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Q3 2024 Results

October 25, 2024

Forward Looking Statements



This presentation contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, the risks described below. If one or more of these or other risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this presentation completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

In particular, forward-looking statements in this presentation may include statements about: anticipated trends, conditions and investor sentiment in the global markets and ETPs; anticipated levels of inflows into and outflows out of our ETPs; our ability to deliver favorable rates of return to investors; competition in our business; whether we will experience future growth; our ability to develop new products and services and their potential for success; our ability to maintain current vendors or find new vendors to provide services to us at favorable costs; our ability to successfully implement our strategy relating to digital assets and blockchain-enabled financial services, including WisdomTree Prime® and WisdomTree Connect™, and achieve its objectives; our ability to successfully operate and expand our business in non-U.S. markets; the effect of laws and regulations that apply to our business; and actions of activist stockholders.

Our business is subject to many risks and uncertainties, including without limitation:

- declining prices of securities, gold and other precious metals and other commodities and changes in interest rates and general market conditions can adversely affect our business by reducing the market value of the assets we manage or causing WisdomTree ETP investors to sell their fund shares and trigger redemptions;
- fluctuations in the amount and mix of our AUM, whether caused by disruptions in the financial markets or otherwise, including but not limited to events such as a pandemic or war, geopolitical conflicts, political events, acts of terrorism and other matters beyond our control, may negatively impact revenues and operating margins, and may impede our ability to refinance our debt upon maturity or increase the cost of borrowing upon a refinancing;
- competitive pressures could reduce revenues and profit margins;
- we derive a substantial portion of our revenues from a limited number of products, and as a result, our operating results are particularly exposed to investor sentiment toward investing in the products' strategies and our ability to maintain the AUM of these products, as well as the performance of these products and market-specific and political and economic risk;
- a significant portion of our AUM is held in products with exposure to U.S. and international developed markets and we therefore have exposure to domestic and foreign market conditions and are subject to currency exchange rate risks;
- withdrawals or broad changes in investments in our ETPs by investors with significant positions may negatively impact revenues and operating margins;
- we face increased operational, regulatory, financial and other risks as a result of conducting our business internationally, and as we expand our digital assets product offerings and services beyond our existing ETP business;
- many of our ETPs have a limited track record, and poor investment performance could cause our revenues to decline;
- we depend on third parties to provide many critical services to operate our business and our ETPs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm WisdomTree ETP investors; and
- actions of activist stockholders against us, which have been costly and may be disruptive and cause uncertainty about the strategic direction of our business.

Other factors, such as general economic conditions, including currency exchange rate fluctuations, also may have an effect on the results of our operations. For a more complete description of the risks noted above and other risks that could cause our actual results to differ from our current expectations, see "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 and in subsequent reports filed with or furnished to the SEC.

The forward-looking statements in this presentation represent our views as of the date of this presentation. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this presentation.

Q3 Highlights

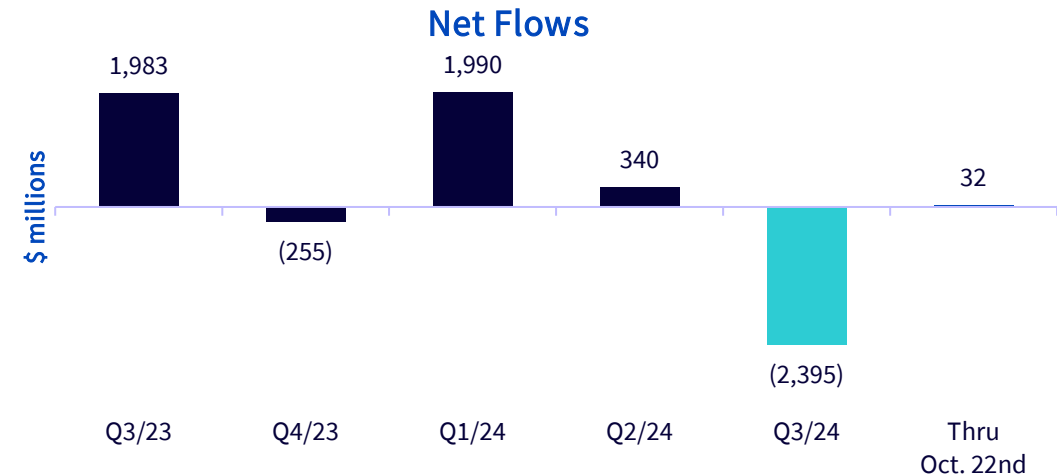
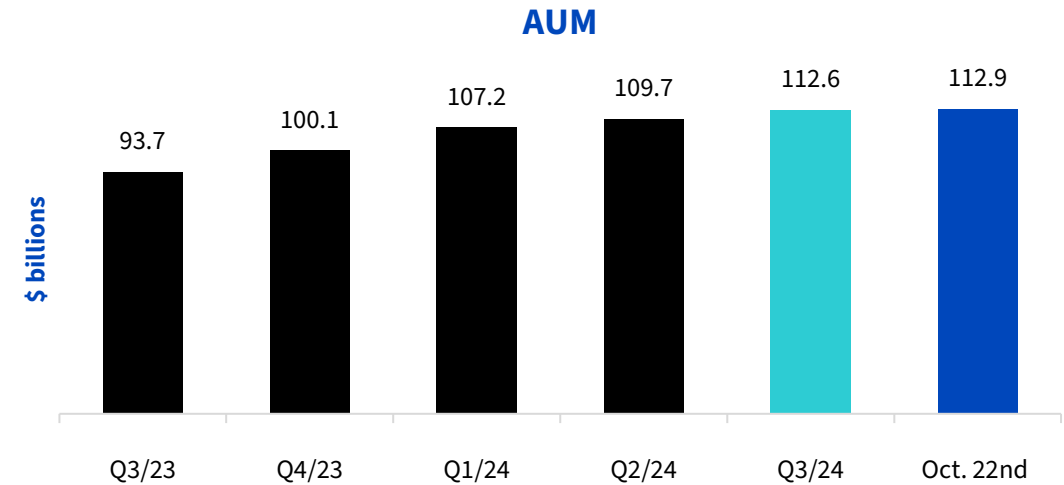


- + Record AUM and strong financial results:
 - + Record AUM of +\$112.6b at Sept. 30th, 2024
 - + Adjusted revenue growth of 21.1% vs. Q3 2023 (+21.2% vs. YTD Sept. 2023)
 - + 820bps of adjusted operating margin expansion vs. YTD Sept. 2023

- + Net outflows of \$2.4b for the quarter driven by international developed equity, fixed income and commodity products

- + 9% earnings accretive capital management actions:
 - + \$345m issuance of convertible notes due 2029 (3.25% coupon; \$11.82 conversion price); and concurrent repurchases of
 - + \$104.2m aggregate principal amount of convertible notes due 2028 (5.75% coupon; \$9.54 conversion price);
 - + Series A Preferred Stock from ETFs Capital which were convertible into 14.75m shares; and
 - + 5.7 million shares of common stock

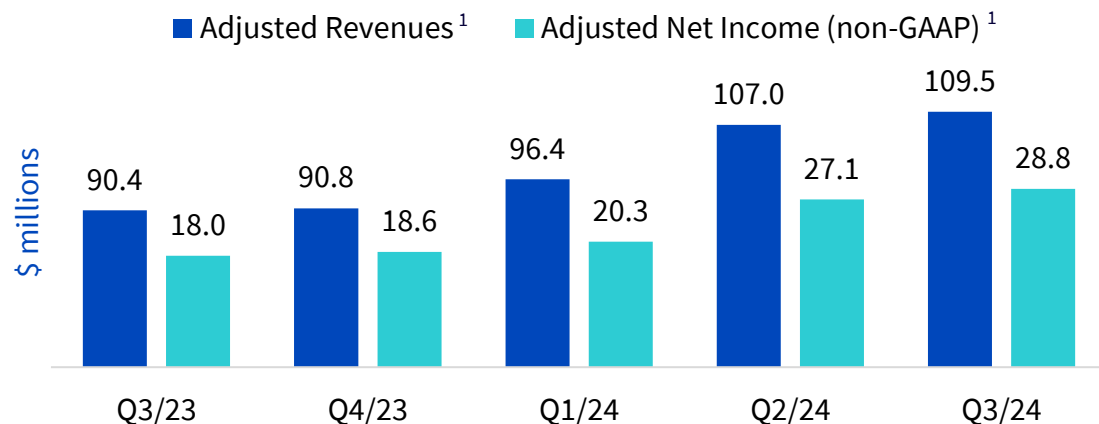
- + Updated statistics (as of Oct. 22nd):
 - + AUM: \$112.9b, essentially unchanged from September 30, 2024 due to positive market movement offset by modest net inflows



Revenues and Earnings Results



Adjusted Revenues, income, operating margin, EPS



Adjusted operating margin (non-GAAP) ¹	26.5%	28.7%	29.7%	35.3%	37.3%
Adjusted EPS (non-GAAP) ¹	\$0.10	\$0.11	\$0.12	\$0.16	\$0.18
Net income/(loss)	\$13.0	\$19.1	\$22.1	\$21.8	(\$4.9)
EPS-Diluted	\$0.07	\$0.16	\$0.13	\$0.13	(\$0.13)

¹ See “Non-GAAP Financial Measurements”

Operating margin expansion (as adjusted)

	9 months ended		Change
	Sept. 30, 2024	Sept. 30, 2023	
Adjusted operating margins			
Adjusted operating revenues	\$312,927	\$258,191	21%
Adjusted operating income	\$107,219	\$67,337	59%
Add back:			
Contractual gold payments	\$0	\$6,069	
Adj. operating income ex. gold	\$107,219	\$73,406	
Adjusted operating margin	34.3%	26.1%	820 bps
Adj. operating margin ex. gold	34.3%	28.4%	590 bps

Highlights/unusual items

- + YTD adjusted revenue growth (+21%) and operating income growth (+59%) vs. YTD Sept. 30, 2023
- + YTD operating margin expansion:
 - + Adjusted operating margin: +820 bps (+590 bps ex. gold payments)
- + Items excluded from Q3 Non-GAAP results:
 - + +\$30m loss on extinguishment of convertible notes
 - + \$4m civil penalty (ESG-related SEC settlement)
 - + \$11.4m loss recognized upon repurchase of Series A Preferred Stock²
 - + \$1.9m of stock repurchase excise taxes and other miscellaneous items²

² Excluded from net income under GAAP, but included in GAAP EPS computation

2024 Guidance Update



Category	YTD Sept. 2024	Updated Guidance	Prior Guidance
Compensation to revenue ratio ⁽¹⁾	29.1%	28%-29%	Unchanged
Discretionary Spending ⁽²⁾	\$45.3m	\$62m-\$65m	\$64m-\$68m
Gross margin (full year) ⁽¹⁾	80.5%	80%-81%	Unchanged
Third-party distribution	\$8.0m	\$10m-\$11m	Unchanged
Interest expense ⁽³⁾	\$11.3m	\$16m (\$5m per qtr.)	\$14m
Interest income	\$4.6m	\$6.0m	\$5m
Adjusted tax rate	24.6%	24%-25%	Unchanged
Diluted shares - weighted	156.7m (Q3)	147m-148m (Q4)	166m-168m

Discretionary spending includes marketing, sales, professional fees, occupancy and equipment, depreciation and amortization, other

- + Discretionary spending guidance reduced
 - Range is largely dependent on magnitude of marketing spend associated with WisdomTree Prime over the remainder of the year
 - Q4 seasonality vs. prior quarter
- + Interest expense guidance increased due to incremental debt raised to facilitate repurchase of all outstanding shares of preferred stock from ETFs Capital (equivalent to 14.75m shares of common stock) and an additional ~5m shares of common stock
- + Interest income guidance increased based upon the magnitude of forecasted interest-earning assets
- + Diluted share forecast (Q4) updated taking into consideration the full quarter impact of the ~20m shares repurchased in August. Guidance is exclusive of incremental shares associated with convertible notes (an illustration is included in the Appendix).

Footnotes

¹ Excludes \$4.1m legal and other related expenses expected to be covered by insurance which are reported gross such that revenues are recorded to offset expenses incurred

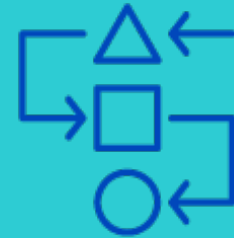
² Excludes any non-recurring expenses in response to an activist campaign

² Excludes imputed interest related to our interest-free financing of preferred stock convertible into 13.1m shares of common stock, repurchased from a subsidiary of the World Gold Council in November 2023

WisdomTree's Growth Algorithm



Ongoing inflow momentum as AUM is levered to attractive investment themes



Add 'stickier' inflows from expanding and deepening managed model relationships

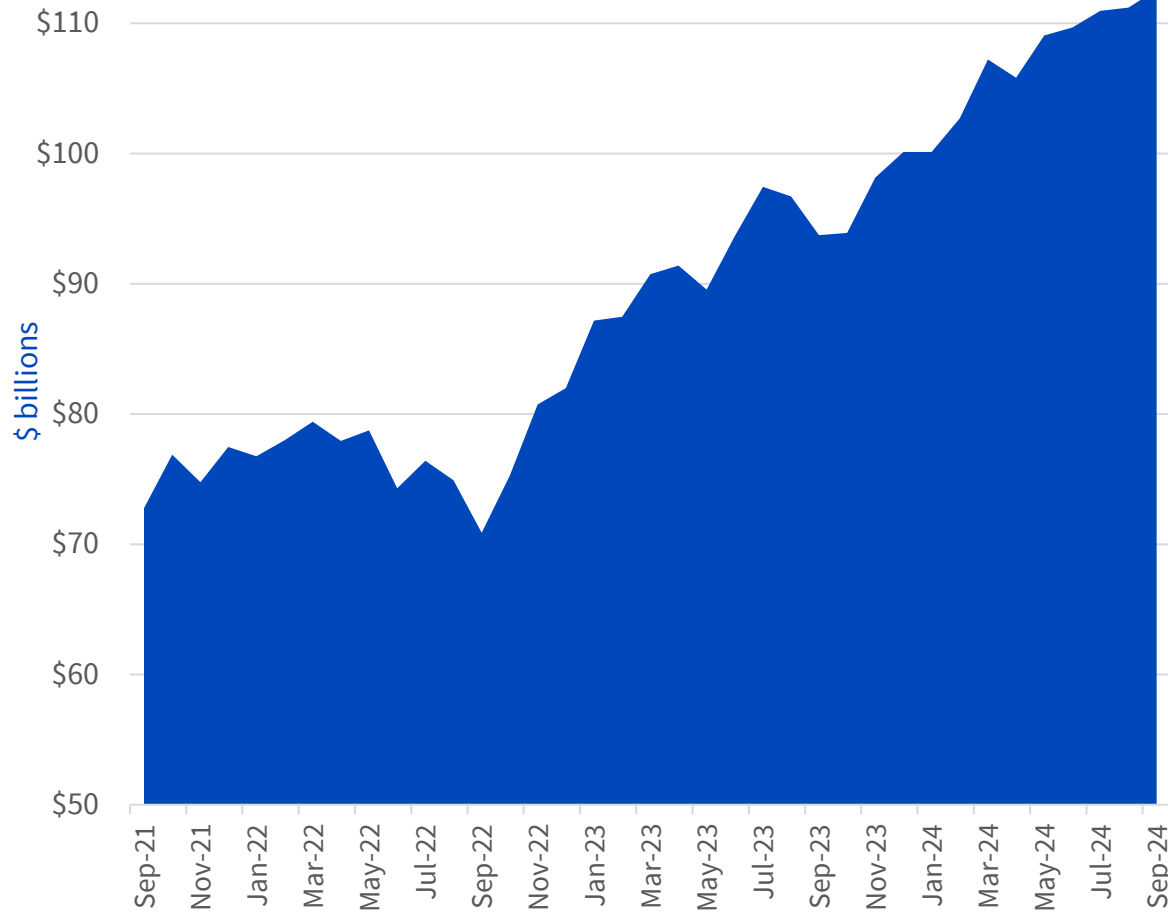


Early mover into tokenization charts a course for accelerated long-term growth

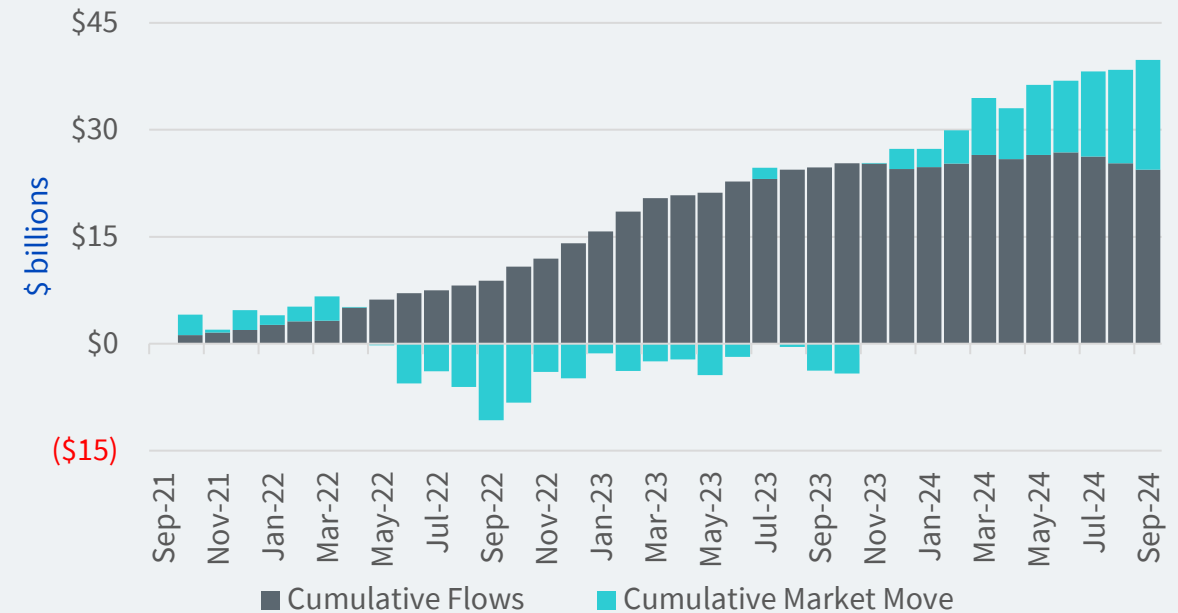


Tap into scale benefits as AUM and revenue growth expands operating margins

AUM grew at a ~16% compound growth rate over the past three years to record highs



- + AUM eclipsed \$113 billion during Q3, a new record high
- + Over the past three years, AUM has grown at a ~16% compound annual growth rate, largely driven by robust net inflows in 15 of the past 17 quarters
- + Expect ongoing organic inflows to drive further AUM growth as our franchise offers a broad and diverse set of products and is leveraged to key secular themes like models, portfolio solutions, and advice



WisdomTree Portfolio Solutions Distribution Strategy



- + WisdomTree's ability to deliver strong model performance and asset growth allows the firm to navigate rigorous selection processes at some of the leading wealth management firms in the U.S.
- + Portfolio Solutions models distribution strategy is twofold...
 - + Grow the number of advisors using WisdomTree model portfolios and continue at our large distribution partners
 - + Leverage our customized model approach to pursue the registered investment advisor (RIA) and independent broker-dealer (IBD) partners where WisdomTree can manage a majority of each firm's assets
- + ...with a simple and attractive organic growth strategy as we are focused on:
 - + Growing the number of advisors using our model products
 - + Growing the number of accounts per advisor
 - + Growing the assets per account

WisdomTree has a barbell approach to portfolio solutions distribution

Large distribution networks

- + Gain shelf space at the largest distributors
- + Build a large group of recurring model users
- + Dedicated resources to drive results

Morgan Stanley



LPL Financial

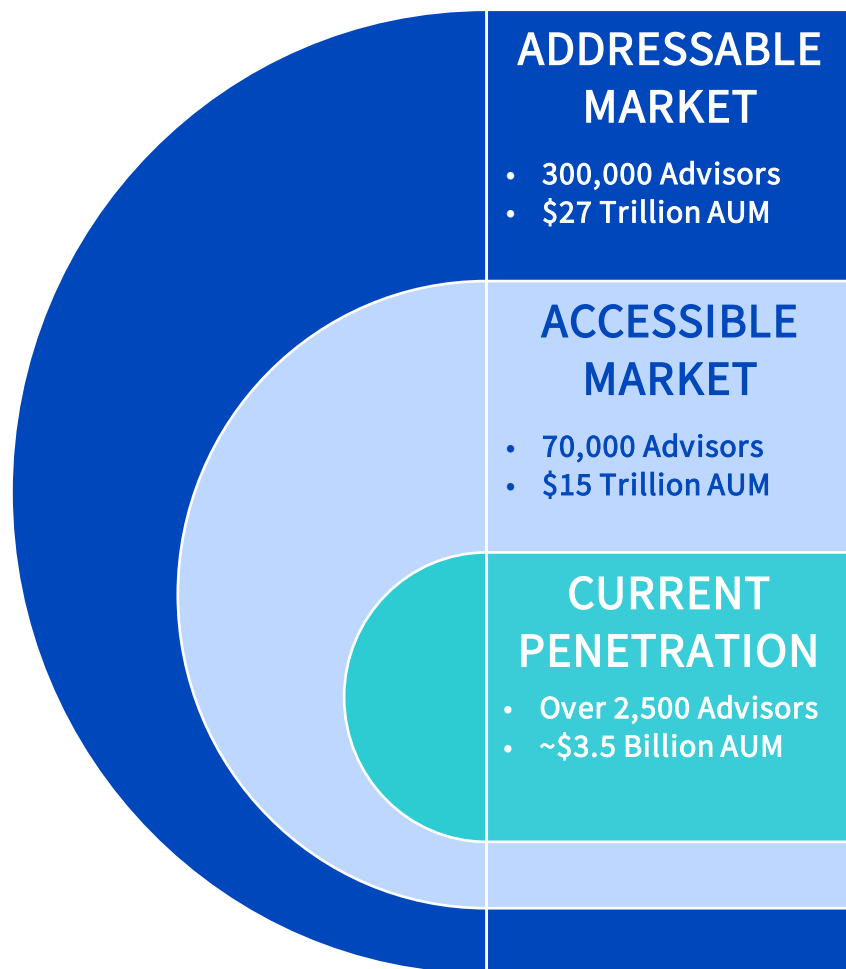


Custom Models – RIAs/IBDs

- + Build custom models with advisor
- + Offer ancillary services like trading and rebalancing
- + Manage a majority of an advisor's business



Managed Models Opportunity



Expanding the Accessible Models Market

- + Expect accessible market to expand by over 5,000 advisors in the next few weeks as we partner with another large wealth management platform
- + Expect further expansion of accessible market to ~85,000 advisors representing nearly \$18T of AUM by year-end 2024
- + Added 1,000 new advisors using at least one WisdomTree Managed Model in 2023 and remain on similar cadence in 2024 to date

Portfolio Consultation Service

- + Assist advisors who build their own client portfolios and are looking for help in improving risk adjusted returns
- + Models team analyzes each portfolio and recommends enhancements
 - + Service applies an open architecture approach to recommend both WisdomTree and competitor products, where appropriate
 - + Typically leads to an allocation into multiple WisdomTree products, post-consultation
- + Currently onboarding service provider to help scale the business and drive faster turnaround times on consultations
- + Flows and AUM from portfolio consultations are more recurring and dependable than single ticker sales and the value-added service strengthens our ongoing relationship with the advisor

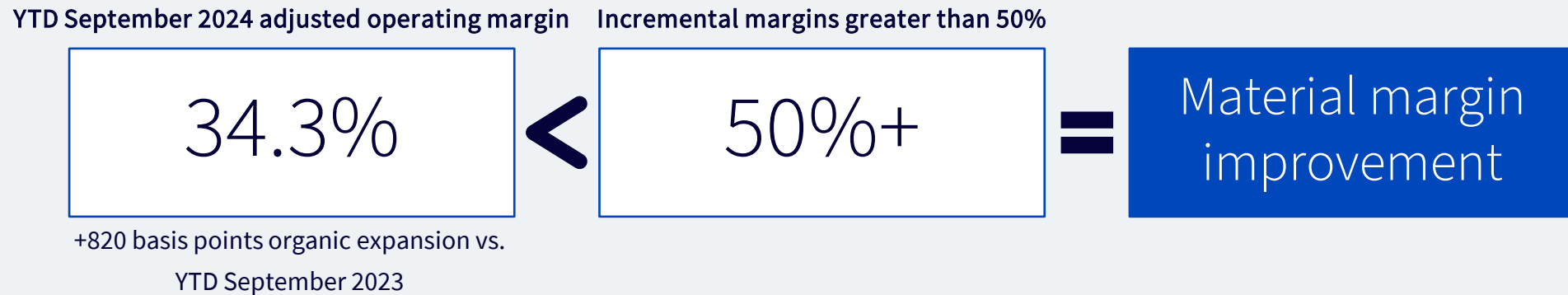
Through the Cycle, Organic Growth Accelerates Scale and Expands Operating Margins



Illustrative annual AUM and revenue growth algorithm over the long run



Illustrative margin outlook from scaling AUM and revenues



The WisdomTree Digital Assets Platform



Direct to Retail

Direct to Business

WisdomTree Prime



- + Target Audience: US Retail Investors
- + Delivery: Mobile App
- + Wallet Custody: WisdomTree owned wallets (custodial to customer)
- + Initial Offerings:
 - + Digital Funds (Equity, Fixed Income, Models, Money Market Fund)
 - + Gold
 - + Bitcoin / Ether
 - + Debit Card

WisdomTree Connect



- + Target Audience: B2B & B2B2C, Institutions
 - + Future Global offering
- + Delivery: Web Portal, APIs
- + Wallet Custody: Non-Custodial (customer owns wallet) or third-party custodial wallet (e.g. Coinbase, Anchorage)
- + Meet institutions where they are: tokens can be held in any Ethereum wallet
- + Initial Offerings:
 - + Money Market Fund

Both Applications Built on WisdomTree's Proprietary Tokenization Platform

+ Current Capabilities:



- + Token Mint / Burn
- + Token Controls
- + Identity Credentials (tagging customer's wallets)
- + Stablecoin conversion service

+ Potential Future Capabilities:

- + Retail non-custodial product integrations and offerings
- + Transfer Agency Services to 3rd Parties
- + On Chain Dealing Tool and DeFi
- + Identity Services

WisdomTree Digital Assets Current Product Pillars



Access & Services		Exposures		
<p>Retail Financial App:</p> 	<p>B2B(2C) Platform & Services:</p> 	<p>Asset Tokens i.e. WisdomTree Gold Token</p>	<p>Digital Funds i.e. WT Digital Money Market Fund (WTGXX)</p>	<p>Crypto Mainstream Adoption Tokens, ETPs and Indexes</p>
<p>Create an ecosystem with WisdomTree Prime that allows one to save, spend & invest in one experience</p> <ul style="list-style-type: none"> + Focus on usability and intuitiveness with a streamlined User experience + Offer a curated product line-up + Continue to expand on functionality over time 	<p>Platform for asset tokens and digital fund offerings and related services to businesses and other Users</p> <ul style="list-style-type: none"> + Distribution platform for WisdomTree asset tokens and digital funds + Includes Transfer Agency and Token Issuance and Management services for third party fund managers 	<p>Launch real asset tokens, including “safe haven” assets such as a U.S. dollar stablecoin and gold token</p> <ul style="list-style-type: none"> + Issued by WisdomTree’s chartered trust company in New York + Distribution capabilities both within and outside of WisdomTree Prime + Available for Institutional, U.S. retail investors 	<p>Be an early leader with a suite of blockchain-enabled funds</p> <ul style="list-style-type: none"> + Offerings include full fixed income suite, equities, Siegel indexes + Regulatory compliance and transparency are key – digital funds are effective with the SEC under the Investment Company Act of 1940 	<p>Provide access to Crypto alongside mainstream assets</p> <ul style="list-style-type: none"> + Launched taxonomy, indexes, European ETPs, and U.S. Bitcoin ETF + Provide access to BTC, ETH through WisdomTree Prime for U.S. retail investors + Offer institutional research, thought leadership, risk management, and custody

WisdomTree is a Multifaceted Growth Story





Q&A

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Appendix

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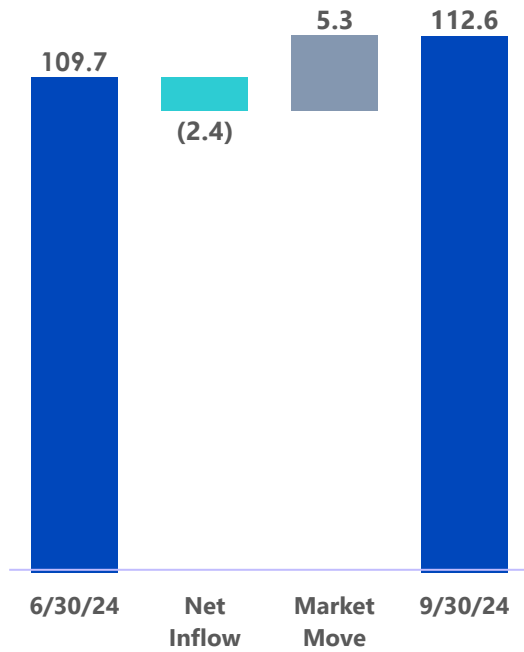
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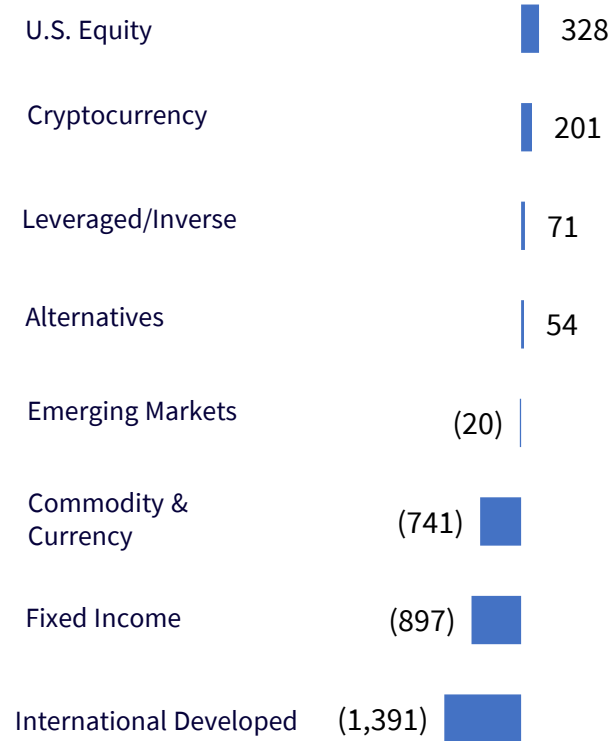
AUM and Net Flows



Quarterly ETP AUM Change



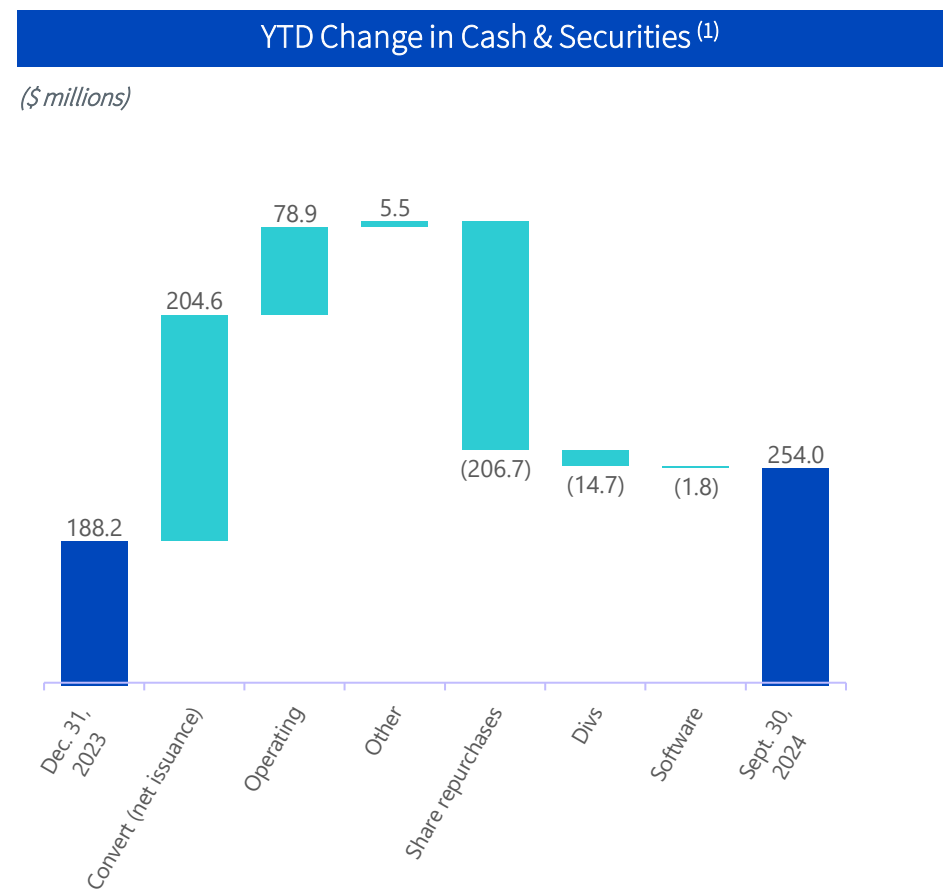
Q3/24 Net Flows by Category



Balance Sheet



Balance Sheet		
	Sept. 30, 2024	Dec. 31, 2023
Assets		
Cash and financial instruments ⁽¹⁾	\$254.0	\$188.2
Investments	8.8	9.7
Accounts receivable	45.2	35.5
Deferred tax asset, net	8.6	11.1
Fixed assets, net	0.4	0.4
Goodwill and intangibles	692.6	691.9
Other assets	9.8	7.3
Total assets	\$1,019.4	\$944.1
Liabilities		
Fund management and administration	\$30.2	\$30.1
Compensation and benefits	30.1	38.1
Accounts payable and other liabilities	24.6	15.8
Income taxes payable	5.8	3.8
Payable to GBH	41.2	39.1
Convertible notes	511.4	274.9
Lease liabilities	1.2	0.6
Total liabilities	644.5	402.4
Preferred stock	0.0	132.6
Stockholders' equity	374.9	409.1
Total liabilities and stockholders' equity	\$1,019.4	\$944.1



(1) Includes financial instruments owned and securities held to maturity

Convertible Notes – *Illustrative* Impact on Quarterly Diluted Shares



Incremental shares issuable when conversion spread is positive are included in diluted EPS computation.

Illustrative computation shown below assuming a \$12.00 average stock price:

	Issued 2021 \$150M Notes (2026 Maturity)	Issued 2023 \$26M Notes (2028 Maturity)	Issued 2024 \$345M Notes (2029 Maturity)
<u>Conversion Spread</u>			
WT Avg Price in Qtr	\$12.00	\$12.00	\$12.00
– <u>Conversion Price</u>	<u>\$11.04</u>	<u>\$9.54</u>	<u>\$11.82</u>
Conversion spread:	\$0.96	\$2.46	\$0.18
<u>Potential Shares</u>			
Conversion spread:	\$0.96	\$2.46	\$0.18
× <u>Underlying shares (1):</u>	<u>13,586,957</u>	<u>2,709</u>	<u>10,998,308</u>
Subtotal - Dilutive \$:	13,043,478	6,664	1,979,695
÷ <u>WT Avg Price in Qtr</u>	<u>\$12.00</u>	<u>\$12.00</u>	<u>\$12.00</u>
Dilutive Share Impact - Current Qtr	<u>1,086,957</u>	<u>555</u>	<u>164,975</u>

(1) Represents principal divided by conversion price

Consolidated Financial Results



	2023				2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenues							
Advisory fees	\$ 77,637	\$ 82,004	\$ 86,598	\$ 86,988	\$ 92,501	\$ 98,938	\$ 101,659
Other revenues	4,407	3,720	3,825	3,856	4,337	8,096	11,509
Total revenues	82,044	85,724	90,423	90,844	96,838	107,034	113,168
Expenses							
Compensation and benefits	27,398	26,319	27,955	27,860	31,054	30,790	29,405
Fund management and administration	17,153	17,727	18,023	18,445	19,962	20,139	21,004
Marketing and advertising	4,007	4,465	3,833	4,951	4,408	5,110	4,897
Sales and business development	2,994	3,326	3,383	3,881	3,611	3,640	3,465
Contractual gold payments	4,486	1,583	--	--	--	--	--
Professional and consulting fees	3,715	8,334	3,719	3,201	3,630	6,594	6,315
Occ., communications and equipment	1,101	1,172	1,203	1,208	1,210	1,314	1,397
Depreciation and amortization	109	121	307	335	383	418	447
Third-party distribution fees	2,253	1,881	2,694	2,549	2,307	2,687	2,983
Other	2,257	2,615	2,601	2,379	2,323	2,831	2,463
Total expenses	65,473	67,543	63,718	64,809	68,888	73,523	72,376
Operating Income	16,571	18,181	26,705	26,035	27,950	33,511	40,792
Interest Expense	(4,002)	(4,021)	(3,461)	(3,758)	(4,128)	(4,140)	(5,027)
Gain on deferred consideration	20,592	41,361	--	--	--	--	--
Interest Income	1,083	1,000	791	1,225	1,398	1,438	1,795
Impairments	(4,900)	--	(2,703)	(339)	--	--	--
Loss on extinguishment of convertible notes	(9,721)	--	--	--	--	--	(30,632)
Other (losses)/gains	(2,007)	1,286	(2,512)	1,602	2,592	(1,283)	(3,062)
Income before taxes	17,616	57,807	18,820	24,765	27,812	29,526	3,866
Income tax expense	1,383	3,555	5,836	5,688	5,701	7,767	8,351
Net Income	\$ 16,233	\$ 54,252	\$ 12,984	\$ 19,077	\$ 22,111	\$ 21,759	\$ (4,485)
As adjusted (non-GAAP)							
Total revenues	\$ 82,044	\$ 85,724	\$ 90,423	\$ 90,844	\$ 96,385	\$ 107,034	\$ 109,507
Total operating expenses	\$ 64,506	\$ 62,630	\$ 63,718	\$ 64,809	\$ 67,740	\$ 69,252	\$ 68,715
Operating income	\$ 17,538	\$ 23,094	\$ 26,705	\$ 26,035	\$ 27,950	\$ 37,782	\$ 40,792
Income before income taxes	\$ 14,485	\$ 19,752	\$ 23,902	\$ 23,908	\$ 26,987	\$ 36,083	\$ 37,187
Income tax expense	\$ 3,287	\$ 4,833	\$ 5,854	\$ 5,342	\$ 6,731	\$ 9,008	\$ 9,049
Net income	\$ 11,198	\$ 14,919	\$ 18,048	\$ 18,566	\$ 20,254	\$ 27,075	\$ 28,768
Earnings per share - diluted	\$ 0.07	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.16	\$ 0.18
Weighted average common shares - diluted	159,887	170,672	177,140	171,703	165,268	166,359	156,745

Non-GAAP Financial Measurements



In an effort to provide additional information regarding our results as determined by GAAP, we also disclose certain non-GAAP information which we believe provides useful and meaningful information. Our management reviews these non-GAAP financial measurements when evaluating our financial performance and results of operations; therefore, we believe it is useful to provide information with respect to these non-GAAP measurements so as to share this perspective of management. Non-GAAP measurements do not have any standardized meaning, do not replace nor are superior to GAAP financial measurements and are unlikely to be comparable to similar measures presented by other companies. These non-GAAP financial measurements should be considered in the context with our GAAP results. The non-GAAP financial measurements contained in this release include:

- **Adjusted revenues, operating income, operating expenses, income before income taxes, income tax expense, net income and diluted earnings per share.** We disclose adjusted revenues, operating income, operating expenses, income before income taxes, income tax expense, net income and diluted earnings per share as non-GAAP financial measurements in order to report our results exclusive of items that are non-recurring or not core to our operating business. We believe presenting these non-GAAP financial measurements provides investors with a consistent way to analyze our performance. These non-GAAP financial measurements exclude the following:
 - **Legal and other related expenses covered by insurance:** We have incurred \$4.1 million of legal and other related expenses in connection with the SEC ESG Settlement that are covered by insurance. GAAP requires that such covered expenses be reported gross in the income statement such that revenues are recorded to offset expenses incurred. We offset the revenues and related expenses when calculating our non-GAAP financial measurements as the gross presentation serves to overstate our revenues and expenses recognized in the ordinary course of business.
 - **Gains or losses on financial instruments owned:** We account for our financial instruments owned as trading securities which requires these instruments to be measured at fair value with gains and losses reported in net income. We exclude these items when calculating our non-GAAP financial measurements as the gains and losses introduce volatility in earnings and are not core to our operating business.
 - **Tax windfalls and shortfalls upon vesting of stock-based compensation awards:** GAAP requires the recognition of tax windfalls and shortfalls within income tax expense. These items arise upon the vesting of stock-based compensation awards and the magnitude is directly correlated to the number of awards vesting/exercised as well as the difference between the price of our stock on the date the award was granted and the date the award vested or was exercised. We exclude these items when calculating our non-GAAP financial measurements as they introduce volatility in earnings and are not core to our operating business.
 - **Imputed interest on our payable to the Gold Bullion Holdings (Jersey) Limited (“GBH”):** During the fourth quarter of 2023, we repurchased our Series C Non-Voting Convertible Preferred Stock which was convertible into approximately 13.1 million shares of WisdomTree common stock, from GBH, a subsidiary of the World Gold Council, for aggregate cash consideration of approximately \$84.4 million. Under the terms of the transaction, we paid GBH \$40.0 million on the closing date, with the remainder of the purchase price payable in equal annual installments on the first, second and third anniversaries of the closing date, with no requirement to pay interest. Under US GAAP, the obligation is recorded at its present value utilizing a market rate of interest on the closing date of 7.0% and the corresponding discount is amortized as interest expense pursuant to the effective interest method of accounting over the life of the obligation. We exclude this item when calculating our non-GAAP financial measurements as recognition of interest expense is non-cash and contrary to the stated terms of our obligation.
 - **Other items:** Loss on extinguishment of convertible notes, a civil money penalty in connection with SEC ESG Settlement, gains and losses recognized on our investments, changes in deferred tax asset valuation allowance, expenses incurred in response to an activist campaign and impairments, are excluded when calculating our non-GAAP financial measurements.
- **Adjusted effective income tax rate.** We disclose our adjusted effective income tax rate as a non-GAAP financial measurement in order to report our effective income tax rate exclusive of items that are non-recurring or not core to our operating business. We believe reporting our adjusted effective income tax rate provides investors with a consistent way to analyze our income taxes. Our adjusted effective income tax rate is calculated by dividing adjusted income tax expense by adjusted income before income taxes. See above for information regarding the items that are excluded.
- **Gross margin and gross margin percentage.** We disclose our gross margin and gross margin percentage as non-GAAP financial measurements because we believe they provide investors with a consistent way to analyze the amount we retain after paying third-party service providers to operate our ETPs. These measures also assist us in analyzing the profitability of our products. We define gross margin as total adjusted operating revenues less fund management and administration expenses. Gross margin percentage is calculated as gross margin divided by total adjusted operating revenues.

Non-GAAP Reconciliation to GAAP Results



(\$ in thousands) Unaudited	Three Months Ended				
	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023
Adjusted net income and diluted earnings per share:					
Net (loss)/income, as reported	\$ (4,485)	\$ 21,759	\$ 22,111	\$ 19,077	\$ 12,984
Add back: Loss on extinguishment of convertible notes, net of income taxes	30,128	--	--	--	--
Add back: Civil money penalty in connection with SEC ESG Settlement	4,000	--	--	--	--
(Deduct)/add back: (Gains)/losses on financial instruments owned, net of income taxes	(607)	220	(1,562)	(370)	1,479
Add back: Imputed interest on payable to GBH, net of income taxes	528	513	504	224	--
(Deduct)/add back: (Gains)/losses recognized on our investments, net of income taxes	(436)	998	(93)	(336)	323
(Deduct)/add back: (Decrease)/increase in deferred tax asset valuation allowance on financial instruments owned	(335)	391	(531)	(280)	1,234
(Deduct)/add back: Tax (windfalls)/shortfalls upon vesting of stock-based compensation awards	(25)	(40)	(699)	(6)	(18)
Add back: Expenses incurred in response to the activist campaign, net of income taxes	--	3,234	526	--	--
Add back: Impairments, net of income taxes	--	--	--	257	2,046
Adjusted net income	\$ 28,768	\$ 27,075	\$ 20,256	\$ 18,566	\$ 18,048
Weighted average common share - diluted	156,745	166,359	165,268	171,703	177,140
Adjusted earnings per share - diluted	\$0.18	\$0.16	\$0.12	\$0.11	\$0.10

(\$ in thousands) Unaudited	Three Months Ended				
	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023
Gross Margin and Gross Margin Percentage					
Operating Revenues	\$ 113,168	\$ 107,034	\$ 96,838	\$ 90,844	\$ 90,423
Deduct: Legal and other related expenses covered by insurance	(3,661)	--	(453)	--	--
Operating revenues, as adjusted	\$ 109,507	\$ 107,034	\$ 96,385	\$ 90,844	\$ 90,423
Deduct: Fund management and administration	(21,004)	(20,139)	(19,962)	(18,445)	(18,023)
Gross margin	\$ 88,503	\$ 86,895	\$ 76,423	\$ 72,399	\$ 72,400
Gross margin percentage	80.8%	81.2%	79.3%	79.7%	80.1%

(\$ in thousands) Unaudited	Three Months Ended				
	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023
Adjusted Operating Income and Operating Income Margin					
Operating Revenues	\$ 113,168	\$ 107,034	\$ 96,838	\$ 90,844	\$ 90,423
Deduct: Legal and other related expenses covered by insurance	(3,661)	--	(453)	--	--
Operating revenues, as adjusted	\$ 109,507	\$ 107,034	\$ 96,385	\$ 90,844	\$ 90,423
Operating income	\$ 40,792	\$ 33,511	\$ 27,950	\$ 26,035	\$ 26,705
Add back: Expenses incurred in response to the activist campaign	--	4,271	695	--	--
Adjusted operating income	\$ 40,792	\$ 37,782	\$ 28,645	\$ 26,035	\$ 26,705
Adjusted operating income margin	37.3%	35.3%	29.7%	28.7%	29.5%

(\$ in thousands) Unaudited	Three Months Ended				
	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023
Adjusted Total Operating Expenses					
Total operating expenses	\$ 72,376	\$ 73,523	\$ 68,888	\$ 64,809	\$ 63,718
Deduct: Legal and other related expenses covered by insurance	(3,661)	--	(453)	--	--
Deduct: Expenses incurred in response to the activist campaign	--	(4,271)	(695)	--	--
Adjusted operating expenses	\$ 68,715	\$ 69,252	\$ 67,740	\$ 64,809	\$ 63,718

(\$ in thousands) Unaudited	Three Months Ended				
	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023
Adjusted Effective Income Tax Rate					
Income before income taxes	\$ 3,866	\$ 29,526	\$ 27,812	\$ 24,765	\$ 18,820
Add back: Loss on extinguishment of convertible notes	30,632	--	--	--	--
Add back: Civil money penalty in connection with SEC ESG Settlement	4,000	--	--	--	--
(Deduct)/add back: (Gains)/losses on financial instruments owned	(802)	291	(2,063)	(489)	1,953
Add back: Imputed interest on payable to GBH	697	677	666	296	--
(Deduct)/add back: (Gains)/losses recognized on investments	(576)	1,318	(123)	(1,003)	426
Add back: Expenses incurred in response to the activist campaign	--	4,271	695	--	--
Add back: Impairments	--	--	--	339	2,703
Adjusted income before income taxes	\$ 37,817	\$ 36,083	\$ 26,987	\$ 23,908	\$ 23,902
Income tax expense	\$ 8,351	\$ 7,767	\$ 5,701	\$ 5,688	\$ 5,836
Add back: Tax benefit arising from extinguishment of convertible notes	504	--	--	--	--
Add back/(deduct): Decrease/(increase) in deferred tax asset valuation allowance on financial instruments owned	335	(391)	531	280	(1,234)
(Deduct)/add back: Tax (expense)/benefit arising from losses/(gains) on financial instruments owned	(195)	71	(501)	(119)	474
Add back: Tax benefit on imputed interest	169	164	162	72	--
(Deduct)/Add back: Tax benefit/(expense) on gains and losses on investments	(140)	320	(30)	(667)	103
Add back/(deduct): Tax windfalls/(shortfalls) upon vesting of stock-based compensation awards	25	40	699	6	18
Add back: Tax benefit arising from expenses incurred in response to the activist campaign	--	1,037	169	--	--
Add back: Tax benefit arising from impairments	--	--	--	82	657
Adjusted income tax expense	\$ 9,049	\$ 9,008	\$ 6,731	\$ 5,342	\$ 5,854
Adjusted effective income tax rate	23.9%	25.0%	24.9%	22.3%	24.5%

Reconciliation of US GAAP to Non-GAAP results – Q3 2024



	QTD Sept US GAAP	Legal Fees Covered by Insurance	Loss on Extinguishment	SEC Penalty	Gain on Securities	Imputed Interest	Gain on Inv.	DTA Val. Allowance	Tax Windfalls	Non-GAAP
Revenues										
Advisory fees	\$ 101,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,659
Other income	11,509	(3,661)	-	-	-	-	-	-	-	7,848
Total revenues	<u>113,168</u>	<u>(3,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,507</u>
Expenses										
Compensation and benefits	29,405	-	-	-	-	-	-	-	-	29,405
Fund management and admin	21,004	-	-	-	-	-	-	-	-	21,004
Marketing and advertising	4,897	-	-	-	-	-	-	-	-	4,897
Sales and business development	3,465	-	-	-	-	-	-	-	-	3,465
Contractual gold payments	--	-	-	-	-	-	-	-	-	--
Professional and consulting fees	6,315	(3,661)	-	-	-	-	-	-	-	2,654
Occ., commun. and equip.	1,397	-	-	-	-	-	-	-	-	1,397
Depreciation and amort.	447	-	-	-	-	-	-	-	-	447
Third-party distribution fees	2,983	-	-	-	-	-	-	-	-	2,983
Other	2,463	-	-	-	-	-	-	-	-	2,463
Total expenses	<u>72,376</u>	<u>(3,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,715</u>
Operating Income	40,792	-	-	-	-	-	-	-	-	40,792
Interest Expense	(5,027)	-	-	-	-	697	-	-	-	(4,330)
Interest Income	1,795	-	-	-	-	-	-	-	-	1,795
Loss on extinguishment - convertible notes	(30,632)	-	30,632	-	-	-	-	-	-	--
Other gains/(losses)	(3,062)	-	-	4,000	(802)	-	(576)	-	-	(440)
Income before taxes	<u>3,866</u>	<u>-</u>	<u>30,632</u>	<u>4,000</u>	<u>(802)</u>	<u>697</u>	<u>(576)</u>	<u>-</u>	<u>-</u>	<u>37,817</u>
Income tax expense	8,351	-	504	-	(195)	169	(140)	335	25	9,049
Net income	<u>\$ (4,485)</u>	<u>\$ -</u>	<u>\$ 30,128</u>	<u>\$ 4,000</u>	<u>\$ (607)</u>	<u>\$ 528</u>	<u>\$ (436)</u>	<u>\$ (335)</u>	<u>\$ (25)</u>	<u>\$ 28,768</u>

Diluted Shares: 156,745

EPS: \$ 0.18

Reconciliation of US GAAP to Non-GAAP results – YTD Sept. 2024



	YTD Sept. US GAAP	Legal Fees Covered by Insurance	Loss on Extinguishment	SEC Penalty	Activist Campaign Exp.	Imputed Interest	Gain on Securities	Loss on Inv.	DTA Val. Allowance	Tax Windfalls	Non-GAAP
Revenues											
Advisory fees	\$ 293,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,098
Other income	23,942	(4,113)	-	-	-	-	-	-	-	-	19,829
Total revenues	<u>317,040</u>	<u>(4,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312,927</u>
Expenses											
Compensation and benefits	91,249	-	-	-	-	-	-	-	-	-	91,249
Fund management and admin	61,105	-	-	-	-	-	-	-	-	-	61,105
Marketing and advertising	14,415	-	-	-	-	-	-	-	-	-	14,415
Sales and business development	10,716	-	-	-	-	-	-	-	-	-	10,716
Contractual gold payments	--	-	-	-	-	-	-	-	-	-	--
Professional and consulting fees	16,539	(4,113)	-	-	(4,857)	-	-	-	-	-	7,569
Occ., commun. and equip.	3,921	-	-	-	-	-	-	-	-	-	3,921
Depreciation and amort.	1,248	-	-	-	-	-	-	-	-	-	1,248
Third-party distribution fees	7,977	-	-	-	-	-	-	-	-	-	7,977
Other	7,617	-	-	-	(110)	-	-	-	-	-	7,507
Total expenses	<u>214,787</u>	<u>(4,113)</u>	<u>-</u>	<u>-</u>	<u>(4,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,707</u>
Operating Income	102,253	-	-	-	4,967	-	-	-	-	-	107,220
Interest Expense	(13,295)	-	-	-	-	2,041	-	-	-	-	(11,254)
Interest Income	4,631	-	-	-	-	-	-	-	-	-	4,631
Loss on extinguishment - convertible notes	(30,632)	-	30,632	-	-	-	-	-	-	-	--
Other gains/(losses)	(1,753)	-	-	4,000	-	-	(2,575)	619	-	-	291
Income before taxes	61,204	-	30,632	4,000	4,967	2,041	(2,575)	619	-	-	100,888
Income tax expense	21,819	-	504	-	1,206	495	(626)	150	477	764	24,789
Net income	<u>\$ 39,385</u>	<u>\$ -</u>	<u>\$ 30,128</u>	<u>\$ 4,000</u>	<u>\$ 3,761</u>	<u>\$ 1,546</u>	<u>\$ (1,949)</u>	<u>\$ 469</u>	<u>\$ (477)</u>	<u>\$ (764)</u>	<u>\$ 76,099</u>

Diluted Shares: 162,691

EPS: \$ 0.47



Thank you.

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