

Virtus Investment Partners Announces Financial Results for First Quarter 2024

- Earnings Per Share - Diluted of \$4.10; Earnings Per Share - Diluted, as Adjusted, of \$5.41
- Total Sales of \$7.6B; Net Flows of (\$1.2B); Assets Under Management of \$179.3B

Hartford, CT, April 26, 2024 - Virtus Investment Partners, Inc. (NYSE: VRTS) today reported financial results for the three months ended March 31, 2024.

Financial Highlights (Unaudited)

(in millions, except per share data or as noted)

	Three Months Ended			Three Months Ended	
	3/31/2024	3/31/2023	Change	12/31/2023	Change
U.S. GAAP Financial Measures					
Revenues	\$ 222.0	\$ 197.9	12%	\$ 214.6	3%
Operating expenses	\$ 189.7	\$ 169.3	12%	\$ 175.6	8%
Operating income (loss)	\$ 32.3	\$ 28.6	13%	\$ 39.0	(17%)
Operating margin	14.5%	14.4%		18.2%	
Net income (loss) attributable to Virtus Investment Partners, Inc.	\$ 29.9	\$ 38.6	(23%)	\$ 30.8	(3%)
Earnings (loss) per share - diluted	\$ 4.10	\$ 5.21	(21%)	\$ 4.21	(3%)
Weighted average shares outstanding - diluted	7.287	7.410	(2%)	7.320	—%
Non-GAAP Financial Measures (1)					
Revenues, as adjusted	\$ 200.2	\$ 176.9	13%	\$ 193.4	4%
Operating expenses, as adjusted	\$ 143.8	\$ 129.5	11%	\$ 129.5	11%
Operating income (loss), as adjusted	\$ 56.4	\$ 47.4	19%	\$ 63.9	(12%)
Operating margin, as adjusted	28.2%	26.8%		33.0%	
Net income (loss) attributable to Virtus Investment Partners, Inc., as adjusted	\$ 39.4	\$ 31.1	27%	\$ 44.8	(12%)
Earnings (loss) per share - diluted, as adjusted	\$ 5.41	\$ 4.20	29%	\$ 6.11	(11%)
Weighted average shares outstanding - diluted, as adjusted	7.287	7.410	(2%)	7.320	—%

(1) See the information beginning on page 10 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures

Earnings Summary

The company presents U.S. GAAP and non-GAAP earnings information in this release. Management believes that the non-GAAP financial measures presented reflect the company's operating results from providing investment management and related services to individuals and institutions and uses these measures to evaluate financial performance. Non-GAAP financial measures have material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures. Non-GAAP information and reconciliations to the most comparable U.S. GAAP measures can be found beginning on page 10 of this earnings release.

Assets Under Management and Asset Flows*(in billions)*

	Three Months Ended			Three Months Ended	
	3/31/2024	3/31/2023	Change	12/31/2023	Change
Ending total assets under management	\$ 179.3	\$ 154.8	16%	\$ 172.3	4%
Average total assets under management	\$ 173.4	\$ 152.4	14%	\$ 162.7	7%
Total sales	\$ 7.6	\$ 6.2	22%	\$ 6.2	22%
Net flows	\$ (1.2)	\$ (1.9)	(37%)	\$ (3.8)	(68%)

Total assets under management of \$179.3 billion at March 31, 2024 increased 4% from \$172.3 billion at December 31, 2023 due to market performance and positive net flows in retail separate accounts, partially offset by net outflows in institutional accounts and open-end funds. In addition, the company provided services to \$2.7 billion of other fee-earning assets.

Total sales increased 22% to \$7.6 billion from \$6.2 billion in the fourth quarter as a result of higher sales in all product categories. Institutional sales of \$1.7 billion increased 47% from \$1.2 billion in the prior quarter. Retail separate account sales of \$2.4 billion increased 12% from \$2.1 billion led by the intermediary sold channel. Open-end fund sales of \$3.5 billion increased 18% from \$2.9 billion reflecting higher sales in almost all investment strategies.

Net flows of (\$1.2) billion improved from (\$3.8) billion in the fourth quarter and included positive net flows in retail separate accounts, ETFs, and global funds. Institutional net flows of (\$1.3) billion improved from (\$2.2) billion due to higher sales and lower redemptions. Retail separate account net flows of \$0.7 billion increased from \$0.4 billion in the prior quarter. Open-end fund net flows of (\$0.6) billion improved significantly from (\$2.0) billion in the prior quarter and included positive net flows in small/mid-cap, global equity, and fixed income strategies.

GAAP Results

Operating income of \$32.3 million declined 17% from \$39.0 million in the prior quarter as a 3% increase in revenues, reflecting higher average assets under management, was more than offset by an 8% increase in operating expenses. The increase in operating expenses was primarily due to higher employment expenses as a result of seasonal employment items and higher variable incentive compensation, partially offset by lower operating expenses of consolidated investment products and lower fair value adjustments to contingent consideration. Other operating expenses were nearly flat sequentially.

Net income attributable to Virtus Investment Partners, Inc. of \$4.10 per diluted share included (\$0.69) of fair value adjustments to affiliate minority interests, (\$0.12) of amortization related to an early lease termination fee, and (\$0.11) of acquisition and integration costs, partially offset by \$0.76 of realized and unrealized gains on investments. Net income per diluted share of \$4.21 in the prior quarter included (\$0.76) of fair value adjustments to affiliate minority interests, (\$0.36) of CLO issuance expense, (\$0.18) of acquisition and integration costs, and (\$0.13) of fair value adjustments to contingent consideration, partially offset by \$0.35 of realized and unrealized gains on investments.

Virtus Investment Partners, Inc. 3.

The effective tax rate of 19% decreased from 26% in the prior quarter, primarily reflecting changes in valuation allowances related to marketable securities.

Non-GAAP Results

Revenues, as adjusted, of \$200.2 million increased 4% from \$193.4 million in the prior quarter primarily due to 7% higher average assets under management partially offset by lower performance fees.

Employment expenses, as adjusted, of \$111.6 million increased from \$96.7 million in the prior quarter due to \$10.9 million of seasonal expenses, primarily payroll taxes and benefits related to the timing of annual incentive payments, in addition to higher variable incentive compensation. Other operating expenses, as adjusted, of \$30.2 million decreased from \$31.2 million.

Operating income, as adjusted, of \$56.4 million and the related margin of 28.2% decreased from \$63.9 million and 33.0% in the prior quarter, respectively, due to the seasonal employment expenses, partially offset by higher investment management fees and lower other operating expenses.

Net income attributable to Virtus Investment Partners, Inc., as adjusted, per diluted share was \$5.41, a decrease of 11% from \$6.11 in the prior quarter. The decrease primarily reflected \$1.11 per share of seasonal expenses, partially offset by higher revenues, as adjusted, and lower other operating expenses, as adjusted.

The effective tax rate, as adjusted, of 26% compared with 27% in the prior quarter.

Select Balance Sheet Items (Unaudited)*(in millions)*

	As of			As of	
	3/31/2024	3/31/2023	Change	12/31/2023	Change
Cash and cash equivalents	\$ 123.9	\$ 213.4	(42%)	\$ 239.6	(48%)
Gross debt (1)	\$ 258.1	\$ 260.9	(1%)	\$ 258.8	—%
Contingent consideration (2)	\$ 66.7	\$ 101.2	(34%)	\$ 90.9	(27%)
Redeemable noncontrolling interests (3)	\$ 80.0	\$ 88.2	(9%)	\$ 74.2	8%
Total equity exc. noncontrolling interests	\$ 871.7	\$ 837.9	4%	\$ 864.0	1%
Working capital (4)	\$ 123.4	\$ 208.3	(41%)	\$ 109.1	13%
Net debt (cash) (5)	\$ 134.2	\$ 47.5	183%	\$ 19.2	N/M

(1) Excludes deferred financing costs of \$5.1 million, \$6.3 million, and \$5.4 million as of March 31, 2024, March 31, 2023, and December 31, 2023, respectively

(2) Represents estimates of revenue participation and contingent payments

(3) Excludes redeemable noncontrolling interests of consolidated investment products of \$35.2 million, \$18.4 million, and \$30.6 million as of March 31, 2024, March 31, 2023, and December 31, 2023, respectively

(4) Defined as cash and cash equivalents plus accounts receivable, net, and deferred compensation related investments less accrued compensation and benefits excluding affiliate minority interests, accounts payable and accrued liabilities, dividends payable, debt principal payments due over next 12 months and revenue participation amounts earned as of the balance sheet date and due within 12 months. As of March 31, 2024, minority interests liabilities accounted for as accrued compensation were removed from the definition of working capital and prior periods have been adjusted to conform to this definition.

(5) Defined as gross debt less cash and cash equivalents

N/M - Not Meaningful

Working capital of \$123.4 million at March 31, 2024 compared with \$109.1 million at December 31, 2023, as earnings more than offset return of capital.

During the quarter, the company repurchased 21,108 shares for \$5.0 million and net settled an additional 42,588 shares for \$9.9 million.

Net debt was \$134.2 million, or 0.4x EBITDA, at March 31, 2024.

Conference Call and Investor Presentation

Management will host an investor [conference call](#) and [webcast](#) on Friday, April 26, 2024, at 10 a.m. Eastern to discuss these financial results and related matters. The [presentation](#) that will accompany the conference call is available in the Investor Relations section of [virtus.com](#). A [replay](#) of the call will be available in the Investor Relations section for at least one year.

About Virtus Investment Partners, Inc.

[Virtus Investment Partners](#) (NYSE: VRTS) is a distinctive partnership of boutique investment managers singularly committed to the long-term success of individual and institutional investors. We provide investment management products and services from our [affiliated managers](#), each with a distinct investment style and autonomous investment process, as well as select subadvisers. Investment solutions are available across multiple disciplines and product types to meet a wide array of investor needs. Additional information about our firm, investment partners, and strategies is available at [virtus.com](#).

Investor Relations Contact

Sean Rourke
(860) 263-4709
Sean.Rourke@virtus.com

U.S. GAAP Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except per share data)

	Three Months Ended			Three Months Ended	
	3/31/2024	3/31/2023	Change	12/31/2023	Change
Revenues					
Investment management fees	\$ 188,360	\$ 164,478	15%	\$ 182,149	3%
Distribution and service fees	14,030	14,153	(1%)	13,535	4%
Administration and shareholder service fees	18,678	18,359	2%	18,189	3%
Other income and fees	974	884	10%	714	36%
Total revenues	222,042	197,874	12%	214,587	3%
Operating Expenses					
Employment expenses	115,163	98,614	17%	99,847	15%
Distribution and other asset-based expenses	24,348	23,715	3%	23,470	4%
Other operating expenses	31,375	30,730	2%	31,164	1%
Operating expenses of consolidated investment products	690	700	(1%)	2,611	(74%)
Restructuring expense	797	—	N/M	133	499%
Change in fair value of contingent consideration	—	—	N/M	1,290	(100%)
Depreciation expense	2,028	1,145	77%	1,670	21%
Amortization expense	15,335	14,391	7%	15,446	(1%)
Total operating expenses	189,736	169,295	12%	175,631	8%
Operating Income (Loss)	32,306	28,579	13%	38,956	(17%)
Other Income (Expense)					
Realized and unrealized gain (loss) on investments, net	3,416	2,670	28%	4,056	(16%)
Realized and unrealized gain (loss) of consolidated investment products, net	1,535	2,596	(41%)	449	242%
Other income (expense), net	550	(343)	N/M	622	(12%)
Total other income (expense), net	5,501	4,923	12%	5,127	7%
Interest Income (Expense)					
Interest expense	(5,681)	(5,005)	14%	(5,987)	(5%)
Interest and dividend income	3,469	3,238	7%	3,673	(6%)
Interest and dividend income of investments of consolidated investment products	51,115	46,814	9%	53,206	(4%)
Interest expense of consolidated investment products	(40,012)	(35,203)	14%	(43,182)	(7%)
Total interest income (expense), net	8,891	9,844	(10%)	7,710	15%
Income (Loss) Before Income Taxes	46,698	43,346	8%	51,793	(10%)
Income tax expense (benefit)	8,831	8,703	1%	13,294	(34%)
Net Income (Loss)	37,867	34,643	9%	38,499	(2%)
Noncontrolling interests	(8,009)	3,981	N/M	(7,665)	4%
Net Income (Loss) Attributable to Virtus Investment Partners, Inc.	\$ 29,858	\$ 38,624	(23%)	\$ 30,834	(3%)
Earnings (Loss) Per Share - Basic	\$ 4.19	\$ 5.33	(21%)	\$ 4.30	(3%)
Earnings (Loss) Per Share - Diluted	\$ 4.10	\$ 5.21	(21%)	\$ 4.21	(3%)
Cash Dividends Declared Per Common Share	\$ 1.90	\$ 1.65	15%	\$ 1.90	—%
Weighted Average Shares Outstanding - Basic	7,119	7,245	(2%)	7,178	(1%)
Weighted Average Shares Outstanding - Diluted	7,287	7,410	(2%)	7,320	—%

N/M - Not Meaningful

Assets Under Management - Product and Asset Class*(in millions)*

	Three Months Ended				
	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024
By Product (period end):					
Open-End Funds (1)	\$ 53,865	\$ 56,828	\$ 54,145	\$ 56,062	\$ 57,818
Closed-End Funds	10,358	10,166	9,472	10,026	10,064
Retail Separate Accounts	37,397	38,992	38,665	43,202	46,816
Institutional Accounts (2)	53,229	62,330	60,257	62,969	64,613
Total	<u>\$ 154,849</u>	<u>\$ 168,316</u>	<u>\$ 162,539</u>	<u>\$ 172,259</u>	<u>\$ 179,311</u>
By Product (average) (3)					
Open-End Funds (1)	\$ 54,141	\$ 56,120	\$ 56,511	\$ 54,132	\$ 56,828
Closed-End Funds	10,424	10,224	10,001	9,591	9,862
Retail Separate Accounts	35,352	37,397	38,992	38,665	43,202
Institutional Accounts (2)	52,444	59,248	62,368	60,319	63,466
Total	<u>\$ 152,361</u>	<u>\$ 162,989</u>	<u>\$ 167,872</u>	<u>\$ 162,707</u>	<u>\$ 173,358</u>
By Asset Class (period end):					
Equity	\$ 87,511	\$ 91,211	\$ 87,984	\$ 96,703	\$ 103,501
Fixed Income	36,596	38,361	37,352	37,192	37,037
Multi-Asset (4)	20,597	20,914	19,937	21,411	21,975
Alternatives (5)	10,145	17,830	17,266	16,953	16,798
Total	<u>\$ 154,849</u>	<u>\$ 168,316</u>	<u>\$ 162,539</u>	<u>\$ 172,259</u>	<u>\$ 179,311</u>

Assets Under Management - Average Management Fees Earned (6)

(in basis points)

	Three Months Ended				
	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024
By Product:					
Open-End Funds (1)	47.6	49.3	51.1	49.7	49.9
Closed-End Funds	57.1	57.6	58.2	58.4	58.7
Retail Separate Accounts	44.2	44.1	43.3	43.3	43.9
Institutional Accounts (2)(7)	31.8	31.6	30.3	33.2	30.8
All Products (7)	42.0	42.2	42.0	42.6	41.9

(1) Represents assets under management of U.S. retail funds, global funds, exchange-traded funds, and variable insurance funds

(2) Represents assets under management of institutional separate and commingled accounts including structured products

(3) Averages are calculated as follows:

- Funds - average daily or weekly balances

- Retail Separate Accounts - prior-quarter ending balance

- Institutional Accounts - average of month-end balances in quarter

(4) Consists of strategies and client accounts with substantial holdings in at least two of the following asset classes: equity, fixed income, and alternatives

(5) Consists of managed futures, event-driven, real estate securities, infrastructure, long/short, and other strategies

(6) Represents investment management fees, as adjusted, divided by average assets. Investment management fees, as adjusted, exclude the impact of consolidated investment products and are net of revenue-related adjustments. Revenue-related adjustments are based on specific agreements and reflect the portion of investment management fees passed through to third-party client intermediaries for services to investors in sponsored investment products

(7) Includes performance-related fees, in basis points, earned during the three months ended as follows:

	<u>3/31/2023</u>	<u>6/30/2023</u>	<u>9/30/2023</u>	<u>12/31/2023</u>	<u>3/31/2024</u>
Institutional Accounts	0.2	0.2	0.4	2.2	0.3
All Products	0.1	0.1	0.1	0.8	0.1

Assets Under Management - Asset Flows by Product*(in millions)*

	Three Months Ended				
	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024
Open-End Funds (1)					
Beginning balance	\$ 53,000	\$ 53,865	\$ 56,828	\$ 54,145	\$ 56,062
Inflows	3,011	2,550	2,687	2,940	3,476
Outflows	(4,792)	(4,692)	(4,137)	(4,905)	(4,104)
Net flows	(1,781)	(2,142)	(1,450)	(1,965)	(628)
Market performance	2,771	2,163	(1,034)	4,260	2,560
Other (2)	(125)	2,942	(199)	(378)	(176)
Ending balance	\$ 53,865	\$ 56,828	\$ 54,145	\$ 56,062	\$ 57,818
Closed-End Funds					
Beginning balance	\$ 10,361	\$ 10,358	\$ 10,166	\$ 9,472	\$ 10,026
Inflows	4	20	—	—	—
Outflows	—	—	—	—	—
Net flows	4	20	—	—	—
Market performance	205	(1)	(504)	753	239
Other (2)	(212)	(211)	(190)	(199)	(201)
Ending balance	\$ 10,358	\$ 10,166	\$ 9,472	\$ 10,026	\$ 10,064
Retail Separate Accounts					
Beginning balance	\$ 35,352	\$ 37,397	\$ 38,992	\$ 38,665	\$ 43,202
Inflows	1,367	1,346	1,849	2,118	2,373
Outflows	(1,288)	(1,434)	(1,524)	(1,726)	(1,695)
Net flows	79	(88)	325	392	678
Market performance	1,966	1,683	(652)	4,144	2,936
Other (2)	—	—	—	1	—
Ending balance	\$ 37,397	\$ 38,992	\$ 38,665	\$ 43,202	\$ 46,816
Institutional Accounts (3)					
Beginning balance	\$ 50,663	\$ 53,229	\$ 62,330	\$ 60,257	\$ 62,969
Inflows	1,852	3,660	1,274	1,179	1,734
Outflows	(2,047)	(1,478)	(1,648)	(3,406)	(3,022)
Net flows	(195)	2,182	(374)	(2,227)	(1,288)
Market performance	2,906	2,440	(1,434)	5,165	3,001
Other (2)	(145)	4,479	(265)	(226)	(69)
Ending balance	\$ 53,229	\$ 62,330	\$ 60,257	\$ 62,969	\$ 64,613
Total					
Beginning balance	\$ 149,376	\$ 154,849	\$ 168,316	\$ 162,539	\$ 172,259
Inflows	6,234	7,576	5,810	6,237	7,583
Outflows	(8,127)	(7,604)	(7,309)	(10,037)	(8,821)
Net flows	(1,893)	(28)	(1,499)	(3,800)	(1,238)
Market performance	7,848	6,285	(3,624)	14,322	8,736
Other (2)	(482)	7,210	(654)	(802)	(446)
Ending balance	\$ 154,849	\$ 168,316	\$ 162,539	\$ 172,259	\$ 179,311

- (1) Represents assets under management of U.S. retail funds, global funds, exchange-traded funds, and variable insurance funds
- (2) Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact of non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), current income or capital returned by structured products and the use of leverage
- (3) Represents assets under management of institutional separate and commingled accounts including structured products

Non-GAAP Information and Reconciliations*(in thousands except per share data)*

The non-GAAP financial measures included in this release differ from financial measures determined in accordance with U.S. GAAP as a result of the reclassification of certain income statement items, as well as the exclusion of certain expenses and other items that are not reflective of the earnings generated from providing investment management and related services. Non-GAAP financial measures have material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures.

The following are reconciliations and related notes of the most comparable U.S. GAAP measure to each non-GAAP measure:

	Three Months Ended		
	3/31/2024	3/31/2023	12/31/2023
Revenues			
Total revenues, GAAP	\$ 222,042	\$ 197,874	\$ 214,587
Consolidated investment products revenues (1)	2,544	2,750	2,258
Investment management fees (2)	(10,316)	(9,561)	(9,933)
Distribution and service fees (2)	(14,032)	(14,154)	(13,537)
Total revenues, as adjusted	<u>\$ 200,238</u>	<u>\$ 176,909</u>	<u>\$ 193,375</u>
Operating Expenses			
Total operating expenses, GAAP	\$ 189,736	\$ 169,295	\$ 175,631
Consolidated investment products expenses (1)	(690)	(700)	(2,611)
Distribution and other asset-based expenses (3)	(24,348)	(23,715)	(23,470)
Amortization of intangible assets (4)	(15,335)	(14,391)	(15,446)
Restructuring expense (5)	(797)	—	(133)
Deferred compensation and related investments (6)	(1,249)	(572)	(925)
Acquisition and integration expenses (7)	(1,042)	(965)	(3,050)
Other (8)	(2,444)	592	(472)
Total operating expenses, as adjusted	<u>\$ 143,831</u>	<u>\$ 129,544</u>	<u>\$ 129,524</u>
Operating Income (Loss)			
Operating income (loss), GAAP	\$ 32,306	\$ 28,579	\$ 38,956
Consolidated investment products (earnings) losses (1)	3,234	3,450	4,869
Amortization of intangible assets (4)	15,335	14,391	15,446
Restructuring expense (5)	797	—	133
Deferred compensation and related investments (6)	1,249	572	925
Acquisition and integration expenses (7)	1,042	965	3,050
Other (8)	2,444	(592)	472
Operating income (loss), as adjusted	<u>\$ 56,407</u>	<u>\$ 47,365</u>	<u>\$ 63,851</u>
Operating margin, GAAP	14.5 %	14.4 %	18.2 %
Operating margin, as adjusted	28.2 %	26.8 %	33.0 %

Virtus Investment Partners, Inc. 11.

Income (Loss) Before Taxes	Three Months Ended		
	3/31/2024	3/31/2023	12/31/2023
Income (loss) before taxes, GAAP	\$ 46,698	\$ 43,346	\$ 51,793
Consolidated investment products (earnings) losses (1)	(1,819)	(1,412)	(1,316)
Amortization of intangible assets (4)	15,335	14,391	15,446
Restructuring expense (5)	797	—	133
Deferred compensation and related investments (6)	(400)	(344)	(783)
Acquisition and integration expenses (7)	1,042	965	3,050
Other (8)	2,444	(592)	472
Seed capital and CLO investments (gains) losses (9)	(7,333)	(10,140)	(5,078)
Income (loss) before taxes, as adjusted	<u>\$ 56,764</u>	<u>\$ 46,214</u>	<u>\$ 63,717</u>

Income Tax Expense (Benefit)

Income tax expense (benefit), GAAP	\$ 8,831	\$ 8,703	\$ 13,294
Tax impact of:			
Amortization of intangible assets (4)	3,993	4,025	4,202
Restructuring expense (5)	208	—	36
Deferred compensation and related investments (6)	(104)	(96)	(213)
Acquisition and integration expenses (7)	271	270	830
Other (8)	1,056	1,745	(11)
Seed capital and CLO investments (gains) losses (9)	529	(1,722)	(801)
Income tax expense (benefit), as adjusted	<u>\$ 14,784</u>	<u>\$ 12,925</u>	<u>\$ 17,337</u>

Effective tax rate, GAAP ^A	18.9 %	20.1 %	25.7 %
Effective tax rate, as adjusted ^B	26.0 %	28.0 %	27.2 %

^A Reflects income tax expense (benefit), GAAP, divided by income (loss) before taxes, GAAP

^B Reflects income tax expense (benefit), as adjusted, divided by income (loss) before taxes, as adjusted

Net Income (Loss) Attributable to Virtus Investment Partners, Inc.

Net income (loss) attributable to Virtus Investment Partners, Inc., GAAP	\$ 29,858	\$ 38,624	\$ 30,834
Amortization of intangible assets, net of tax (4)	10,863	9,687	10,764
Restructuring expense, net of tax (5)	589	—	97
Deferred compensation and related investments (6)	(296)	(248)	(570)
Acquisition and integration expenses, net of tax (7)	771	695	2,220
Other, net of tax (8)	5,476	(9,236)	5,689
Seed capital and CLO investments (gains) losses, net of tax (9)	(7,862)	(8,418)	(4,277)
Net income (loss) attributable to Virtus Investment Partners, Inc., as adjusted	<u>\$ 39,399</u>	<u>\$ 31,104</u>	<u>\$ 44,757</u>
Weighted average shares outstanding - diluted	<u>7,287</u>	<u>7,410</u>	<u>7,320</u>
Earnings (loss) per share - diluted, GAAP	\$ 4.10	\$ 5.21	\$ 4.21
Earnings (loss) per share - diluted, as adjusted	\$ 5.41	\$ 4.20	\$ 6.11

	Three Months Ended		
	3/31/2024	3/31/2023	12/31/2023
Administration and Shareholder Services Fees			
Administration and shareholder service fees, GAAP	\$ 18,678	\$ 18,359	\$ 18,189
Consolidated investment products fees (1)	39	30	24
Administration and shareholder service fees, as adjusted	<u>\$ 18,717</u>	<u>\$ 18,389</u>	<u>\$ 18,213</u>
Employment Expenses			
Employment expenses, GAAP	\$ 115,163	\$ 98,614	\$ 99,847
Deferred compensation and related investments (6)	(1,249)	(572)	(925)
Acquisition and integration expenses (7)	(1,042)	—	(1,760)
Other (8)	(1,262)	592	(472)
Employment expenses, as adjusted	<u>\$ 111,610</u>	<u>\$ 98,634</u>	<u>\$ 96,690</u>
Other Operating Expenses			
Other operating expenses, GAAP	\$ 31,375	\$ 30,730	\$ 31,164
Acquisition and integration expenses (7)	—	(965)	—
Other (8)	(1,182)	—	—
Other operating expenses, as adjusted	<u>\$ 30,193</u>	<u>\$ 29,765</u>	<u>\$ 31,164</u>
Total Other Income (Expense), Net			
Total other income (expense), net GAAP	\$ 5,501	\$ 4,923	\$ 5,127
Consolidated investment products (1)	4,127	5,721	1,681
Deferred compensation and related investments (6)	(1,623)	(907)	(1,397)
Seed capital and CLO investments (gains) losses (9)	(7,333)	(10,140)	(5,078)
Total other income (expense), net as adjusted	<u>\$ 672</u>	<u>\$ (403)</u>	<u>\$ 333</u>
Interest and Dividend Income			
Interest and dividend income, GAAP	\$ 3,469	\$ 3,238	\$ 3,673
Consolidated investment products (1)	1,923	1,028	2,158
Deferred compensation and related investments (6)	(26)	(9)	(311)
Interest and dividend income, as adjusted	<u>\$ 5,366</u>	<u>\$ 4,257</u>	<u>\$ 5,520</u>
Total Noncontrolling Interests			
Total noncontrolling interests, GAAP	\$ (8,009)	\$ 3,981	\$ (7,665)
Consolidated investment products (1)	1,819	1,412	1,316
Amortization of intangible assets (4)	(479)	(679)	(480)
Other (8)	4,088	(6,899)	5,206
Total noncontrolling interests, as adjusted	<u>\$ (2,581)</u>	<u>\$ (2,185)</u>	<u>\$ (1,623)</u>

Notes to Reconciliations:

Reclassifications:

1. Consolidated investment products - Revenues and expenses generated by operating activities of mutual funds and CLOs that are consolidated in the financial statements. Management believes that excluding these operating activities to reflect net revenues and expenses of the company prior to the consolidation of these products is consistent with the approach of reflecting its operating results from managing third-party client assets.

Other Adjustments:

Revenue Related

2. Investment management/Distribution and service fees - Each of these revenue line items is reduced to exclude fees passed through to third-party client intermediaries who own the retail client relationship and are responsible for distributing company sponsored investment products and servicing the client. The amount of fees fluctuates each period, based on a predetermined percentage of the value of assets under management, and varies based on the type of investment product. The specific adjustments are as follows:

Investment management fees - Based on specific agreements, the portion of investment management fees passed-through to third-party intermediaries for services to investors in sponsored investment products.

Distribution and service fees - Based on distinct arrangements, fees collected by the company then passed-through to third-party client intermediaries for services to investors in sponsored investment products. The adjustment represents all of the company's distribution and service fees that are recorded as a separate line item on the condensed consolidated statements of operations.

Management believes that making these adjustments aids in comparing the company's operating results with other asset management firms that do not utilize third-party client intermediaries.

Expense Related

3. Distribution and other asset-based expenses - Primarily payments to third-party client intermediaries for providing services to investors in sponsored investment products. Management believes that making this adjustment aids in comparing the company's operating results with other asset management firms that do not utilize third-party client intermediaries.
4. Amortization of intangible assets - Non-cash amortization expense or impairment expense, if any, attributable to acquisition-related intangible assets, including any portion that is allocated to noncontrolling interests. Management believes that making this adjustment aids in comparing the company's operating results with other asset management firms that have not engaged in acquisitions.
5. Restructuring expense - Certain non-recurring expenses associated with restructuring the business, including lease abandonment-related expenses and severance costs associated with staff reductions that are not reflective of ongoing earnings generation of the business.
6. Deferred compensation and related investments - Compensation expense, gains and losses (realized and unrealized), and interest and dividend income related to market performance of deferred compensation and related balance sheet investments. Market performance of deferred compensation plans and related investments can vary significantly from period to period. Management believes that making this adjustment aids in comparing the Company's operating results with prior periods.

7. **Acquisition and integration expenses** - Expenses that are directly related to acquisition and integration activities. Acquisition expenses include certain transaction related employment expenses, transaction closing costs, change in fair value of contingent consideration, certain professional fees, and financing fees. Integration expenses include costs incurred that are directly attributable to combining businesses, including compensation, restructuring and severance charges, professional fees, consulting fees, and other expenses. Management believes that making these adjustments aids in comparing the company's operating results with other asset management firms that have not engaged in acquisitions.

Components of Acquisition and Integration Expenses for the respective periods are shown below:

Acquisition and Integration Expenses	Three Months Ended		
	3/31/2024	3/31/2023	12/31/2023
Employment expenses	\$ 1,042	\$ —	\$ 1,760
Other operating expenses	—	965	—
Change in fair value of contingent consideration	—	—	1,290
Total Acquisition and Integration Expenses	\$ 1,042	\$ 965	\$ 3,050

8. **Other** - Certain expenses that are not reflective of the ongoing earnings generation of the business. Employment expenses and noncontrolling interests are adjusted for fair value measurements of affiliate minority interests. Other operating expenses are adjusted for non-capitalized debt issuance costs and amortization of lease termination fees. Interest expense is adjusted to remove gains on early extinguishment of debt and the write-off of previously capitalized costs associated with the modification of debt. Income tax expense (benefit) items are adjusted for uncertain tax positions, changes in tax law, valuation allowances, and other unusual or infrequent items not related to current operating results to reflect a normalized effective rate. Management believes that making these adjustments aids in comparing the company's operating results with prior periods.

Components of Other for the respective periods are shown below:

Other	Three Months Ended		
	3/31/2024	3/31/2023	12/31/2023
Employment expense fair value adjustments	\$ 1,262	\$ (592)	\$ 472
Amortization of lease termination fees	1,182	—	—
Tax impact of adjustments	(637)	166	(128)
Other discrete tax adjustments	(419)	(1,911)	139
Affiliate minority interest fair value adjustments	4,088	(6,899)	5,206
Total Other	\$ 5,476	\$ (9,236)	\$ 5,689

Seed Capital and CLO Related

9. **Seed capital and CLO investments (gains) losses** - Gains and losses (realized and unrealized) of seed capital and CLO investments. Gains and losses (realized and unrealized) generated by investments in seed capital and CLO investments can vary significantly from period to period and do not reflect the company's operating results from providing investment management and related services. Management believes that making this adjustment aids in comparing the company's operating results with prior periods and with other asset management firms that do not have meaningful seed capital and CLO investments.

Definitions:

Revenues, as adjusted, comprise the fee revenues paid by clients for investment management and related services. Revenues, as adjusted, for purposes of calculating net income attributable to Virtus Investment Partners, Inc., as adjusted, differ from U.S. GAAP, namely in excluding the impact of operating activities of consolidated investment products and reduced to exclude fees passed through to third-party client intermediaries who own the retail client relationship and are responsible for distributing the product and servicing the client.

Operating expenses, as adjusted, is calculated to reflect expenses from ongoing continuing operations. Operating expenses, as adjusted, for purposes of calculating net income attributable to Virtus Investment Partners, Inc., as adjusted, differ from U.S. GAAP expenses in that they exclude amortization or impairment, if any, of intangible assets, restructuring and severance, the effect of consolidated investment products, acquisition and integration-related expenses and certain other expenses that do not reflect the ongoing earnings generation of the business.

Operating margin, as adjusted, is a metric used to evaluate efficiency represented by operating income, as adjusted, divided by revenues, as adjusted.

Earnings (loss) per share, as adjusted, represent net income (loss) attributable to Virtus Investment Partners, Inc., as adjusted, divided by weighted average shares outstanding, as adjusted, on either a basic or diluted basis.

Forward-Looking Information

This press release contains statements that are, or may be considered to be, forward-looking statements. All statements that are not historical facts, including statements about our beliefs or expectations, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995, as amended. These statements may be identified by such forward-looking terminology as “expect,” “estimate,” “intent,” “plan,” “intend,” “believe,” “anticipate,” “may,” “will,” “should,” “could,” “continue,” “project,” “opportunity,” “predict,” “would,” “potential,” “future,” “forecast,” “guarantee,” “assume,” “likely,” “target” or similar statements or variations of such terms.

Our forward-looking statements are based on a series of expectations, assumptions and projections about the company and the markets in which we operate, are not guarantees of future results or performance, and involve substantial risks and uncertainty including assumptions and projections concerning our assets under management, net asset inflows and outflows, operating cash flows, business plans, and ability to borrow, for all future periods. All forward-looking statements are as of the date of this release only. The company can give no assurance that such expectations or forward-looking statements will prove to be correct. Actual results may differ materially.

Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including those discussed under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2023 Annual Report on Form 10-K, as supplemented by our periodic filings with the Securities and Exchange Commission (the “SEC”), as well as the following risks and uncertainties resulting from: (i) any reduction in our assets under management; (ii) inability to achieve expected benefits of strategic transactions; (iii) withdrawal, renegotiation or termination of investment advisory agreements; (iv) damage to our reputation; (v) inability to satisfy financial debt covenants and required payments; (vi) inability to attract and retain key personnel; (vii) challenges from competition; (viii) adverse developments related to unaffiliated subadvisers; (ix) negative changes in key distribution relationships; (x) interruptions, breaches, or failures of technology systems; (xi) loss on our investments; (xii) lack of sufficient capital on satisfactory terms;

(xiii) adverse regulatory and legal developments; (xiv) failure to comply with investment guidelines or other contractual requirements; (xv) adverse civil litigation, government investigations, or proceedings; (xvi) unfavorable changes in tax laws or limitations; (xvii) inability to make common stock dividend payments; (xviii) impediments from certain corporate governance provisions; (xix) losses or costs not covered by insurance; (xx) impairment of goodwill or other intangible assets; and other risks and uncertainties. Any occurrence of, or any material adverse change in, one or more risk factors or risks and uncertainties referred to above, in our 2023 Annual Report on Form 10-K and our other periodic reports filed with the SEC could materially and adversely affect our operations, financial results, cash flows, prospects and liquidity.

Certain other factors that may impact our continuing operations, prospects, financial results and liquidity, or that may cause actual results to differ from such forward-looking statements, are discussed or included in the company's periodic reports filed with the SEC and are available on our website at virtus.com under "Investor Relations." You are urged to carefully consider all such factors.

The company does not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections, or other circumstances occurring after the date of this release, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. If there are any future public statements or disclosures by us that modify or affect any of the forward-looking statements contained in or accompanying this release, such statements or disclosures will be deemed to modify or supersede such statements in this release.