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# Q2 2024 Results

July 26, 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 which 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 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:

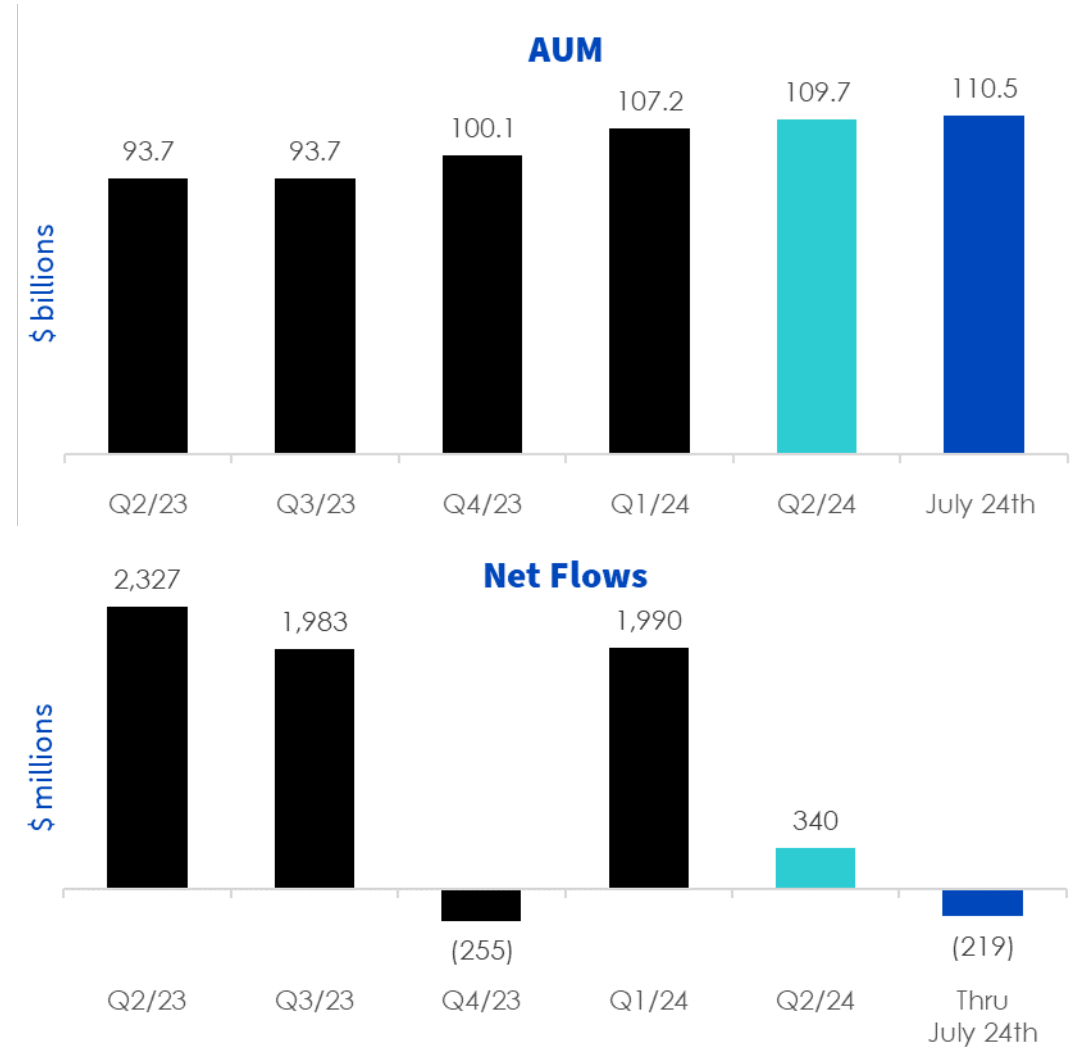
- declining prices of securities, gold and other precious metals and other commodities and changes in interest rates and general market conditions can adversely affect our business by reducing the market value of the assets we manage or causing WisdomTree ETP investors to sell their fund shares and trigger 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;
- 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;
- 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 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 our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.

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.

# Q2 Highlights

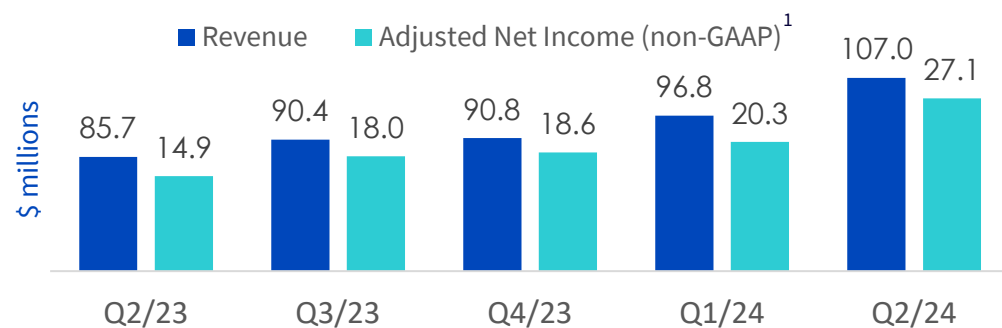
- + Business momentum continues:
  - + Record AUM of +\$109.7b at June 30<sup>th</sup>, 2024
  - + Revenue growth of 25% vs. Q2 2023 (+21.5% vs. YTD June 2023)
  - + 840bps of adjusted operating margin expansion vs. YTD June 2023
  - + Blended fee rate of 37bps; 1bps increase vs. Q1 2024
  
- + Net inflows of \$0.3b for the quarter driven by international developed equity, fixed income and U.S. equity products, partly offset by outflows from commodity products
  - + U.S. listed ETFs and offshore UCITS ETF suite: \$1.9b of net inflows in Q2; \$4.2b YTD (11% annualized pace of year-to-date organic growth)
  
- + Updated statistics (as of July 24<sup>th</sup>):
  - + AUM: \$110.5b, up ~1% from June 30, 2024 due to positive market movement offset by modest net outflows



# Revenues and Earnings Results



## Revenues, income, operating margin, EPS



Adjusted operating margin (non-GAAP) <sup>1</sup>	26.9%	29.5%	28.7%	29.6%	35.3%
Adjusted EPS (non-GAAP) <sup>1</sup>	\$0.09	\$0.10	\$0.11	\$0.12	\$0.16
Net income	\$54.3	\$13.0	\$19.1	\$22.1	\$21.8
EPS	\$0.32	\$0.07	\$0.16	\$0.13	\$0.13

## Operating margin expansion (as adjusted)

Adjusted operating margins	6 months ended		Change
	June 30, 2024	June 30, 2023	
Operating revenues	\$203,872	\$167,768	22%
Adjusted operating income	\$66,427	\$40,632	63%
Add back:			
Contractual gold payments	\$0	\$6,069	
Adj. operating income ex. gold	\$66,427	\$46,701	
Adjusted operating margin	32.6%	24.2%	840 bps
Adj. operating margin ex. Gold	32.6%	27.8%	480 bps

## Highlights/unusual items

- + YTD revenue growth (+22%) and operating income growth (+63%) vs. YTD June 30, 2023
- + Other revenue of \$8.1m; +87% vs. Q1 2024
  - + **Guidance update:** ~\$8m other income quarterly run-rate going forward
- + YTD Operating margin expansion:
  - + Adjusted operating margin: +840 bps
  - + Ex. Contractual gold payments: +480 bps
- + \$5.3m of other non-operating losses excluded from Q2 Non-GAAP results

<sup>1</sup> See "Non-GAAP Financial Measurements"

# 2024 Guidance



Category	YTD June 2024	Updated Guidance	Prior Guidance
Other revenues	\$12.4m	\$8m (per quarter)	n/a
Compensation to revenue ratio	30.3%	28%-29%	\$108m-\$118m
Discretionary Spending <sup>(1)</sup>	\$30.5m	\$64m-\$68m	Unchanged
Gross margin (full year)	80.3%	80%-81%	79%-80%
Third-party distribution	\$5.0m	\$10m-\$11m	Unchanged
Interest expense <sup>(2)</sup>	\$6.9m	\$14m	Unchanged
Interest income	\$2.8m	\$5.0m	Unchanged
Adjusted tax rate	25.0%	24%-25%	Unchanged
Diluted shares - weighted	165.9m	166m-168m	Unchanged

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

<sup>1</sup> Excludes any non-recurring expenses in response to an activist campaign

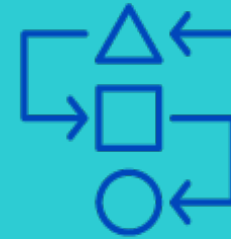
<sup>2</sup> Excludes imputed interest related to our interest-free financing of preferred stock convertible into 13.1m shares of common stock, repurchased from a subsidiary of the World Gold Council in November 2023

- + Other revenue run-rate increase to \$8m per quarter due to updates in asset-based revenue arrangements on certain European-listed products
- + Compensation guidance now expressed as a compensation/revenue ratio going forward and contemplates variability in incentive compensation:
  - Guidance aligned with the Street and lower than the 31.4% ratio realized in 2023
- + Discretionary spending guidance unchanged
  - Range is dependent on magnitude of marketing spend associated with WisdomTree Prime over the remainder of the year
  - Remaining spend skewed more toward the fourth quarter due to seasonality
- + Gross margin guidance of 80% to 81%, a 1 ppt improvement considering current AUM levels and higher forecasted other revenue. If AUM increases from continued organic flow growth and/or favorable market conditions, further margin expansion would be anticipated
- + Third-party distribution costs dependent upon AUM growth on platforms
- + Diluted share forecast exclusive of incremental shares associated with convertible notes, which will be applicable when WT average stock price exceeds \$9.54 per share (an illustration is included in the Appendix).

# 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



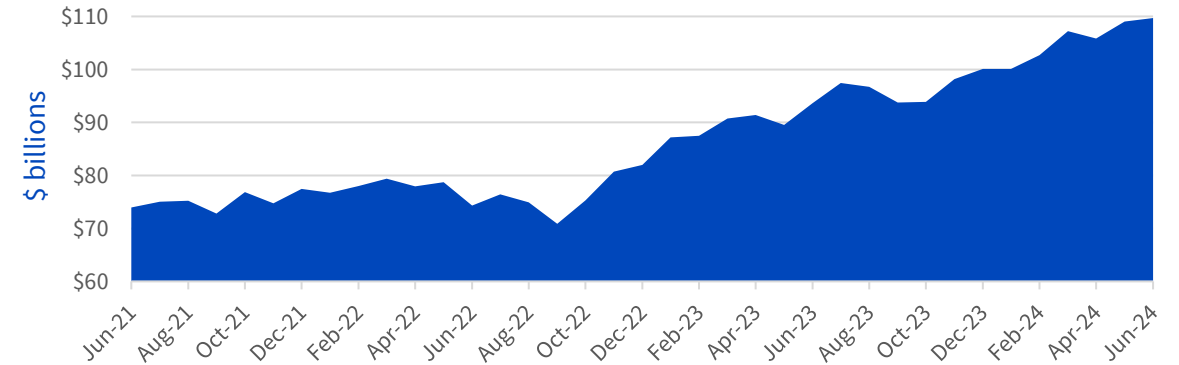
Tap into scale benefits as AUM and revenue growth expands operating margins

# Strong Organic Growth Profile

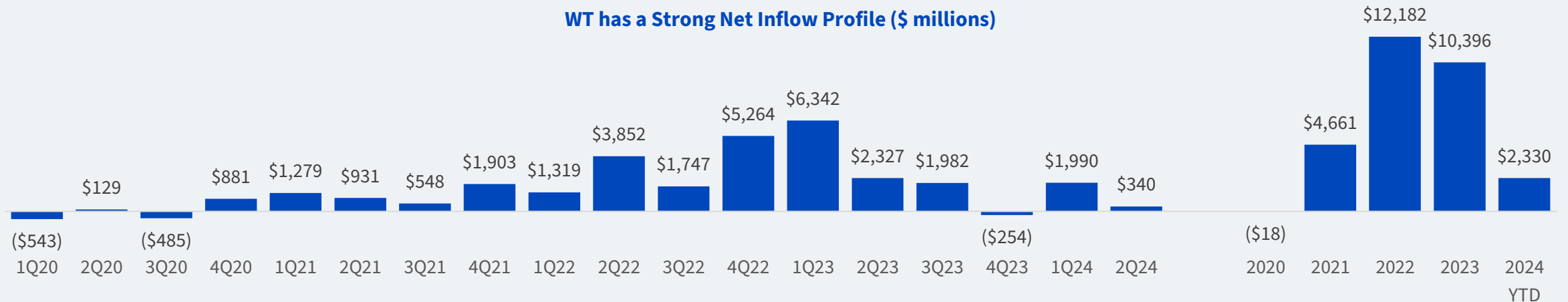


- + WisdomTree has now generated net inflows in 15 of the past 17 quarters
- + Over \$300m of inflows in Q2 2024, driven by high fee funds
- + U.S. listed ETFs and offshore UCITS ETF suite generated a combined \$1.9b of net inflows during Q2 and have gathered over \$4.2b of net inflows year-to-date in 2024 (an 11% annualized pace of year-to-date organic growth)
- + Equity franchise (U.S. + International Developed Markets + Emerging Markets) generated \$1.3b of Q2 net inflows and a 14% pace of YTD organic growth

**WT's AUM grew at a 14% CAGR over the past three years**



**WT has a Strong Net Inflow Profile (\$ millions)**



Source: ir.wisdomtree.com, data as of 6/30/2024

# 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 WT 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



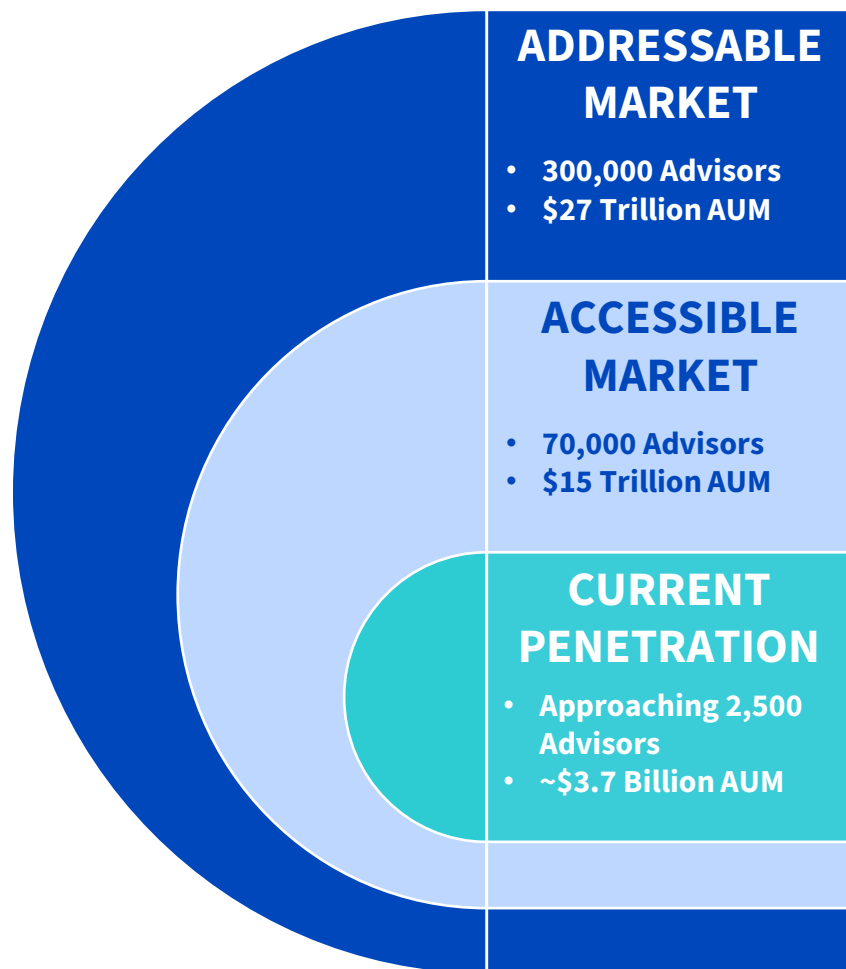
### Custom Models – RIAs/IBDs

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





## Managed Models Opportunity



## Expanding the Accessible Models Market

- + Assets under management continue to expand to nearly \$3.7b through June 2024
- + Expect further expansion of accessible market to ~85,000 advisors representing nearly \$18T of AUM by year-end 2024
  - + Higher than our prior 80,000 advisors and \$15T expectation
- + Added 1,000 new advisors using at least one WisdomTree Managed Model in 2023 and remain on similar cadence in 2024 so far

## 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



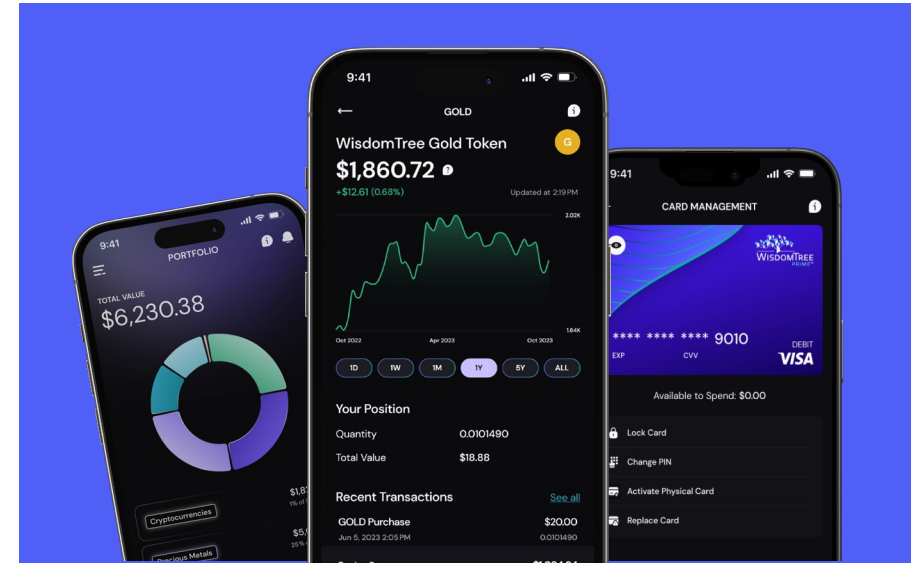
# WisdomTree Prime® Footprint Continues to Expand



The financial app, built on blockchain tech, that lets you **spend, save, transfer, and invest** digital assets like Bitcoin, Ether, Gold tokens, Equity Funds, Fixed Income Funds and more.

Debit card functionality now available both physically and digitally to Prime customers.

**WisdomTree Prime® is currently available to ~79% of the U.S. population with additional expansion coming soon**



Please see <https://www.wisdomtreeprime.com/disclosures> for additional information

# The industry is already shifting, though WT is a few years ahead



 **SOCIETE GENERALE** **Jul 2024**

SocGen's stablecoin (EUR CoinVertible) removes 'whitelist' restriction and is now transferrable to most wallets outside the U.S.

 **WELLINGTON MANAGEMENT\***  **DTCC** **Feb 2024**

Proof of concept showcasing end to end fund transfer workflows to automate operations and utilize money market fund as collateral

**JPMorgan** **Oct 2023**


Launched Tokenized BlackRock Money Market Fund Shares as Collateral with Barclays through JPM's Tokenized Collateral Network (TCN)

**VanEck®** **Oct 2023**

Invests in L1 Advisors that is building the operating system of onchain wealth and asset management

**Schroders** **Jun 2023**


Testing fund tokenization with Calastone under Singapore Monetary Authority's Project Guardian + strategic investment in Forteus to accelerate digital asset plans

 **FRANKLIN TEMPLETON** **Apr 2024**


OnChain U.S. Gov't Money Fund now available for blockchain based peer-to-peer transfers

**JPMorgan** **APOLLO**  **Nov 2023**

Proof of concept rebalancing discretionary multi-asset class model portfolios with smart contracts, interoperability

 **Sep 2023**

Announced Citi Token Services for cash management and trade finance

 **BANK OF ENGLAND** **Aug 2023**


Hired Digital Currency team to plan and design a tokenized version of the Great Britain Pound (GBP)

 **Hamilton Lane** **Jan 2023**

Tokenizes fund on blockchain network Polygon through Securitize

**BLACKROCK** **Mar 2024**


Launches First Tokenized Private Fund, BUIDL, on the Ethereum Network through Securitize

 **HSBC** **Nov 2023**

Plans launch of custody services for tokenized gold and interdealer tokenized gold trading

**Goldman Sachs** **Jan 2023**

Launches digital assets platform, GS DAP, for bond issuances on DAML

 **abrdrn** **Jun 2023**

Tokenizes UK money market fund on Hedera Hashgraph, utilizing Archax Tokenisation Engine (in whom Abrdrn bought a minority stake in 2022)

**KKR** **Sep 2022**

Tokenizes Health Care Strategic Growth Fund on the Avalanche blockchain provided by Securitize

# WisdomTree is a Multifaceted Growth Story





# Q&A

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# Appendix

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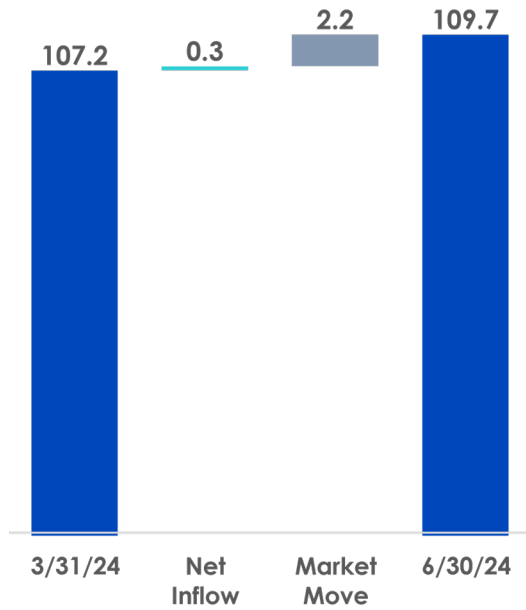
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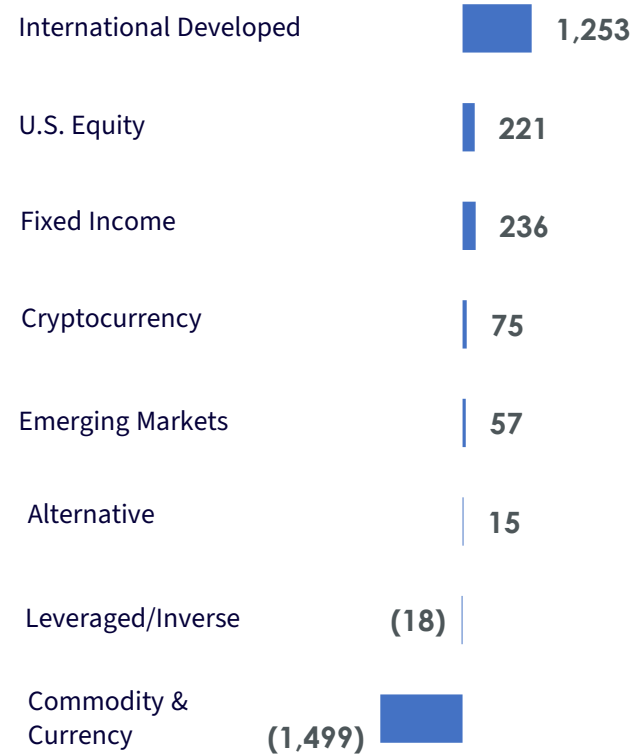
# AUM and Net Flows



## Quarterly ETP AUM Change



## Q2/24 Net Flows by Category

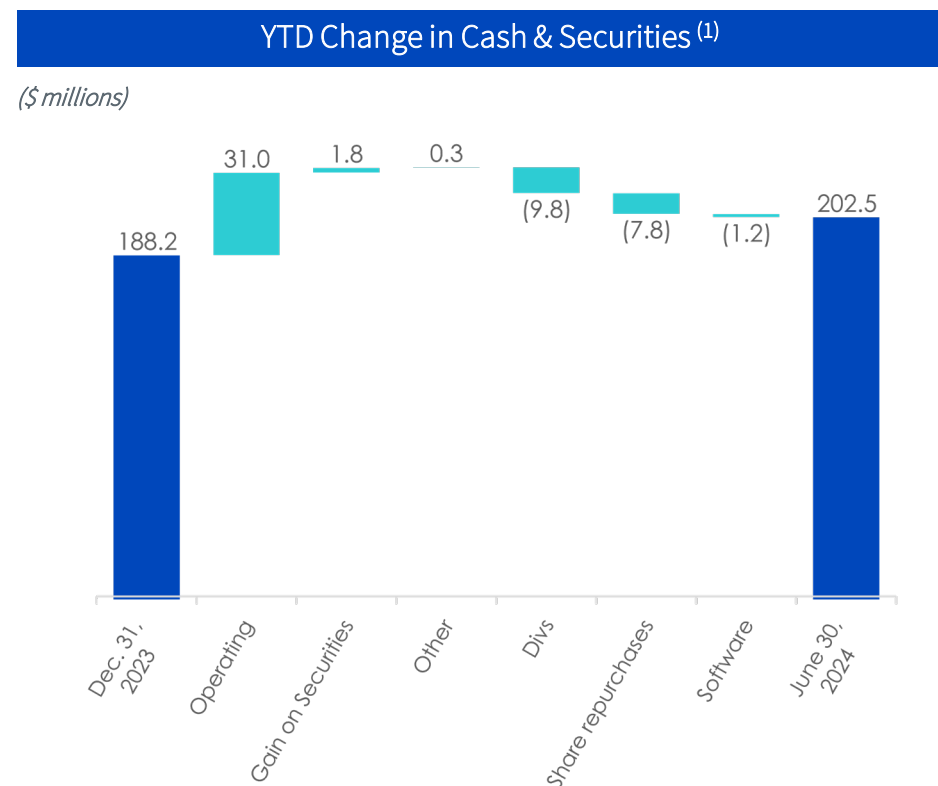




# Balance Sheet



Balance Sheet		
	June 30, 2024	Dec. 31, 2023
<b>Assets</b>		
Cash and financial instruments <sup>(1)</sup>	\$202.5	\$188.2
Investments	8.3	9.7
Accounts receivable	42.7	35.5
Deferred tax asset, net	6.8	11.1
Fixed assets, net	0.4	0.4
Goodwill and intangibles	692.4	691.9
Other assets	11.0	7.3
<b>Total assets</b>	<b>\$964.1</b>	<b>\$944.1</b>
<b>Liabilities</b>		
Fund management and administration	\$26.6	\$30.1
Compensation and benefits	20.3	38.1
Accounts payable and other liabilities	20.3	15.8
Income taxes payable	1.8	3.8
Payable to GBH	40.5	39.1
Convertible notes	275.6	274.9
Lease liabilities	0.8	0.6
<b>Total liabilities</b>	<b>385.9</b>	<b>402.4</b>
Preferred stock	132.6	132.6
Stockholders' equity	445.6	409.1
<b>Total liabilities and stockholders' equity</b>	<b>\$964.1</b>	<b>\$944.1</b>



(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 \$11.50 average stock price:

	Issued 2021 \$150M Notes (2026 Maturity)	Issued 2023 \$130M Notes (2028 Maturity)
<b><u>Conversion Spread</u></b>		
WT Avg Price in Qtr	\$11.50	\$11.50
– <u>Conversion Price</u>	<u>\$11.04</u>	<u>\$9.54</u>
Conversion spread:	\$0.46	\$1.96
<b><u>Potential Shares</u></b>		
Conversion spread:	\$0.46	\$1.96
× <u>Underlying shares (1):</u>	<u>13,586,957</u>	<u>13,626,834</u>
Subtotal - Dilutive \$:	6,250,000	26,708,595
÷ <u>WT Avg Price in Qtr</u>	<u>\$11.50</u>	<u>\$11.50</u>
Dilutive Share Impact - Current Qtr	<u>543,478</u>	<u>2,322,487</u>

(1) Represents principal divided by conversion price

# Consolidated Financial Results



	2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2
<b>Revenues</b>						
Advisory fees	\$ 77,637	\$ 82,004	\$ 86,598	\$ 86,988	\$ 92,501	\$ 98,938
Other revenues	4,407	3,720	3,825	3,856	4,337	8,096
Total revenues	82,044	85,724	90,423	90,844	96,838	107,034
<b>Expenses</b>						
Compensation and benefits	27,398	26,319	27,955	27,860	31,054	30,790
Fund management and administration	17,153	17,727	18,023	18,445	19,962	20,139
Marketing and advertising	4,007	4,465	3,833	4,951	4,408	5,110
Sales and business development	2,994	3,326	3,383	3,881	3,611	3,640
Contractual gold payments	4,486	1,583	--	--	--	--
Professional and consulting fees	3,715	8,334	3,719	3,201	3,630	6,594
Occ., communications and equipment	1,101	1,172	1,203	1,208	1,210	1,314
Depreciation and amortization	109	121	307	335	383	418
Third-party distribution fees	2,253	1,881	2,694	2,549	2,307	2,687
Other	2,257	2,615	2,601	2,379	2,323	2,831
Total expenses	65,473	67,543	63,718	64,809	68,888	73,523
<b>Operating Income</b>	16,571	18,181	26,705	26,035	27,950	33,511
Interest Expense	(4,002)	(4,021)	(3,461)	(3,758)	(4,128)	(4,140)
Gain on deferred consideration	20,592	41,361	--	--	--	--
Interest Income	1,083	1,000	791	1,225	1,398	1,438
Impairments	(4,900)	--	(2,703)	(339)	--	--
Loss on extinguishment of convertible notes	(9,721)	--	--	--	--	--
Other (losses)/gains	(2,007)	1,286	(2,512)	1,602	2,592	(1,283)
<b>Income before taxes</b>	<b>17,616</b>	<b>57,807</b>	<b>18,820</b>	<b>24,765</b>	<b>27,812</b>	<b>29,526</b>
Income tax expense	1,383	3,555	5,836	5,688	5,701	7,767
<b>Net Income</b>	<b>\$ 16,233</b>	<b>\$ 54,252</b>	<b>\$ 12,984</b>	<b>\$ 19,077</b>	<b>\$ 22,111</b>	<b>\$ 21,759</b>
<b>As adjusted (non-GAAP)</b>						
Total operating expenses	\$ 64,506	\$ 62,630	\$ 63,718	\$ 64,809	\$ 68,193	\$ 69,252
Operating income	\$ 17,538	\$ 23,094	\$ 26,705	\$ 26,035	\$ 27,950	\$ 37,782
Income before income taxes	\$ 14,485	\$ 19,752	\$ 23,902	\$ 23,908	\$ 26,987	\$ 36,083
Income tax expense	\$ 3,287	\$ 4,833	\$ 5,854	\$ 5,342	\$ 6,731	\$ 9,008
Net income	\$ 11,198	\$ 14,919	\$ 18,048	\$ 18,566	\$ 20,254	\$ 27,075
Earnings per share - diluted	\$ 0.07	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.16
Weighted average common shares - diluted	159,887	170,672	177,140	171,703	165,268	166,359

# 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 operating income, operating expenses, income before income taxes, income tax expense, net income and diluted earnings per share.** We disclose adjusted 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:
  - **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:** gains and losses recognized on our investments, changes in deferred tax asset valuation allowance, expenses incurred in response to an activist campaign, unrealized gains or losses on the revaluation/termination of deferred consideration – gold payments which we terminated in the second quarter of 2023, loss on extinguishment of convertible notes, impairments and litigation expenses associated with certain provisions of our Stockholder Rights Agreement dated as of March 17, 2023, as amended, with Continental Stock Transfer & Trust Company, as Rights Agent, 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 operating revenues less fund management and administration expenses. Gross margin percentage is calculated as gross margin divided by total operating revenues.

# Non-GAAP Reconciliation to GAAP Results



(\$ in thousands) Unaudited	Three Months Ended				
	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023
<b>Adjusted net income and diluted earnings per share:</b>					
Net income, as reported	\$ 21,759	\$ 22,111	\$ 19,077	\$ 12,984	\$ 54,252
Add back: Expenses incurred in response to the activist campaign, net of income taxes	3,234	526	--	--	3,720
Add back/(deduct): Losses/(gains) recognized on our investments, net of income taxes	998	(93)	(336)	323	(2,346)
Add back: Imputed interest on payable to GBH, net of income taxes	513	504	224	--	--
Add back/(deduct): Increase/(decrease) in deferred tax asset valuation allowance on financial instruments owned	391	(531)	(280)	1,234	(508)
Add back/(deduct): Losses/(gains) on financial instruments owned, net of income taxes	220	(1,562)	(370)	1,479	762
(Deduct)/add back: Tax (windfalls)/shortfalls upon vesting of stock-based compensation awards	(40)	(699)	(6)	(18)	33
Add back: Impairments, net of income taxes	--	--	257	2,046	--
(Deduct)/Add back: (Gain)/loss on revaluation of deferred consideration-gold payments	--	--	--	--	(41,361)
Add back: Litigation expenses associated with certain provisions of the Stockholder Rights Agreement, net of income taxes	--	--	--	--	367
Adjusted net income	\$ 27,075	\$ 20,256	\$ 18,566	\$ 18,048	\$ 14,919
Weighted average common share - diluted	166,359	165,268	171,703	177,140	159,887
Adjusted earnings per share - diluted	\$0.16	\$0.12	\$0.11	\$0.10	\$0.09

(\$ in thousands) Unaudited	Three Months Ended				
	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023
<b>Gross Margin and Gross Margin Percentage</b>					
Operating Revenues	\$ 107,034	\$ 96,838	\$ 90,844	\$ 90,423	\$ 85,724
Deduct: Fund management and administration	(20,139)	(19,962)	(18,445)	(18,023)	(17,727)
Gross margin	\$ 86,895	\$ 76,876	\$ 72,399	\$ 72,400	\$ 67,997
Gross margin percentage	81.2%	79.4%	79.7%	80.1%	79.3%

(\$ in thousands) Unaudited	Three Months Ended				
	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023
<b>Adjusted Operating Income and Operating Income Margin</b>					
Operating Revenues	\$ 107,034	\$ 96,838	\$ 90,844	\$ 90,423	\$ 85,724
Operating income	\$ 33,511	\$ 27,950	\$ 26,035	\$ 26,705	\$ 18,181
Add back: Expenses incurred in response to the activist campaign	4,271	695	-	-	4,913
Adjusted operating income	\$ 37,782	\$ 28,645	\$ 26,035	\$ 26,705	\$ 23,094
Adjusted operating income margin	35.3%	29.6%	28.7%	29.5%	26.9%

(\$ in thousands) Unaudited	Three Months Ended				
	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023
<b>Adjusted Total Operating Expenses</b>					
Total operating expenses	\$ 73,523	\$ 68,888	\$ 63,718	\$ 67,543	\$ 65,473
Deduct: Expenses incurred in response to the activist campaign	(4,271)	(695)	-	(4,913)	(967)
Adjusted operating expenses	\$ 69,252	\$ 68,193	\$ 63,718	\$ 62,630	\$ 64,506

(\$ in thousands) Unaudited	Three Months Ended				
	30-Jun 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023
<b>Adjusted Effective Income Tax Rate</b>					
Income before income taxes	\$ 29,526	\$ 27,812	\$ 24,765	\$ 18,820	\$ 57,807
Add back: Expenses incurred in response to the activist campaign	4,271	695	--	--	4,913
Add back/(deduct): Losses/(gains) recognized on investments	1,318	(123)	(1,003)	426	(3,099)
Add back: Imputed interest on payable to GBH	677	666	296	--	--
Add back/(deduct): Losses/(gains) on financial instruments owned	291	(2,063)	(489)	1,953	1,007
Add back: Impairments	--	--	339	2,703	--
(Deduct)/add back: (Gain)/loss on revaluation of deferred consideration-gold payments	--	--	--	--	(41,361)
Add back: Litigation expenses associated with certain provisions of the Stockholder Rights Agreement	--	--	--	--	485
Adjusted income before income taxes	\$ 36,083	\$ 26,987	\$ 23,908	\$ 23,902	\$ 19,752
Income tax expense	\$ 7,767	\$ 5,701	\$ 5,688	\$ 5,836	\$ 3,555
Add back: Tax benefit arising from expenses incurred in response to the activist campaign	1,037	169	--	--	1,193
(Deduct)/Add back: (Increase)/decrease in deferred tax asset valuation allowance on financial instruments owned	(391)	531	280	(1,234)	508
(Deduct)/Add back: Tax benefit/(expense) on gains and losses on investments	320	(30)	(667)	103	(753)
Add back: Tax benefit on imputed interest	164	162	72	--	--
Add back/(deduct): Tax benefit/(expense) arising from losses/(gains) on financial instruments owned	71	(501)	(119)	474	245
Add back/(deduct): Tax windfalls/(shortfalls) upon vesting of stock-based compensation awards	40	699	6	18	(33)
Add back: Tax benefit arising from impairments	--	--	82	657	--
Add back: Tax benefit arising from litigation expenses associated with certain provisions of the Stockholder Rights Agreement	--	--	--	--	118
Adjusted income tax expense	\$ 9,008	\$ 6,731	\$ 5,342	\$ 5,854	\$ 4,833
Adjusted effective income tax rate	25.0%	24.9%	22.3%	24.5%	24.5%

# Reconciliation of US GAAP to Non-GAAP results



	QTD June 30 US GAAP	Activist Campaign Exp.	Loss on Inv.	Imputed Interest	DTA Val. Allow	Loss on Securities	Tax Windfalls	Non-GAAP
<b>Revenues</b>								
Advisory fees	\$ 98,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,938
Other revenues	8,096	-	-	-	-	-	-	8,096
Total revenues	<u>107,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,034</u>
<b>Expenses</b>								
Compensation and benefits	30,790	-	-	-	-	-	-	30,790
Fund management and admin	20,139	-	-	-	-	-	-	20,139
Marketing and advertising	5,110	-	-	-	-	-	-	5,110
Sales and business development	3,640	-	-	-	-	-	-	3,640
Professional and consulting fees	6,594	(4,161)	-	-	-	-	-	2,433
Occ., commun. and equip.	1,314	-	-	-	-	-	-	1,314
Depreciation and amort.	418	-	-	-	-	-	-	418
Third-party distribution fees	2,687	-	-	-	-	-	-	2,687
Other	2,831	(110)	-	-	-	-	-	2,721
Total expenses	<u>73,523</u>	<u>(4,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,252</u>
<b>Operating Income</b>	33,511	4,271	-	-	-	-	-	37,782
Interest Expense	(4,140)	-	-	677	-	-	-	(3,463)
Interest Income	1,438	-	-	-	-	-	-	1,438
Other gains/(losses)	(1,283)	-	1,318	-	-	291	-	326
<b>Income before taxes</b>	<u>29,526</u>	<u>4,271</u>	<u>1,318</u>	<u>677</u>	<u>-</u>	<u>291</u>	<u>-</u>	<u>36,083</u>
Income tax expense	<u>7,767</u>	<u>1,037</u>	<u>320</u>	<u>164</u>	<u>(391)</u>	<u>71</u>	<u>40</u>	<u>9,008</u>
<b>Net income</b>	<u>\$ 21,759</u>	<u>\$ 3,234</u>	<u>\$ 998</u>	<u>\$ 513</u>	<u>\$ 391</u>	<u>\$ 220</u>	<u>\$ (40)</u>	<u>\$ 27,075</u>

Diluted Shares: 166,359

EPS: \$ 0.16



Thank you.

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