Q1 2023 Investor Presentation

Speakers:
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Patrick McClymont | SVP & Chief Financial Officer

HAGERTY

FORWARD LOOKING STATEMENTS / NON-GAAP FINANCIAL MEASURES

This presentation contains statements that constitute "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 our current expectations and projections with respect to our expected future business and financial performance, including, among other things: (i) expected operating results, such as revenue growth and financial position; (ii) changes in the market for our products and services; (iii) our plans to expand market share, including planned investments and partnerships; (iv) anticipated business objectives; and (v) the strength of our business model. These statements may be preceded by, followed by, or include the words "anticipate," "believe," "envision," "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, our ability to: (i) compete effectively within our industry and attract and retain members; (ii) maintain key strategic relationships with our insurance distribution and underwriting carrier partners; (iii) prevent, monitor and detect fraudulent activity; (iv) manage risks associated with disruptions, interruptions, outages or other issues with our technology platforms or our use of third-party services; (v) accelerate the adoption of our membership products as well as any new insurance programs and products we offer; (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 our business, including state, federal, and foreign laws relating to insurance and rate increases, privacy, the internet and accounting matters; (ix) manage risks associated with being a controlled company; and (x) successfully defend any litigation, government inquiries and investigation. The forward-looking statements herein represent our judgment as of the date of this release and we disclaim 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 presentation should be read in conjunction with the information included in our filings with the SEC and press releases. Understanding the information contained in these filings is important in order to fully understand our reported financial results and our business outlook for future periods. In addition, this presentation contains certain "non-GAAP financial measures". The non-GAAP measures are presented for supplemental informational purposes only. Reconciliations to the most directly comparable financial measure calculated and presented in accordance with GAAP are provided in the appendix to this presentation.

KEY Q1 2023 HIGHLIGHTS

Total Revenue growth of 30%

Written Premium growth of 18%

Improved Profitability

» Net Income (Loss) of $(15) million compared to $16 million in the prior year period due primarily to the $32 million change in fair value of the warrant liabilities

» Adjusted EBITDA of $7 million, an improvement of $13 million from the prior year period's loss of $6 million

» Q1 restructuring should yield an incremental $20 million to $25 million of annualized savings, including $15 million in 2023

2023 OUTLOOK

Pivot to significantly improved profitability fueled by top-line momentum, cost containment & efficiency measures

» Total Revenue growth of 22-26%

» Written Premium growth of 11-13%

» Net Income (Loss) of $(13)-7 million

» Adjusted EBITDA [1] of $55-75 million

2023 Outlook as of the Company's fourth quarter earnings call on March 14th, 2023 was for Net income (loss) of $(20) to $0 million and Adjusted EBITDA of $40 to $60 million.

[1] See Appendix for additional information regarding this non-GAAP financial measure.

HAGERTY MARKETPLACE

» Hagerty Marketplace is a top focus area in 2023 as we seek to provide an unmatched online and live Marketplace experience for consumers.

» Our Marketplace is positioned as the trusted brand for auto enthusiasts, offering certification services, title and escrow, financing options and other high-value services that differentiate our product from competitors.

» Large and growing market opportunity with ~300,000 cars transacting for ~$12.5 billion through Hagerty's insurance book during 2022.

» Direct revenue from live auctions, private sales, online marketplace as well as financing options

» Other opportunities include insurance sales, Hagerty Driver's Club (HDC) memberships, Hagerty Garage + Social (HG+S) storage fees, media sales and owner/operator event revenue

» Proven leadership team with strong cultural fit

HAGERTY + STATE FARM PARTNERSHIP

- Digital and technology teams are progressing through the testing phase and regulatory approval process
- Expect to begin activating State Farm's approximately 19,200 agents to sell classic car policies in 2023
- 480,000+ existing collector car policies and up to 75% HDC enrollment possible on new insurance policies
- Anticipated average annual revenue per customer: $85-$110
- State Farm aligned in the success of the strategic partnership with $500 million investment in Hagerty and 10-year initial contract

StateFarm | HAGERTY

2023 PRIORITIES

Strong top-line momentum expected to continue in 2023 with significantly improved profitability

Total Revenue growth of 22-26% powered by Written Premium growth of 11-13%

» Sustain double-digit Written Premium growth trajectory

» Deliver an unmatched online and live Marketplace experience

» Drive loyalty, referrals and incremental revenue and profit from Membership

Continued evolution into an Integrated Insurance Business

» Increase Hagerty Re's quota share reinsurance agreement in the U.S. and U.K. to ~80%

Significantly improved profitability ($55 million to $75 million in Adjusted EBITDA[1]) **through Cost Containment measures and Operational Efficiencies**

[1] See Appendix for additional information regarding this non-GAAP measure.

Q1 2023 FINANCIAL HIGHLIGHTS

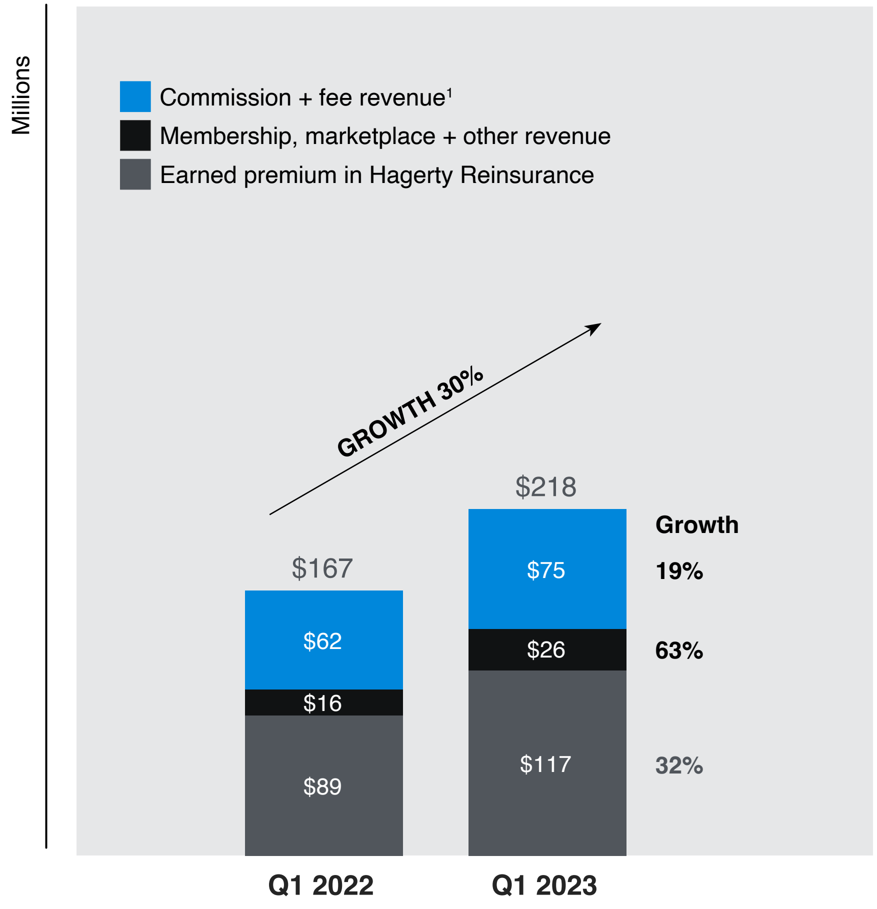
GROWTH	PERSISTENCE	PROFITABILITY	
$218M Total Revenue 30%	41.3% Loss Ratio	$(16)M Operating Income (Loss)	$(15)M Net Income (Loss)
$183M Written Premium 18%	87.9% Retention	$7M Adjusted EBITDA[1]	$(0.03) Basic Earnings (Loss) Per Share

[1] See Appendix for additional information regarding this non-GAAP measure.

REVENUE COMPONENTS

Total Revenue

Q1 2023



Q1 2023 Highlights

Commission + fee revenue (+19%)

» Written Premium growth 18%

» Policies in Force retention of 87.9%

Membership, marketplace + other revenue (+63%)

» Membership revenue growth of 22%

» Marketplace delivered $7 million in revenue

» 77% of new insurance customers join HDC

Earned premium in Hagerty Reinsurance (+32%)

» Contractual quota share[2] increased to ~80% in 2023

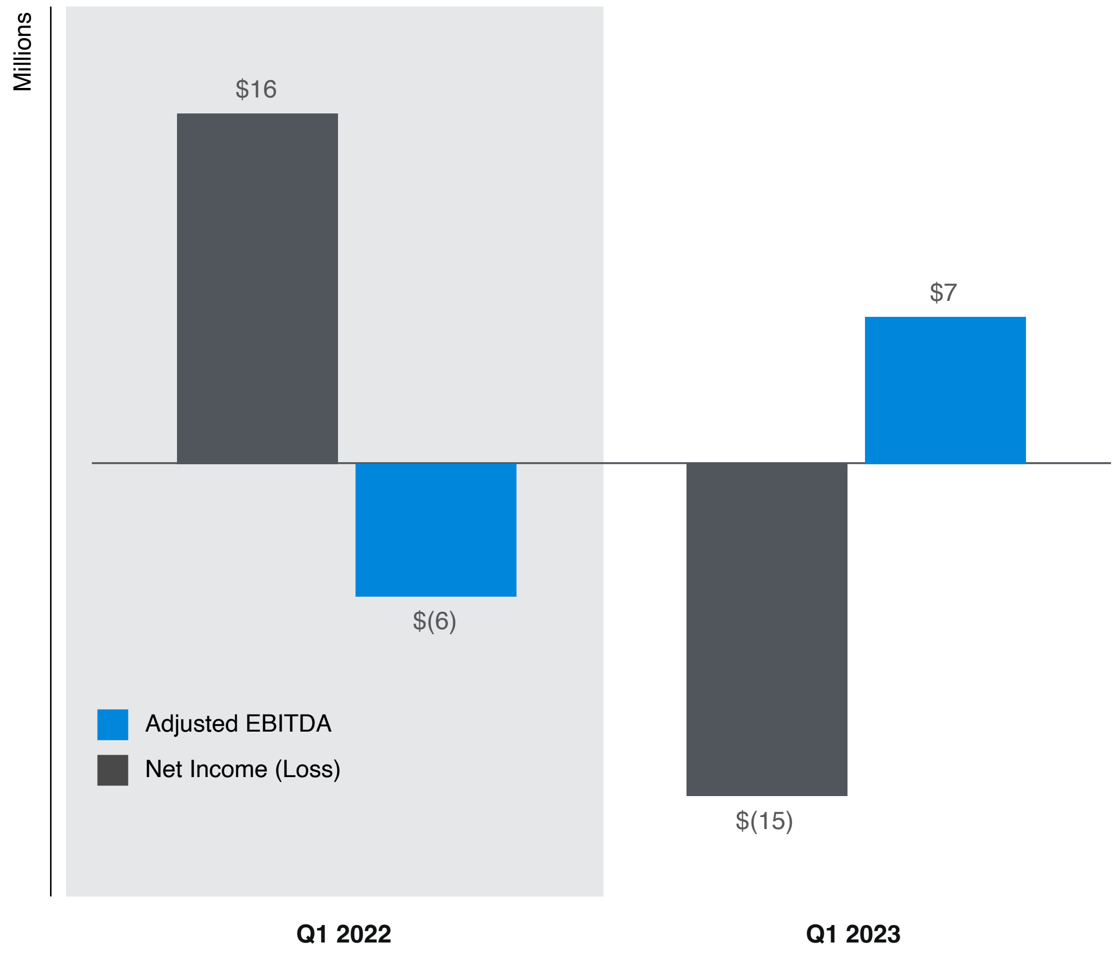
[1] Includes base commissions, payment plan fees and contingent underwriting commissions.

[2] Currently applies to U.S. and U.K. programs. Generally described as an arrangement where underwriting risk and profit is shared proportionately.

EARNINGS ANALYSIS

Significantly improved profitability

Q1 2023



Adjusted EBITDA

IN THOUSANDS	Q1 2023	Q1 2022
Net Income (Loss)	**$(15,025)**	**$15,866**
Interest and Other (Income) Expense	(5,647)	684
Income Tax (Benefit) Expense	3,668	2,030
Depreciation and Amortization	13,743	7,147
Restructuring, Impairment and Related Charges, Net	5,535	—
Change in Fair Value of Warrant Liabilities	515	(31,686)
Stock-based Compensation Expense	3,916	—
Adjusted EBITDA[1]	**$6,705**	**$(5,959)**

[1] See Appendix for additional information regarding this non-GAAP financial measure.

2023 OUTLOOK

Strong top-line momentum expected to continue in 2023
with significantly improved profitability

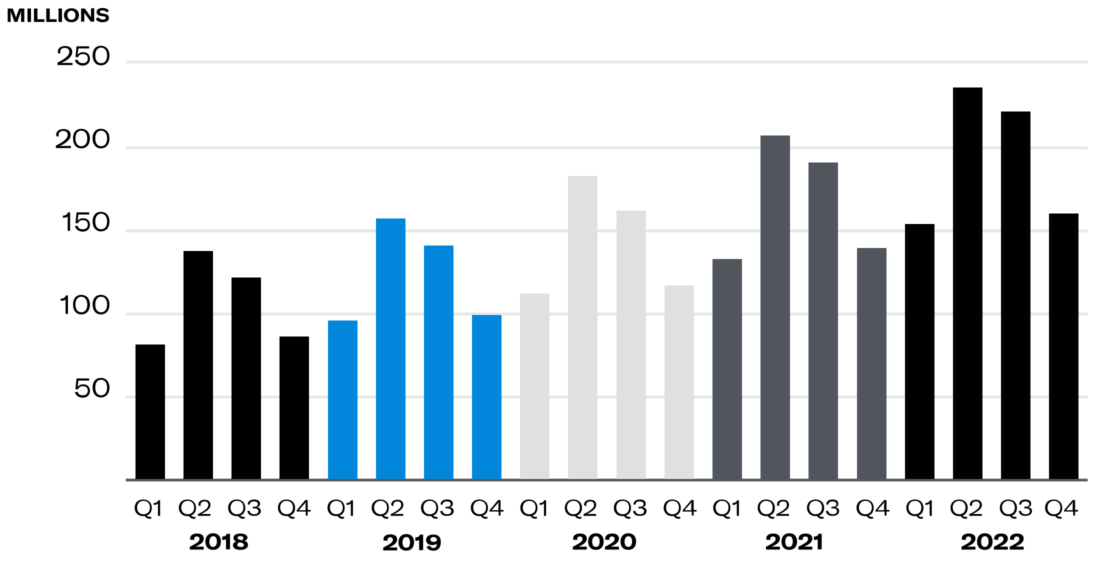
		2023 Outlook		2022 Results vs 2023 Outlook	
in thousands	2022 Results	Low End Range	High End Range	Low End Range	High End Range
Total Revenue	$787,588	$961,000	$993,000	22%	26%
Total Written Premium	$776,664	$862,000	$878,000	11%	13%
Net Income (Loss)	$2,403	$(13,000)	$7,000	$(15,403)	$4,597
Adjusted EBITDA[1]	$(1,940)	$55,000	$75,000	$56,940	$76,940

[1] See Appendix for additional information regarding this non-GAAP financial measure.

APPENDIX

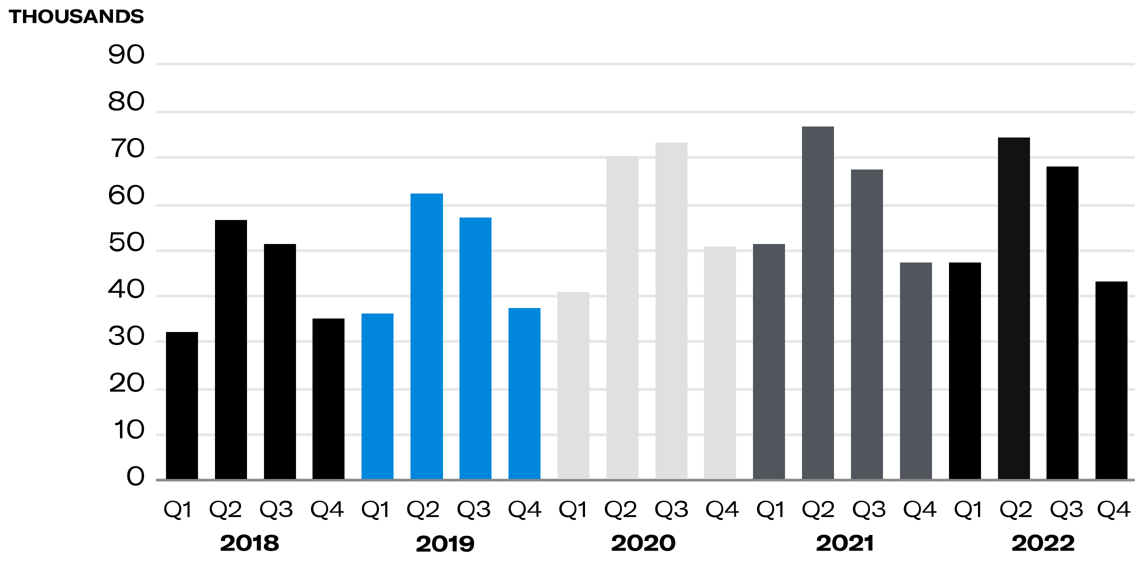
HISTORICAL SEASONALITY TRENDS

Total Written Premium



$ IN THOUSANDS	Q1	Q2	Q3	Q4	Total
2018	82,514	137,943	123,385	86,621	430,463
2019	96,732	158,501	142,030	99,747	497,010
2020	112,421	184,423	163,520	117,870	578,234
2021	133,707	208,091	192,091	140,417	674,306
2022	154,790	237,697	222,136	162,041	776,664
5 Year Average Total Written Premium %	**20%**	**31%**	**29%**	**20%**	**100%**

New Business Count (Insurance)



	Q1	Q2	Q3	Q4	Total
2018	32,610	56,729	51,795	35,356	176,490
2019	36,848	62,842	57,426	37,585	194,701
2020	41,510	70,622	73,619	50,914	236,665
2021	51,799	77,013	68,077	47,589	244,478
2022	47,514	74,922	68,561	43,523	234,520
5 Year Average New Business Count %	**19%**	**32%**	**29%**	**20%**	**100%**

North American footprint creates seasonal differences by quarter for written premium and new business count

HAGERTY MEMBERSHIP

Total Member Count

1.3 million Paid Members (+6%)

Paid Membership Counts

U.S.	Q1 2022	Q1 2023
Insurance Member	447,473	475,425
Insurance + HDC	640,239	674,897
HDC Standalone	29,271	32,850
Total U.S. Paid Member Count	**1,116,983**	**1,183,172**
Canada		
Insurance Member	79,890	82,304
Insurance + HDC	54,424	58,851
HDC Standalone	3,076	1,274
Total Canada Paid Member Count	**137,390**	**142,429**
Total		
Insurance Member	**527,363**	**557,729**
Insurance + HDC	694,663	733,748
HDC Standalone	32,347	34,124
Total HDC Paid Member Count	**727,010**	**767,872**
Total Paid Member Count	**1,254,373**	**1,325,601**

6% growth (Total HDC Paid Member Count)

6% growth (Total Paid Member Count)

Paid Member Count

Individuals who have an in-force insurance policy or HDC membership as of a specified point in time.

HDC Paid Member Count

HDC standalone plus insurance + HDC. A customer with an active/in-force paying HDC membership that has full access to HDC benefits as of a specified point in time.

Guest User Counts

	Q1 2022	Q1 2023
U.S.	1,139,099	1,228,161
Canada	74,526	80,358
Total Guest User Count	**1,213,625**	**1,308,519**

8% growth

Guest Member

An individual who has created an on-line profile by providing email, establishing a password, and verifying email.

RECONCILIATION OF NON-GAAP METRICS

Net Income (Loss) to Adjusted EBITDA

IN THOUSANDS	Q1 2023	Q1 2022
Net Income (Loss)	**($15,025)**	**$15,866**
Interest and Other (Income) Expense	(5,647)	684
Income Tax (Benefit) Expense	3,668	2,030
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Restructuring, Impairment and Related Charges, Net	5,535	—
Change in Fair Value of Warrant Liabilities	515	(31,686)
Stock-based Compensation Expense	3,916	—
Adjusted EBITDA	**$6,705**	**($5,959)**

Adjusted EBITDA

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

We present Adjusted EBITDA because we consider it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry.

By providing this non-GAAP financial measure, together with a reconciliation to net income (loss), which is the most directly 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 Consolidated Financial Statements as indicators of financial performance. Hagerty's Adjusted EBITDA may be determined or calculated differently than similarly titled measures of 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.

RECONCILIATION OF NON-GAAP METRICS

Basic Earnings (Loss) Per Share to Adjusted Earnings (Loss) Per Share

IN THOUSANDS EXCEPT FOR PER SHARE AMOUNTS	Q1 2023	Q1 2022
Net Income (Loss) attributable to controlling interest[1]	($2,099)	$27,507
Net Income (Loss) attributable to non-controlling interest	(12,926)	(11,641)
Consolidated Net Income (Loss)	($15,025)	$15,866
Change in Fair Value of Warrant Liabilities	515	(31,686)
Adjusted Consolidated Net Income (Loss)[2]	($14,510)	($15,820)
Weighted-average shares of Class A Common Stock Outstanding: Basic[1]	83,227	82,433
Potentially dilutive shares outstanding:		
Conversion of non-controlling interest Hagerty Group Units to Class A Common Stock	255,640	251,034
Total warrants outstanding	19,484	19,484
Total unissued stock-based compensation	6,870	—
Potentially dilutive shares outstanding	281,994	270,518
Fully dilutive shares outstanding[2]	365,221	352,951
Basic Earnings (Loss) per Share[1]	($0.03)	$0.33
Adjusted Earnings (Loss) per Share[2]	($0.04)	($0.04)

[1] Numerator and Denominator of the GAAP measure Basic EPS (Net income (loss) attributable to controlling interest / Weighted-average shares of Class A Common Stock outstanding)

[2] Numerator and Denominator of the non-GAAP measure Adjusted EPS (Adjusted consolidated net income (loss) / Fully dilutive shares outstanding)

Adjusted EPS

We define Adjusted Earnings (Loss) Per Share ("Adjusted EPS") as consolidated Net income (loss) attributable to both our controlling and non-controlling interest, less the change in fair value of our warrants and the revaluation gain on previously held equity method investment, divided by our outstanding and total potentially dilutive securities. The total potentially dilutive securities includes (1) the weighted-average issued and outstanding shares of Class A Common Stock, (2) all issued and outstanding non-controlling interest Hagerty Group Units, (3) all unexercised warrants and (4) all unissued stock-based compensation awards.

In the third quarter of 2022, we began removing (1) the change in fair value of our warrants and (2) the revaluation gain on previously held equity method investment from consolidated Net income (loss) attributable to both our controlling and non-controlling interest for purposes of calculating Adjusted EPS. For comparability, references to prior period non-GAAP measures have been updated to show the effect of removing the change in the fair value of our warrants from Adjusted EPS. We believe this updated presentation of Adjusted EPS enhances investors' understanding of our financial performance from activities occurring in the ordinary course of our business.

The most directly comparable GAAP measure is basic earnings per share ("Basic EPS"), which is calculated as Net income (loss) attributable to controlling interest divided by the weighted average of Class A Common Stock outstanding during the period.

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 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.

RECONCILIATION OF NON-GAAP METRICS | 2023 OUTLOOK

Net Income (Loss) to Adjusted EBITDA

IN THOUSANDS	2023 Low	2023 High
Net Income (Loss)	**($13,000)**	**$7,000**
Interest and Other (Income) Expense	(10,750)	(10,750)
Income Tax (Benefit) Expense	14,300	14,300
Depreciation and Amortization	41,700	41,700
Restructuring, Impairment and Related Charges, Net	5,535	5,535
Change in Fair Value of Warrant Liabilities	515	515
Stock-based Compensation Expense	16,700	16,700
Adjusted EBITDA	**$55,000**	**$75,000**

Adjusted EBITDA

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We present Adjusted EBITDA because we consider it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry.

By providing this non-GAAP financial measure, together with a reconciliation to net income (loss), which is the most directly 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 Consolidated Financial Statements as indicators of financial performance. Hagerty's Adjusted EBITDA may be determined or calculated differently than similarly titled measures of 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.

Never Stop Driving

HAGERTY