rates of compounding growth in new members. Importantly, we are acquiring new customers and serving existing ones more efficiently than ever, resulting in operating margin expansion of 1,210 basis points.”

“This laser focus on profitability resulted in a year-over-year improvement in Net Income of \$23 million and Adjusted EBITDA of \$21 million in what had historically been a seasonally weak quarter for the Company. Operating leverage and optimized business processes have shifted that paradigm,” continued Mr. Hagerty.

“We are reaffirming our 2024 growth outlook given the great start to the year as we execute on our long range plan,” added Mr. Hagerty. “Operating margins should continue to expand, powered by operational efficiencies, cost discipline, and sustained mid-teens revenue growth as we help car enthusiasts protect, buy and sell, and enjoy their special vehicles.”

### **FIRST QUARTER 2024 FINANCIAL HIGHLIGHTS**

- First quarter 2024 Total Revenue increased 24% year-over-year to \$271.7 million
- First quarter 2024 Written Premium increased 19% year-over-year to \$218.3 million
- First quarter 2024 Commission and fee revenue increased 19% year-over-year to \$88.8



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million

- Policies in Force Retention was 88.7% as of March 31, 2024 compared to 87.9% as of March 31, 2023 and total insured vehicles increased 6% year-over-year to 2.4 million
- First quarter 2024 Loss Ratio was 1% compared to 41.3% in the prior year period
- First quarter 2024 Earned Premium increased 29% year-over-year to \$151.6 million
- Earned Premium growth was driven by the strong Written Premium growth as well as the prior year's increased quota share to approximately 80%.
- First quarter 2024 Membership, Marketplace and other revenue increased 18% year-over-year to \$31.2 million
- First quarter 2024 Marketplace revenue increased 58% year-over-year to \$10.5 million
- First quarter 2024 Membership revenue increased 7% year-over-year to \$13.5 million
- Hagerty Drivers Club (HDC) paid members increased 8% year-over-year to approximately 831,000 compared to 768,000
- Cost containment and resource prioritization initiatives drove a 1% decline in General and administrative services and held salary and benefits growth to only 1.6% compared to the prior year period
- First quarter 2024 Operating Income of \$12.2 million compared to an Operating Loss of \$16.5 million in the prior year period.
- First quarter 2024 operating margin expanded by 1,210 bps compared to the prior year period
- First quarter 2024 depreciation and amortization was \$10.6 million compared to \$13.7 million in the prior year period. The decrease was primarily driven by a \$3.6 million impairment of digital media content assets recorded in the prior year period, partially offset by a \$0.4 million increase in amortization attributable to a higher base of information technology assets in the current period.
- First quarter 2023 results included restructuring charges of \$5.5 million. The prior year period's charges were primarily associated with a reduction in force, reduced hiring plans and cost containment initiatives
- First quarter 2024 Net Income of \$8.2 million compared to a Net Loss of \$15.0 million in the prior year period
- First quarter 2024 Net Income includes a \$1.6 million increase in interest income due to higher rates and better investments, as well as the impacts from the change in fair value of warrant liabilities
- First quarter 2024 Adjusted EBITDA (a non-GAAP measure) of \$27.3 million compared to



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\$6.7 million in the prior year period

- First quarter 2024 Basic and Diluted Earnings per Share was \$(0.04)
- First quarter 2024 Adjusted EPS (a non-GAAP measure) was \$0.04

The definitions and reconciliations of non-GAAP financial measures are provided under the heading Key Performance Indicators and Certain Non-GAAP Financial Measures at the end of this press release.

### 2024 OUTLOOK – GROWTH AND PROFITABILITY

Despite the uncertain macro environment and challenging dynamics for the insurance industry with heightened inflationary pressures, 2024 is on track to be another year of strong top-line growth and margin expansion for Hagerty as our performance-based culture powers great results for stakeholders. We remain focused on growing our Insurance, Membership and Marketplace businesses, positioning us to deliver compounding profit growth over the coming years and fund our purpose to save driving and fuel car culture for future generations.

- Key 2024 business priorities include:
  - Further improve loyalty to drive renewals and referrals
- Enhance member experience in a cost effective and efficient way
- Build Hagerty Marketplace into the most trusted and preferred place to buy, sell, and finance collector cars
- Expand insurance offerings, particularly in the post-1980s collectible space
- For full year 2024, the company reaffirmed its outlook to deliver:
  - Written Premium growth of 13-14%
  - Total Revenue growth of 15-17%
  - Net Income growth of 116-148%
  - Adjusted EBITDA growth of 41-53%

| <i>in thousands</i>       | <b>2023<br/>Results</b> | <b>2024 Outlook</b> |                 | <b>2024 Growth</b> |                 |
|---------------------------|-------------------------|---------------------|-----------------|--------------------|-----------------|
|                           |                         | <b>Low End</b>      | <b>High End</b> | <b>Low End</b>     | <b>High End</b> |
| Total Written Premium     | \$907,175               | \$1,025,000         | \$1,034,000     | 13%                | 14%             |
| Total Revenue             | \$1,000,213             | \$1,150,000         | \$1,170,000     | 15%                | 17%             |
| Net Income <sup>(1)</sup> | \$28,179                | \$61,000            | \$70,000        | 116%               | 148%            |
| Adjusted EBITDA           | \$88,162                | \$124,000           | \$135,000       | 41%                | 53%             |

<sup>(1)</sup> Net income range assumes no impact from warrants.



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### **Conference Call Details**

Hagerty will hold a conference call to discuss the financial results today at 10:00 am Eastern Time. A webcast of the conference call, including the Company's Investor Presentation highlighting first quarter 2024 financial results, will be available on Hagerty's investor relations website at [investor.hagerty.com](https://investor.hagerty.com). The dial-in for the conference call is (877) 423-9813 (toll-free) or (201) 689-8573 (international). Please dial the number 10 minutes prior to the scheduled start time.

A webcast replay of the call will be available at [investor.hagerty.com](https://investor.hagerty.com) following the call.

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical facts. These forward-looking statements reflect Hagerty's current expectations and projections with respect to its expected future business and financial performance, including, among other things: (i) expected operating results, such as revenue growth and increases in profit and earned premium; (ii) changes in the market for Hagerty's products and services, (iii) anticipated business objectives; and (iv) the strength of Hagerty's business model. These statements may be preceded by, followed by or include the words "aim," "anticipate," "believe," "estimate," "expect," "forecast," "future," "goal," "intend," "likely," "outlook," "plan," "potential," "project," "seek," "target," "can," "could," "may," "should," "would," "will," the negatives thereof and other words and terms of similar meaning.

A number of factors could cause actual results or outcomes to differ materially from those indicated by these forward-looking statements. These factors include, among other things, Hagerty's ability to: (i) compete effectively within its industry and attract and retain insurance policy holders and paid HDC subscribers; (ii) maintain key strategic relationships with its insurance distribution and underwriting carrier partners; (iii) prevent, monitor and detect fraudulent activity; (iv) manage risks associated with disruptions, interruptions, outages with its technology platforms or third-party services; (v) accelerate the adoption of Hagerty's membership products as well as any new insurance programs and products; (vi) manage the cyclical nature of the insurance business including through any periods of recession, economic downturn or inflation; (vii) address unexpected increases in the frequency or severity of claims; (viii) comply with the numerous laws and regulations applicable to Hagerty's business, including state, federal and foreign laws relating to insurance and rate increases, privacy, the internet and accounting matters; (ix) manage



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risks associated with being a controlled company; (x) successfully defend any litigation, government inquiries and investigations, and (xi) other risks and uncertainties indicated from time to time in documents filed or to be filed with the Securities and Exchange Commission (the “SEC”) by Hagerty.

The forward-looking statements herein represent the judgment of Hagerty as of the date of this release and Hagerty disclaims any intent or obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise. This press release should be read in conjunction with the information included in the Company’s other press releases, reports and other filings with the SEC. Understanding the information contained in these filings is important in order to fully understand Hagerty’s reported financial results and our business outlook for future periods.

### **About Hagerty, Inc. (NYSE: HGTY)**

Hagerty is an automotive enthusiast brand committed to saving driving and fueling car culture for future generations. The company is a leading provider of specialty vehicle insurance, expert car valuation data and insights, live and digital car auction services, immersive events and automotive entertainment custom made for the 67 million Americans who self-describe as car enthusiasts. Hagerty also operates in Canada and the U.K. and is home to Hagerty Drivers Club, a community of over 800,000 who can’t get enough of cars. As a purpose-driven organization, Hagerty Impact aims to be a catalyst for positive change across the issues that matter most to our teams, our members, the broader automotive community, our shareholders and the planet at large. For more information, please visit [www.hagerty.com](http://www.hagerty.com) or connect with us on Facebook, Instagram, Twitter and LinkedIn. More information can be found at [newsroom.hagerty.com](http://newsroom.hagerty.com).

Contact: Jay Koval, [investor@hagerty.com](mailto:investor@hagerty.com)

Hagerty Media Contact: Andrew Heller, [aheller@hagerty.com](mailto:aheller@hagerty.com)

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**Hagerty, Inc.**

### **Condensed Consolidated Statements of Operations (Unaudited)**

|          | Three months ended March 31, |      |           |  |
|----------|------------------------------|------|-----------|--|
|          | 2024                         | 2023 | \$ Change | % Change   |
| REVENUE: |                              |      |           |  |
|          |                              |      |           | <i>in thousands (except percentages and per share amounts)</i> |



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|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Commission and fee revenue                                 | \$ 88,840 | \$ 74,612 | \$ 14,228 | 19.1 %    |
| Earned premium   | 151,619   | 117,231   | 34,388    | 29.3 %    |
| Membership, marketplace and other revenue                  | 31,249    | 26,509    | 4,740     | 17.9 %    |
| Total revenue  | 271,708   | 218,352   | 53,356    | 24.4 %    |
| OPERATING EXPENSES:  |           |           |           |           |
| Salaries and benefits                                      | 56,116    | 55,232    | 884       | 1.6 %     |
| Ceding commissions, net                                    | 70,930    | 55,425    | 15,505    | 28.0 %    |
| Losses and loss adjustment expenses                        | 62,356    | 48,412    | 13,944    | 28.8 %    |
| Sales expense  | 39,660    | 35,113    | 4,547     | 12.9 %    |
| General and administrative services                        | 19,862    | 21,381    | (1,519)   | (7.1) %   |
| Depreciation and amortization                              | 10,560    | 13,743    | (3,183)   | (23.2) %  |
| Restructuring, impairment and related charges, net         | —         | 5,535     | (5,535)   | N/M       |
| Total operating expenses                                   | 259,484   | 234,841   | 24,643    | 10.5 %    |
| OPERATING INCOME (LOSS)                                    | 12,224    | (16,489)  | 28,713    | 174.1 %   |
| Change in fair value of warrant liabilities                | (6,140)   | (515)     | (5,625)   | N/M       |
| Interest and other income (expense)                        | 7,244     | 5,647     | 1,597     | 28.3 %    |
| INCOME (LOSS) BEFORE INCOME TAX EXPENSE                    | 13,328    | (11,357)  | 24,685    | N/M       |
| Income tax expense   | (5,129)   | (3,668)   | (1,461)   | (39.8) %  |
| NET INCOME (LOSS)  | 8,199     | (15,025)  | 23,224    | 154.6 %   |
| Net (income) loss attributable to non-controlling interest | (9,550)   | 12,926    | (22,476)  | (173.9) % |



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|   |            |            |            |         |
|---|------------|------------|------------|---------|
| Accretion of Series A Convertible Preferred Stock             | (1,838)    | —          | (1,838)    | 100.0 % |
| NET INCOME (LOSS) ATTRIBUTABLE TO CLASS A COMMON STOCKHOLDERS | \$ (3,189) | \$ (2,099) | \$ (1,090) | 51.9 %  |
| Earnings (loss) per share of Class A Common Stock:            |            |            |            |         |
| Basic   | \$ (0.04)  | \$ (0.03)  |            |         |
| Diluted   | \$ (0.04)  | \$ (0.03)  |            |         |
| Weighted average shares of Class A Common Stock outstanding:  |            |            |            |         |
| Basic   | 84,656     | 83,227     |            |         |
| Diluted   | 84,656     | 83,227     |            |         |

N/M = Not meaningful

### **Hagerty, Inc.**

#### **Condensed Consolidated Balance Sheets (Unaudited)**

|                                      | March 31, 2024 | December 31, 2023 |
|--------------------------------------|----------------|-------------------|
| <b>ASSETS</b>                        |                |                   |
| Current Assets:                      |                |                   |
| Cash and cash equivalents            | \$ 131,207     | \$ 108,326        |
| Restricted cash and cash equivalents | 595,601        | 615,950           |
| Accounts receivable                  | 71,883         | 71,530            |
| Premiums receivable                  | 157,105        | 137,525           |
| Commissions receivable               | 14,877         | 79,115            |
| Notes receivable                     | 56,509         | 35,896            |
| Deferred acquisition costs, net      | 136,925        | 141,637           |
| Other current assets                 | 80,865         | 60,239            |

*in thousands (except share amounts)*



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|   |                 |                 |
|---|-----------------|-----------------|
| Total current assets  | 1,244,972       | 1,250,218       |
| Notes receivable  | 4,438           | 17,018          |
| Property and equipment, net   | 19,820          | 20,764          |
| Lease right-of-use assets   | 49,412          | 50,515          |
| Intangible assets, net  | 88,335          | 91,924          |
| Goodwill  | 114,195         | 114,214         |
| Other long-term assets  | 49,076          | 43,559          |
| TOTAL ASSETS  | \$<br>1,570,248 | \$<br>1,588,212 |
| <b>LIABILITIES, TEMPORARY EQUITY AND<br/>STOCKHOLDERS' EQUITY</b>           |                 |                 |
| Current Liabilities:  |                 |                 |
| Accounts payable, accrued expenses and other current liabilities            | \$<br>94,896    | \$<br>87,175    |
| Losses payable and provision for unpaid losses and loss adjustment expenses | 204,075         | 198,508         |
| Commissions payable   | 71,070          | 108,739         |
| Due to insurers   | 97,367          | 79,815          |
| Advanced premiums   | 37,749          | 20,471          |
| Unearned premiums   | 312,702         | 317,275         |
| Contract liabilities  | 31,330          | 30,316          |
| Total current liabilities   | 849,189         | 842,299         |
| Long-term lease liabilities   | 49,198          | 50,459          |
| Long-term debt, net   | 91,470          | 130,680         |
| Warrant liabilities   | 40,158          | 34,018          |
| Deferred tax liability  | 15,298          | 15,937          |
| Contract liabilities  | 16,835          | 17,335          |





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|  |                     |                     |
|--|---------------------|---------------------|
| Other long-term liabilities  | 2,607               | 4,139               |
| <b>TOTAL LIABILITIES</b>   | <b>1,064,755</b>    | <b>1,094,867</b>    |
| Commitments and Contingencies  | —                   | —                   |
| <b>TEMPORARY EQUITY <sup>(1)</sup></b>   |                     |                     |
| Preferred stock, \$0.0001 par value (20,000,000 shares authorized, 8,483,561 Series A Convertible Preferred Stock issued and outstanding as of March 31, 2024 and December 31, 2023) | 84,674              | 82,836              |
| <b>STOCKHOLDERS' EQUITY</b>  |                     |                     |
| Class A Common Stock, \$0.0001 par value (500,000,000 shares authorized, 84,655,539 and 84,588,536 issued and outstanding as of March 31, 2024 and December 31, 2023, respectively)  | 8                   | 8                   |
| Class V Common Stock, \$0.0001 par value (300,000,000 authorized, 251,033,906 shares issued and outstanding as of March 31, 2024 and December 31, 2023)                              | 25                  | 25                  |
| Additional paid-in capital   | 564,082             | 561,754             |
| Accumulated earnings deficit   | (470,346)           | (468,995)           |
| Accumulated other comprehensive income (loss)  | (236)               | (88)                |
| Total stockholders' equity   | 93,533              | 92,704              |
| Non-controlling interest   | 327,286             | 317,805             |
| Total equity   | 420,819             | 410,509             |
| <b>TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY</b>  | <b>\$ 1,570,248</b> | <b>\$ 1,588,212</b> |

<sup>(1)</sup> The Series A Convertible Preferred Stock is recorded within Temporary Equity because it has equity conversion and cash redemption features.

### **Hagerty, Inc.**

### **Condensed Consolidated Statements of Cash Flows (Unaudited)**

|                              | Three months ended March 31, |      |
|------------------------------|------------------------------|------|
|                              | 2024                         | 2023 |
| <b>OPERATING ACTIVITIES:</b> | <i>in thousands</i>          |      |



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|   |             |                |
|---|-------------|----------------|
| Net income (loss)   | \$<br>8,199 | \$<br>(15,025) |
| Adjustments to reconcile net income (loss) to net cash from operating activities: |             |                |
| Change in fair value of warrant liabilities                                       | 6,140       | 515            |
| Depreciation and amortization   | 10,560      | 13,743         |
| Provision for deferred taxes  | (571)       | 937            |
| Share-based compensation expense  | 4,543       | 4,113          |
| Non-cash lease expense  | 2,197       | 3,147          |
| Other   | 1,140       | 814            |
| Changes in operating assets and liabilities:                                      |             |                |
| Accounts, premiums and commission receivable                                      | 42,736      | 3,777          |
| Deferred acquisition costs, net   | 4,712       | (6,344)        |
| Losses payable and provision for unpaid losses and loss adjustment expenses       | 5,567       | (5,302)        |
| Commissions payable   | (37,669)    | (14,084)       |
| Due to insurers   | 17,642      | 19,510         |
| Advanced premiums   | 17,299      | 17,422         |
| Unearned premiums   | (4,573)     | 11,791         |
| Operating lease liabilities   | (2,282)     | (2,896)        |
| Other assets and liabilities, net   | (17,402)    | (20,390)       |
| Net Cash Provided by Operating Activities   | 58,238      | 11,728         |

### **INVESTING ACTIVITIES:**



## Hagerty Reports First Quarter 2024 Results Reaffirms 2024 Outlook for Strong Growth and Margin Expansion

|   |            |            |
|---|------------|------------|
| Capital expenditures  | (4,538)    | (8,133)    |
| Acquisitions, net of cash acquired  | (3,843)    | (6,076)    |
| Issuance of notes receivable  | (17,828)   | (7,833)    |
| Collection of notes receivable  | 11,041     | 415        |
| Purchase of fixed income securities   | (2,956)    | (4,348)    |
| Maturities of fixed income securities   | 1,075      | 1,150      |
| Other investing activities  | (1,238)    | 22         |
| Net Cash Used in Investing Activities   | (18,287)   | (24,803)   |
| <b>FINANCING ACTIVITIES:</b>  |            |            |
| Payments on long-term debt  | (45,331)   | (47,250)   |
| Proceeds from long-term debt, net of issuance costs   | 8,098      | 27,871     |
| Contribution from non-controlling interest  | —          | 500        |
| Net Cash Used in Financing Activities   | (37,233)   | (18,879)   |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash and cash equivalents | (186)      | 154        |
| Change in cash and cash equivalents and restricted cash and cash equivalents                          | 2,532      | (31,800)   |
| Beginning cash and cash equivalents and restricted cash and cash equivalents                          | 724,276    | 539,191    |
| Ending cash and cash equivalents and restricted cash and cash equivalents                             | \$ 726,808 | \$ 507,391 |

### **Hagerty, Inc.**

### **Key Performance Indicators and Certain Non-GAAP Financial Measures**

#### ***Key Performance Indicators***



## Hagerty Reports First Quarter 2024 Results Reaffirms 2024 Outlook for Strong Growth and Margin Expansion

The tables below present a summary of our Key Performance Indicators, which include important operational metrics, as well as certain GAAP and non-GAAP financial measures as of and for the periods presented. We use these Key Performance Indicators to evaluate our business, measure our performance, identify trends against planned initiatives, prepare financial projections, and make strategic decisions. We believe these Key Performance Indicators are useful in evaluating our performance when read together with our Condensed Consolidated Financial Statements prepared in accordance with GAAP.

|   | Three months ended March 31, |                |
|---|------------------------------|----------------|
|   | 2024                         | 2023           |
| <b>Operational Metrics</b>                      |                              |                |
| Total Written Premium ( <i>in thousands</i> )   | \$<br>218,286                | \$<br>182,850  |
| Loss Ratio                                      | 41.1 %                       | 41.3 %         |
| New Business Count — Insurance                  | 59,286                       | 51,762         |
| <b>GAAP Measures</b>                            |                              |                |
| Total Revenue ( <i>in thousands</i> )           | \$<br>271,708                | \$<br>218,352  |
| Operating Income (Loss) ( <i>in thousands</i> ) | \$<br>12,224                 | \$<br>(16,489) |
| Net Income (Loss) ( <i>in thousands</i> )       | \$ 8,199                     | \$<br>(15,025) |
| Basic Earnings (Loss) Per Share                 | \$<br>(0.04)                 | \$<br>(0.03)   |
| Diluted Earnings (Loss) Per Share               | \$<br>(0.04)                 | \$<br>(0.03)   |
| <b>Non-GAAP Financial Measures</b>              |                              |                |
| Adjusted EBITDA ( <i>in thousands</i> )         | \$<br>27,327                 | \$ 6,705       |
| Adjusted Earnings (Loss) Per Share              | \$ 0.04                      | \$<br>(0.04)   |
|   | March 31,                    | December 31,   |
|   | 2024                         | 2023           |
| <b>Operational Metrics</b>                      |                              |                |



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|                             |           |           |
|-----------------------------|-----------|-----------|
| Policies in Force           | 1,420,660 | 1,401,037 |
| Policies in Force Retention | 88.7 %    | 88.7 %    |
| Vehicles in Force           | 2,411,360 | 2,378,883 |
| HDC Paid Member Count       | 830,839   | 815,007   |
| Net Promoter Score (NPS)    | 82        | 82        |

### ***Non-GAAP Financial Measures***

#### *Adjusted EBITDA*

We define Adjusted EBITDA as consolidated Net income (loss), excluding interest and other income (expense), income tax expense, and depreciation and amortization, further adjusted to exclude (i) changes in the fair value of our warrant liabilities; (ii) share-based compensation expense; and when applicable, (iii) restructuring, impairment and related charges, net; (iv) the net gain or loss from asset disposals; (v) losses and impairments related to divestitures; and (vi) certain other unusual items.

We present Adjusted EBITDA because we consider it to be an important supplemental measure of the Company's performance and believe it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Management uses Adjusted EBITDA as a measure of the operating performance of our business on a consistent basis, as it removes the impact of items not directly resulting from our core operations.

By providing this non-GAAP financial measure, together with a reconciliation to Net income (loss), which is the most comparable GAAP measure, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. However, Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as an alternative to, or a substitute for Net income (loss) or other financial statement data presented in our Condensed Consolidated Financial Statements as indicators of financial performance. Hagerty's definition of Adjusted EBITDA may be different than similarly titled measures used by other companies in our industry, which could reduce the usefulness of this non-GAAP financial measure when comparing our performance to that of other companies.

The following table reconciles Adjusted EBITDA to the most directly comparable GAAP



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measure, which is Net income (loss):

|  | Three months ended<br>March 31, |             |
|--|---------------------------------|-------------|
|  | 2024                            | 2023        |
|  | <i>in thousands</i>             |             |
| Net income (loss)                                  | \$ 8,199                        | \$ (15,025) |
| Interest and other income (expense) <sup>(1)</sup> | (7,244)                         | (5,647)     |
| Income tax expense                                 | 5,129                           | 3,668       |
| Depreciation and amortization                      | 10,560                          | 13,743      |
| EBITDA   | 16,644                          | (3,261)     |
| Restructuring, impairment and related charges, net | —                               | 5,535       |
| Change in fair value of warrant liabilities        | 6,140                           | 515         |
| Share-based compensation expense                   | 4,543                           | 3,916       |
| Other unusual items                                | —                               | —           |
| Adjusted EBITDA                                    | \$ 27,327                       | \$ 6,705    |

<sup>(1)</sup> Excludes interest expense related to the BAC Credit Facility, which is recorded within “Sales expense” on the Condensed Consolidated Statements of Operations.

The following table reconciles Adjusted EBITDA for the year ended December 31, 2024 Outlook to the most directly comparable GAAP measure, which is Net income (loss):

|                                     | 2024 Low            | 2024 High |
|-------------------------------------|---------------------|-----------|
|                                     | <i>in thousands</i> |           |
| Net income                          | \$ 61,000           | \$ 70,000 |
| Interest and other (income) expense | (18,000)            | (18,000)  |
| Income tax (benefit) expense        | 17,250              | 19,250    |



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|   |            |            |
|---|------------|------------|
| Depreciation and amortization               | 46,000     | 46,000     |
| Change in fair value of warrant liabilities | —          | —          |
| Share-based compensation expense            | 17,750     | 17,750     |
| Adjusted EBITDA                             | \$ 124,000 | \$ 135,000 |

### *Adjusted EPS*

We define Adjusted Earnings (Loss) Per Share (“Adjusted EPS”) as consolidated Net income (loss), less changes in the fair value of our warrant liabilities, divided by our outstanding and total potentially dilutive securities, which includes (i) the weighted average issued and outstanding shares of Class A Common Stock; (ii) all issued and outstanding non-controlling interest units of THG; (iii) all unexercised warrants; (iv) all unissued share-based compensation awards; and (v) all issued and outstanding shares of our Series A Convertible Preferred Stock on an as-converted basis.

The most directly comparable GAAP measure to Adjusted EPS is basic earnings per share (“Basic EPS”), which is calculated as Net income (loss) available to Class A Common Stockholders divided by the weighted average number of Class A Common Stock shares outstanding during the period.

We present Adjusted EPS because we consider it to be an important supplemental measure of our operating performance and believe it is used by securities analysts, investors and other interested parties in evaluating the consolidated performance of other companies in our industry. We also believe that Adjusted EPS, which compares our consolidated Net income (loss) with our outstanding and potentially dilutive shares, provides useful information to investors regarding our performance on a fully consolidated basis.

Management uses Adjusted EPS:

- as a measurement of operating performance of our business on a fully consolidated basis;
- to evaluate the performance and effectiveness of our operational strategies; and
- as a preferred predictor of core operating performance, comparisons to prior periods and competitive positioning.

We caution investors that Adjusted EPS is not a recognized measure under GAAP and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, including Basic EPS, and that Adjusted



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EPS, as we define it, may be defined or calculated differently by other companies. In addition, Adjusted EPS has limitations as an analytical tool and should not be considered as a measure of profit or loss per share.

The following table reconciles Adjusted EPS to the most directly comparable GAAP measure, which is Basic EPS:

|  | Three months ended<br>March 31,                |             |
|--|--|-------------|
|  | 2024   | 2023        |
|  | <i>in thousands (except per share amounts)</i> |             |
| Numerator:   |  |             |
| Net income (loss) available to Class A Common Stockholders <sup>(1)</sup>          | \$ (3,189)                                     | \$ (2,099)  |
| Undistributed earnings allocated to Series A Convertible Preferred Stock           | —  | —           |
| Accretion of Series A Convertible Preferred Stock                                  | 1,838  | —           |
| Net income (loss) attributable to non-controlling interest                         | 9,550  | (12,926)    |
| Consolidated net income (loss)   | 8,199  | (15,025)    |
| Change in fair value of warrant liabilities  | 6,140  | 515         |
| Adjusted consolidated net income (loss) <sup>(2)</sup>                             | \$ 14,339                                      | \$ (14,510) |
| Denominator:   |  |             |
| Weighted average shares of Class A Common Stock outstanding — basic <sup>(1)</sup> | 84,656   | 83,227      |
| Total potentially dilutive securities outstanding:                                 |  |             |
| Conversion of non-controlling interest units of THG to Class A Common Stock        | 255,499  | 255,640     |
| Conversion of Series A Convertible Preferred Stock to Class A Common Stock         | 6,785  | —           |
| Total unissued share-based compensation awards                                     | 8,256  | 6,870       |
| Total warrants outstanding   | 19,484   | 19,484      |





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|  |              |              |
|--|--------------|--------------|
| Potentially dilutive shares outstanding          | 290,024      | 281,994      |
| Fully dilutive shares outstanding <sup>(2)</sup> | 374,680      | 365,221      |
| Basic EPS <sup>(1)</sup>                         | \$<br>(0.04) | \$<br>(0.03) |
| Adjusted EPS <sup>(2)</sup>                      | \$<br>0.04   | \$<br>(0.04) |

<sup>(1)</sup> Numerator and Denominator of the GAAP measure Basic EPS

<sup>(2)</sup> Numerator and Denominator of the non-GAAP measure Adjusted EPS