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# Q2 2023 Results

July 28, 2023



# 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:

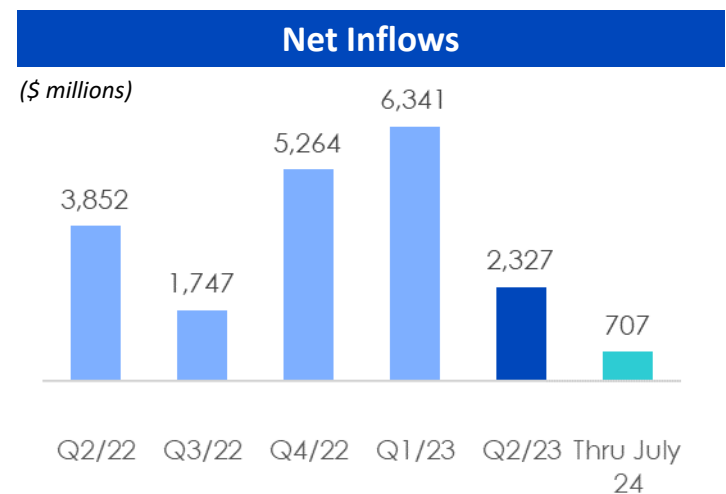
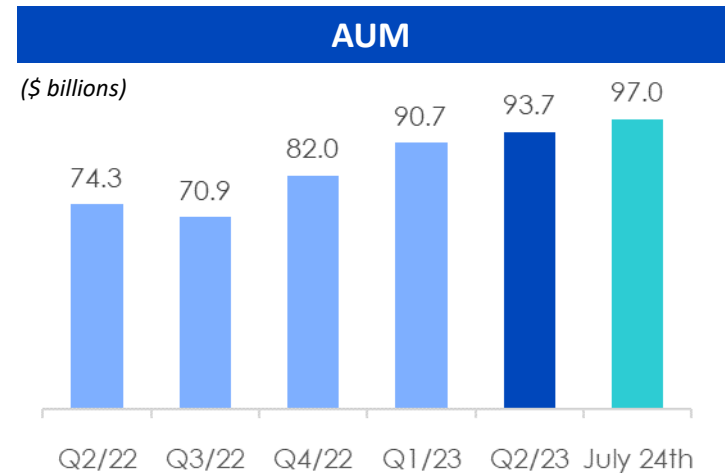
- declining prices of securities, gold and other precious metals and other commodities and changes in interest rates and general market conditions can adversely affect our business by reducing the market value of the assets we manage or causing WisdomTree ETP investors to sell their fund shares and trigger 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 a pandemic event such as COVID-19, or the war in Ukraine, 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;
- 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, 2022.

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.

## Q2/23 Highlights

- + Net inflows of \$2.3b for the quarter primarily driven by inflows into fixed income and international equity products, partly offset by commodity outflows:
  - 11 straight quarters of net inflows globally
  - YTD inflows in all 8 major product categories
- + YTD annualized organic growth rate of 21.3%
  - Fixed Income: 66%
  - International equity: 40%
  - Emerging markets: 20%
- + Record quarter-end AUM of \$93.7b, up 3.3% due to net inflows and market appreciation
- + Updated statistics (July):
  - AUM: \$97b, up ~3.5% from June 30th

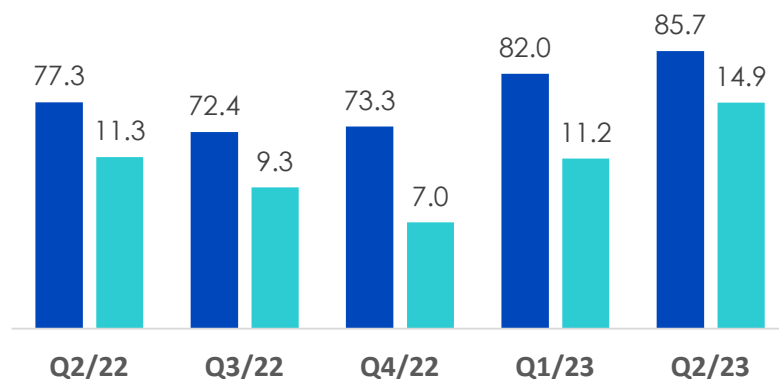


# Revenues and Earnings Results

## Revenue, Income, Operating Margin, EPS

(\$ millions)

■ Total Revenues      ■ Adjusted Net Income (non-GAAP)<sup>(1)</sup>



Adjusted operating margin (non-GAAP) <sup>(1)</sup> :	23.1%	20.5%	16.0%	21.4%	26.9%
Adjusted EPS (non-GAAP) <sup>(1)</sup> :	\$0.07	\$0.06	\$0.04	\$0.07	\$0.09
Net income/ (loss):	\$8.0	\$81.2	(\$28.3)	\$16.2	\$54.3
EPS:	\$0.05	\$0.50	(\$0.20)	\$0.10	\$0.32

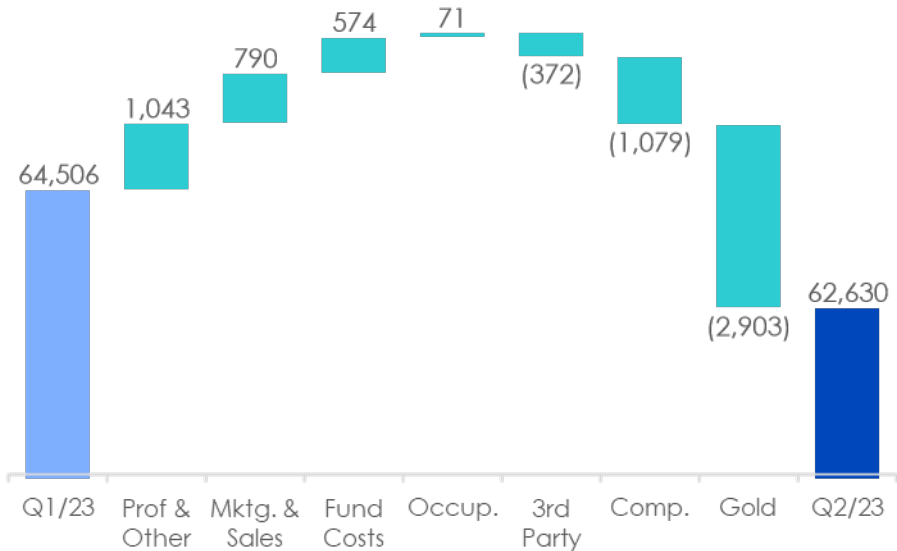
## Highlights/Unusual Items

- + Revenues up 4.5% from prior quarter primarily due to higher average AUM
- + Termination of contractual gold payments obligation:
  - Run-rate operating expense reduction: ~\$18m
  - Operating margin expansion: ~530bps
- + Final stub \$1.6m contractual gold payment was a ~\$0.01 headwind to EPS in Q2 vs. run-rate levels
- + \$41.4m after tax, non-cash gain upon termination of contractual gold payments obligation
- + \$3.3m in other non-operating losses, net

# Expense Base - Rollforward

## Expense Base Change – Q1/23 to Q2/23 <sup>(1)</sup>

(\$ in thousands)



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

- + Lower contractual gold payments (terminated in May 2023)
- + Lower compensation as prior quarter included seasonal items
- + Higher professional fees (inclusive of contractual gold buyout expenses)
- + Higher fund costs driven by higher AUM
- + Discretionary spending of \$15.1m (maintaining annual guidance of \$56m to \$59m)



(1) Excludes non-recurring expenses of \$4.9 million in response to an activist campaign

## 2023 Expense Guidance

Expense Item	YTD June Actual	Updated Guidance	Prior Guidance
Compensation	\$53.7m	\$104m-\$110m	\$100m-\$106m
Discretionary Spending <sup>(1)</sup>	\$28.3m	\$56m-\$59m	unchanged
Gross Margin (full year)	79.2%	79%	78%
Contractual Gold Payments	\$6.1m	\$6.1m	\$18m
Third-Party Distribution	\$4.1m	\$8.0m-\$9.0m	unchanged
Interest Expense	\$8.0m	\$15m (Q3: \$3.5m)	unchanged
Interest Income	\$2.1m	~\$3.0m (Q3: \$0.5m)	n/a
Adjusted Tax Rate	23.7%	24%	23%
Diluted Shares (Quarterly)	170.7m	177m	n/a

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

- + Compensation guidance range updated
  - Midpoint of the range considered a reasonable estimate (aligned with consensus estimates) given potential volatility in performance-based metrics driving incentive compensation
- + Gross margin guidance updated to 79% which we anticipate being sustainable at current AUM levels
- + Contractual gold payments obligation terminated, resulting in **\$0** expense going forward
- + Interest income of ~\$500k per quarter (through 2023) given current investment levels
- + Tax rate guidance updated to 24% taking into consideration current distribution of profits among U.S and Europe
- + Diluted shares of 177 million to account for full weighting of ~14m shares of common stock or instruments convertible into common stock issued during Q2, in connection with termination of contractual gold payments and maturity of convertible notes



(1) Guidance excludes any non-recurring expenses in response to an activist campaign

## WisdomTree's Growth Algorithm

Ongoing Inflow Momentum as AUM is Levered to Attractive Investment Themes

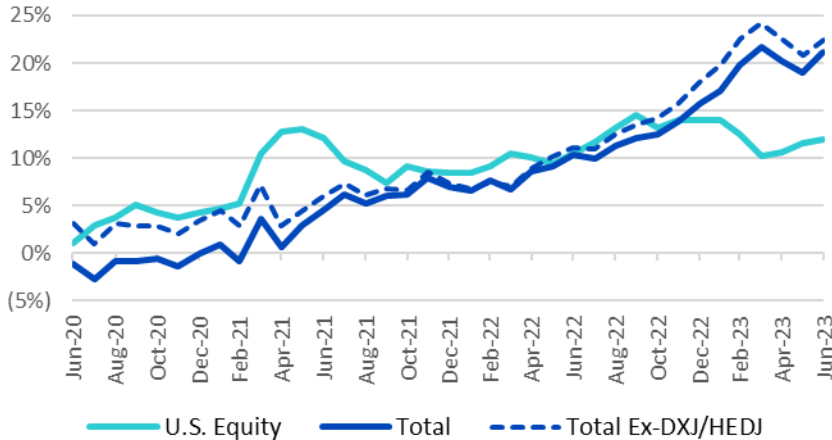
Add 'Stickier' Inflows from Expanding & Deepening Managed Model Relationships

Early Mover into Tokenization Charts a Course for Accelerated Long-Term Growth

Tap into Scale Benefits and Improving Margins as the Market Normalizes

# WisdomTree's Product Lineup has Strong Performance

## 3-Yr Lookback at Trailing 12-Month Net Inflow Rate

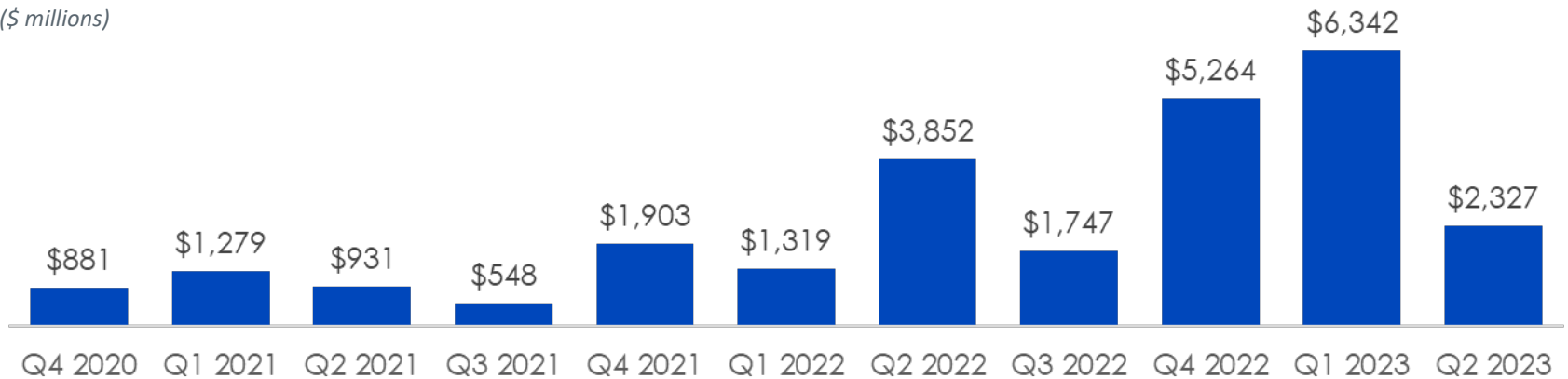


Source: ir.wisdomtree.com, data as of 6/30/2023

- + \$8.7 billion of inflows is the 2<sup>nd</sup> best start to the year in WT's 17-year company history as an asset manager
- + Best-in-class 21% 1H annualized organic growth rate, including net inflows in all eight major product categories
- + Q2 2023 summary statistics
  - Over \$1.9 billion net inflows across Developed & Emerging Market strategies
  - Fixed Income gathered over \$1.5 billion of inflows
  - US Equity returned to inflows at a 7% annualized pace
  - Net inflows in 6 of 8 major product categories

## WT's 11 Consecutive Quarters of Net Inflows

(\$ millions)



Source: ir.wisdomtree.com





## Expanding Footprint in Managed Models is Additive to Organic Growth

### WisdomTree's Managed Models Franchise

Greater  
Share of  
Advisor  
Wallets

'Stickier'  
Inflows &  
AUM

'Stackable' on  
top of  
WisdomTree's  
Current Inflows

Expanding managed model  
provider partners & deepening  
current partner relationships

Offering New  
Growth Oriented  
Advisor Services

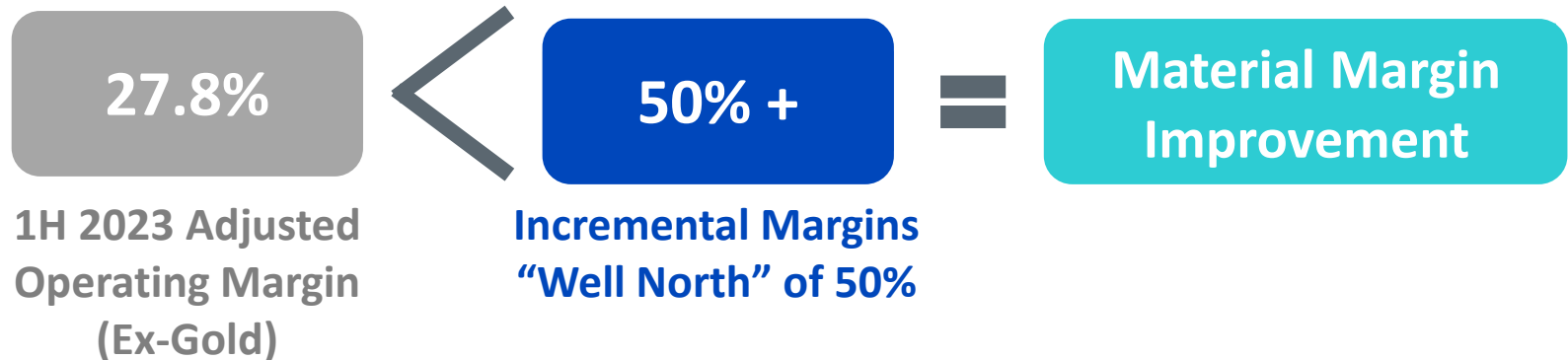
Supports & Accelerates  
WisdomTree's Organic Growth

# Through the Cycle, Organic Growth Accelerates Scale & Expands Op Margins

## Illustrative Annual AUM & Revenue Growth Algorithm over the Long-Run



## Illustrative Margin Outlook from Scaling AUM & Revenue

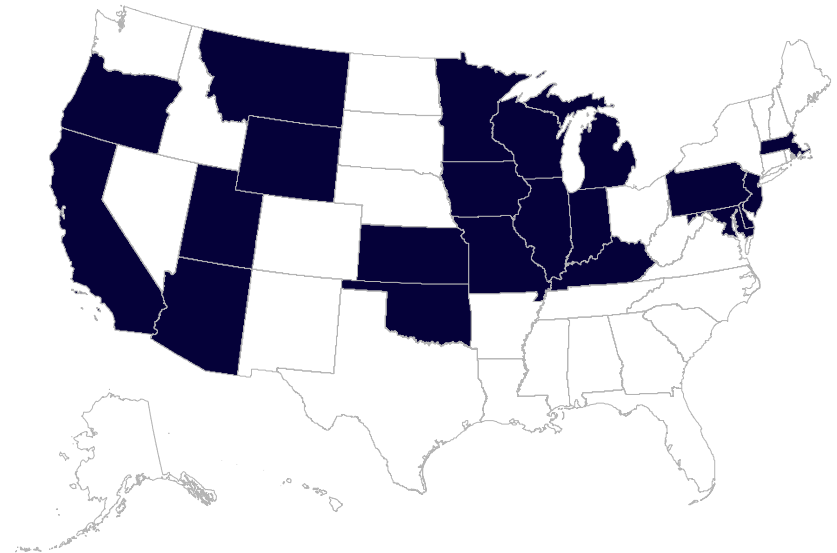


# WisdomTree Prime™ is Now Live.

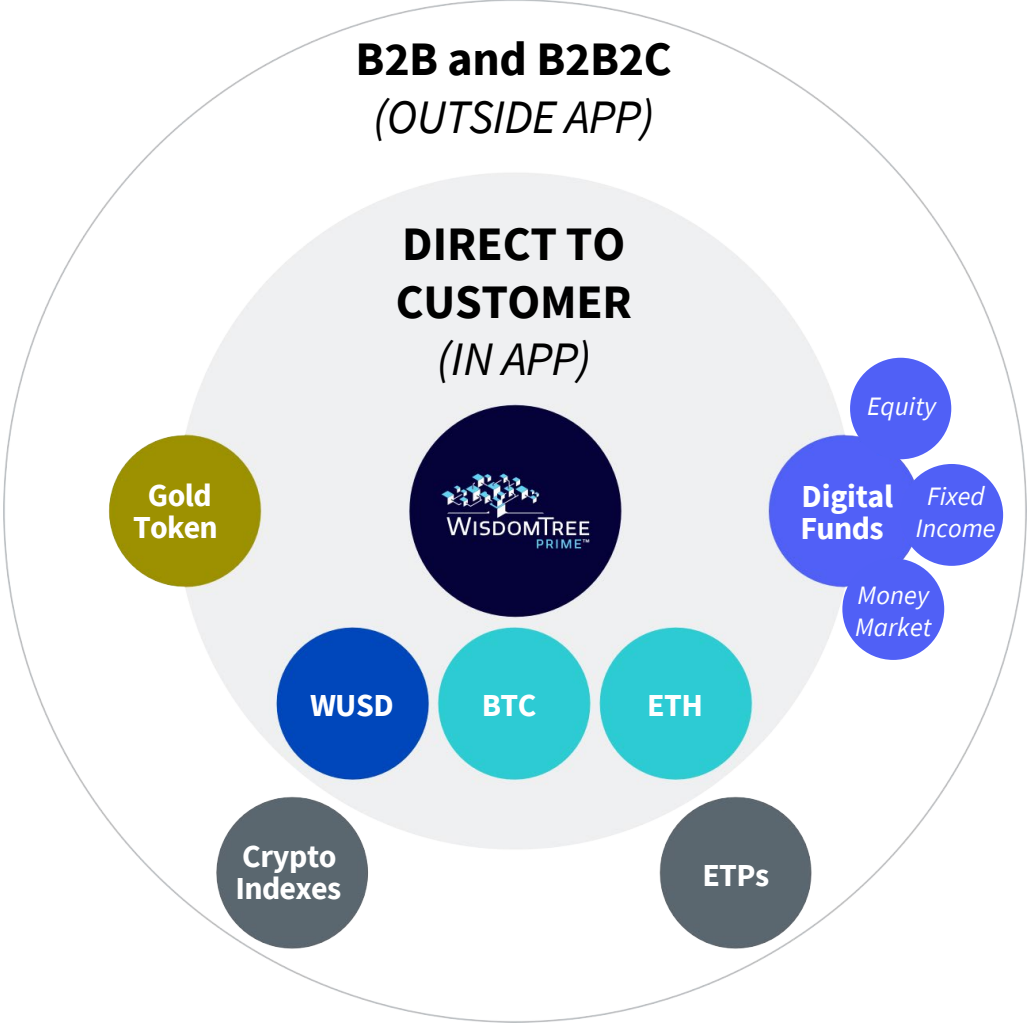
The financial app, built on blockchain tech, that lets you **spend, save, transfer,** and **invest** digital assets like Bitcoin, Ether, Gold tokens, Equity Funds, Fixed Income Funds and more.



**WisdomTree Prime™ is live in 21 states with more being added each quarter**



# Asset Tokenization & Digital Funds: Significant Distribution Optionality



# The Industry is Already Shifting, though WT is a Few Years Ahead

## What are Other Asset Managers Doing / Saying?

**BLACKROCK**

**December 2022:** BlackRock CEO says “Next Generation for Markets Is Tokenization”

 **FRANKLIN TEMPLETON**

**April 2023:** Franklin Templeton announces the Franklin OnChain U.S. Government Money Fund (FOBXX). The Fund’s transfer agent maintains the official record of share ownership via a proprietary blockchain-integrated system that can currently utilize both the Stellar and Polygon blockchain network for transaction activity

 **Hamilton Lane**

**January 2023:** Hamilton Lane tokenizes fund on blockchain network Polygon through Securitize's tokenization platform, Expanding Access to Private Markets for a Broader Set of Investors

**KKR**

**September 2022:** KKR makes its Health Care Strategic Growth Fund available on the Avalanche blockchain provided by Securitize

 **abrdn**

**June 2023:** Abrdn tokenizes UK money market fund on Hedera Hashgraph, utilizing Archax Tokenisation Engine. This follows Abrdn's purchase of a minority stake in Archax in summer 2022

 **DWS**

**June 2023:** DWS announces plans to launch "digital twin" funds and a Euro stablecoin

**Schroders**

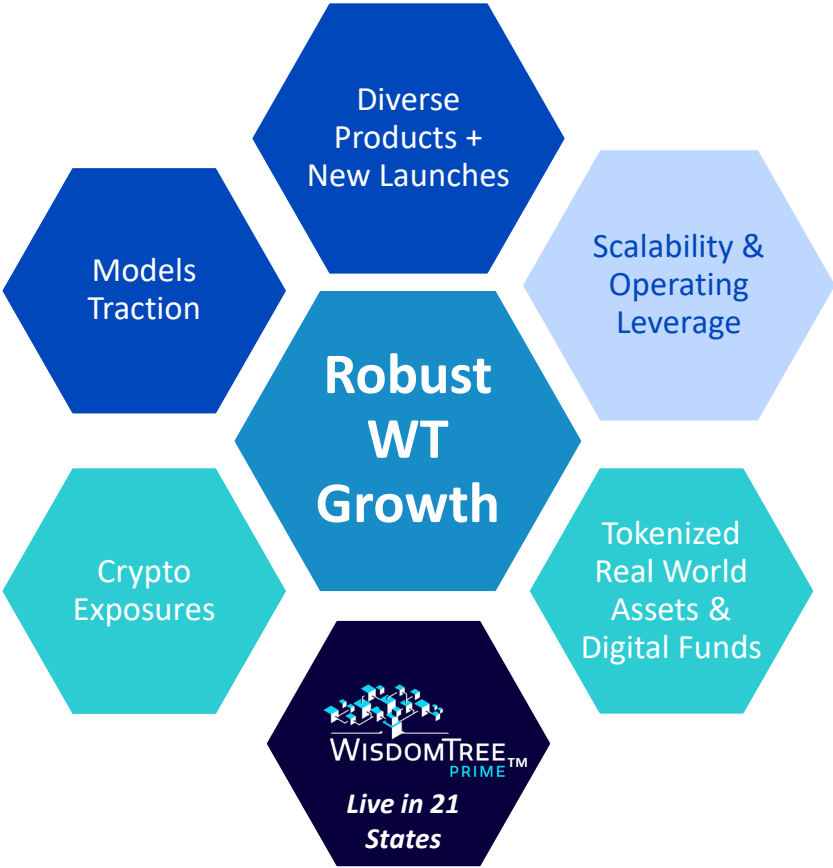
**June 2023:** Schroders announces its participation in Monetary Authority of Singapore’s Project Guardian, where they are exploring fund tokenization with Calastone, a fund distribution platform. In June 2022, they announced a strategic minority stake in Forteus, an asset manager focused on blockchain technology and digital assets

**T.Rowe Price**<sup>®</sup>  
**WELLINGTON**  
**MANAGEMENT**<sup>®</sup>

**April 2023:** T. Rowe Price Associates along with WisdomTree, Wellington, and Cumberland joins an Avalanche subnet to test blockchain-based foreign exchange and other institutional use cases



# WisdomTree is a Multifaceted Growth Story



**Q&A**

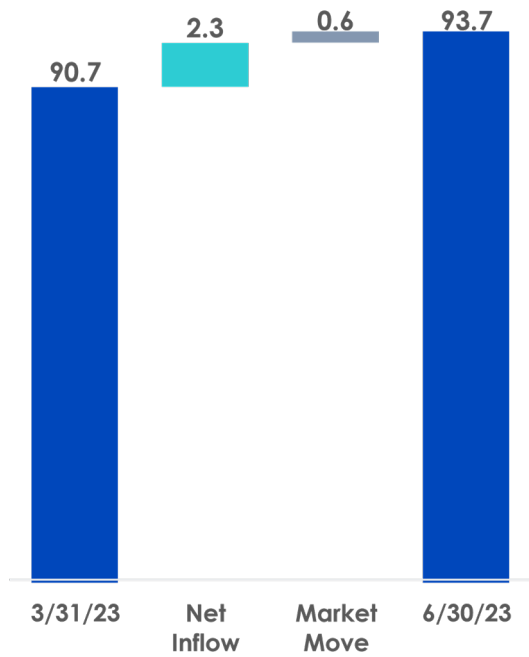
## Appendix



# AUM and Net Inflows

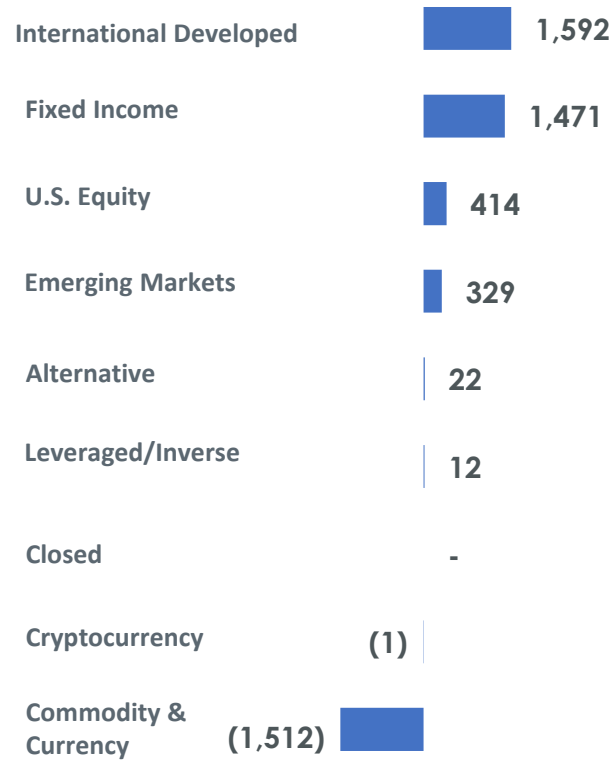
## Quarterly ETP AUM Change

(\$ billions)



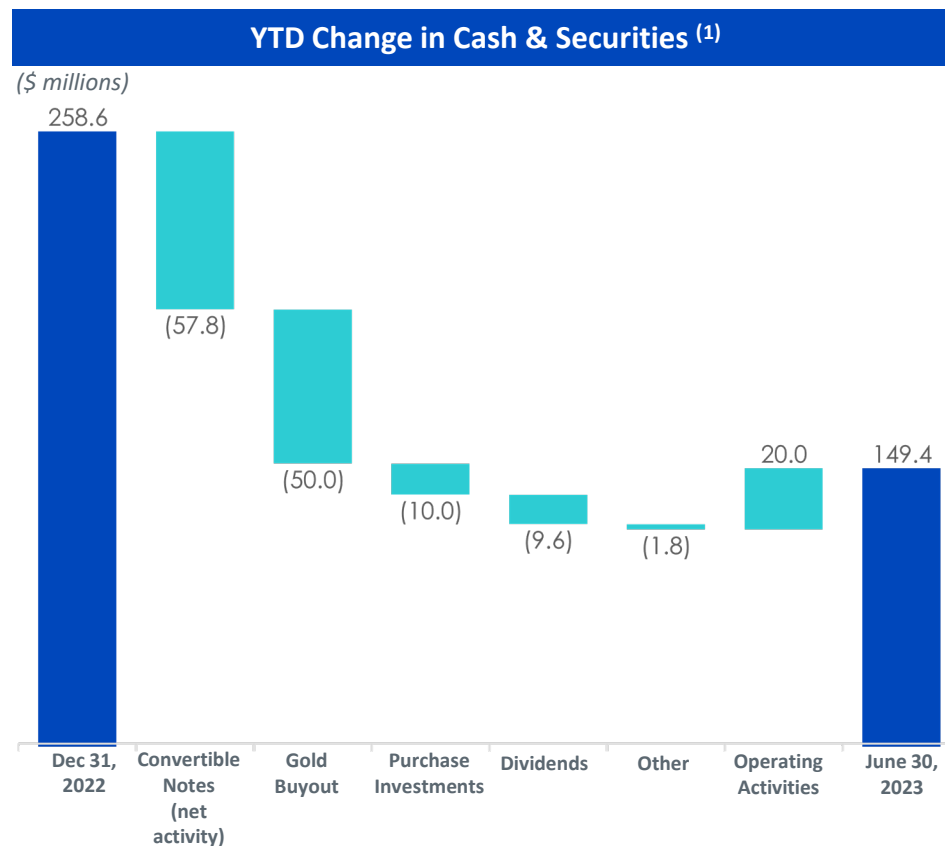
## Q2/23 Net Flows by Category

(\$ millions)



# Balance Sheet

Balance Sheet		
(\$ millions)	June 30, 2023	Dec. 31, 2022
<b>Assets</b>		
Cash and financial instruments <sup>(1)</sup>	\$149.4	\$258.6
Investments	40.0	35.7
Accounts receivable	34.2	30.5
Deferred tax asset, net	7.6	10.5
Fixed assets, net	0.5	0.5
Goodwill and intangibles	691.2	689.5
Other assets	10.9	8.5
<b>Total assets</b>	<b>\$933.8</b>	<b>\$1,033.8</b>
<b>Liabilities</b>		
Fund management and administration	\$30.6	\$24.1
Compensation and benefits	17.8	36.5
Accounts payable and other liabilities	19.0	9.1
Income taxes payable	0.0	1.6
Convertible notes	274.1	321.2
Deferred consideration (gold payments)	0.0	200.3
Lease Liabilities	0.8	1.4
Other non-current liabilities	0.1	1.4
Total liabilities	342.4	595.6
Preferred stock	132.6	132.6
Stockholders' equity	458.8	305.6
<b>Total liabilities and stockholders' equity</b>	<b>\$933.8</b>	<b>\$1,033.8</b>



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

# Consolidated Financial Results

	2022				2023	
	Q1	Q2	Q3	Q4	Q1	Q2
<b>Revenues</b>						
Advisory fees	\$ 76,517	\$ 75,586	\$ 70,616	\$ 70,913	\$ 77,637	\$ 82,004
Other income	1,851	1,667	1,798	2,397	4,407	3,720
Total revenues	78,368	77,253	72,414	73,310	82,044	85,724
<b>Expenses</b>						
Compensation and benefits	24,787	24,565	23,714	24,831	27,398	26,319
Fund management and administration	15,494	16,076	16,285	16,906	17,153	17,727
Marketing and advertising	4,023	3,894	3,145	4,240	4,007	4,465
Sales and business development	2,609	3,131	2,724	3,407	2,994	3,326
Contractual gold payments	4,450	4,446	4,105	4,107	4,486	1,583
Professional and consulting fees	4,459	4,308	2,367	2,666	3,715	8,334
Occ., communications and equipment	753	1,049	986	1,110	1,101	1,172
Depreciation and amortization	47	53	58	104	109	121
Third-party distribution fees	2,212	1,818	1,833	1,793	2,253	1,881
Other	1,845	2,109	2,324	2,427	2,257	2,615
Total expenses	60,679	61,449	57,541	61,591	65,473	67,543
<b>Operating Income</b>	17,689	15,804	14,873	11,719	16,571	18,181
Interest Expense	(3,732)	(3,733)	(3,734)	(3,736)	(4,002)	(4,021)
(Loss)/gain on deferred consideration	(17,018)	2,311	77,895	(35,423)	20,592	41,361
Interest Income	794	770	811	945	1,083	1,000
Impairments	--	--	--	--	(4,900)	--
Loss on extinguishment of convertible notes	--	--	--	--	(9,721)	--
Other gains/(losses)	(24,707)	(4,474)	(5,289)	(1,815)	(2,007)	1,286
<b>Income/(loss) before taxes</b>	<b>(26,974)</b>	<b>10,678</b>	<b>84,556</b>	<b>(28,310)</b>	<b>17,616</b>	<b>57,807</b>
Income tax (benefit)/expense	(16,713)	2,673	3,327	(21)	1,383	3,555
<b>Net Income/(loss)</b>	<b>\$ (10,261)</b>	<b>\$ 8,005</b>	<b>\$ 81,229</b>	<b>\$ (28,289)</b>	<b>\$ 16,233</b>	<b>\$ 54,252</b>
<u>As adjusted (non-GAAP)</u>						
Total operating expenses	\$ 58,244	\$ 59,425	\$ 57,541	\$ 61,591	\$ 64,506	\$ 62,630
Operating income	\$ 20,124	\$ 17,828	\$ 14,873	\$ 11,719	\$ 17,538	\$ 23,094
Income before income taxes	\$ 17,674	\$ 14,498	\$ 12,645	\$ 8,615	\$ 14,485	\$ 19,752
Income tax expense	\$ 3,888	\$ 3,241	\$ 3,323	\$ 1,588	\$ 3,287	\$ 4,833
Net income	\$ 14,063	\$ 11,257	\$ 9,322	\$ 7,027	\$ 11,198	\$ 14,919
Earnings per share - diluted	\$ 0.09	\$ 0.07	\$ 0.06	\$ 0.04	\$ 0.07	\$ 0.09
Weighted average common shares - diluted	158,335	158,976	158,953	159,478	159,887	170,672

# 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:
  - *Unrealized gains or losses on the revaluation of deferred consideration:* Deferred consideration was an obligation we assumed in connection with the ETFs acquisition that was carried at fair value. This item represented the present value of an obligation to pay fixed ounces of gold into perpetuity and is measured using forward-looking gold prices. Changes in the forward-looking price of gold and changes in the discount rate used to compute the present value of the annual payment obligations have had a material impact on the carrying value of the deferred consideration and our reported financial results. We exclude this item when calculating our non-GAAP financial measurements as it was not core to our operating business. The item was not adjusted for income taxes as the obligation was assumed by a wholly-owned subsidiary of ours that is based in Jersey, a jurisdiction where we are subject to a zero percent tax rate. During the second quarter of 2023, we terminated this obligation for aggregate consideration totaling approximately \$137.0 million.
  - *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 the gains and losses introduce volatility in earnings and are not core to our operating business.
  - *Tax windfalls and shortfalls upon vesting and exercise of stock-based compensation awards:* GAAP requires the recognition of tax windfalls and shortfalls within income tax expense. These items arise upon the vesting and exercise 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 determining adjusted net income and diluted earnings per share as they introduce volatility in earnings and are not core to our operating business.
  - *Other items:* Loss on extinguishment of our convertible notes, impairments, remeasurement of contingent consideration payable to us from the sale of our former Canadian ETF business, unrealized gains and losses recognized on our investments, changes in the deferred tax asset valuation allowance, expenses incurred in response to an activist campaign and litigation expenses associated with certain provisions of our Stockholder Rights Agreement dated as of March 17, 2023, as amended with Contrinential 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 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	Jun. 30 2022
<b>Adjusted net income and diluted earnings per share:</b>					
Net income/(loss), as reported	\$ 54,252	\$ 16,233	\$ (28,289)	\$ 81,229	\$ 8,005
(Deduct)/Add back: (Gain)/loss on revaluation of deferred consideration-gold payments	(41,361)	(20,592)	35,423	(77,895)	(2,311)
Add back: Expenses incurred in response to the activist campaign, net of income taxes	3,720	732	--	--	1,532
(Deduct)/add back: Unrealized (gain)/loss recognized on our investments, net of income taxes	(2,346)	2,966	469	(248)	(55)
Add back/(deduct): Losses/(gains) on financial instruments owned, net of income taxes	762	(1,479)	669	4,778	3,165
(Deduct)/add back: (Decrease)/increase in deferred tax asset valuation allowance on financial instruments owned	(508)	477	364	1,454	901
Add back: Litigation expenses associated with certain provisions of the Stockholder Rights Agreement, net of income taxes	367	--	--	--	--
Add back/(deduct): Tax shortfalls/(windfalls) upon vesting and Add back: Loss on extinguishment of convertible notes, net of income taxes	33	(185)	--	4	20
Add back: Impairments	--	4,900	--	--	--
Deduct: Remeasurement of contingent consideration - sale of former Canadian ETF business	--	(1,477)	--	--	--
Deduct: Decrease in deferred tax asset valuation allowance on net operating losses of a European subsidiary	--	--	(1,609)	--	--
Adjusted net income	\$ 14,919	\$ 11,198	\$ 7,027	\$ 9,322	\$ 11,257
Weighted average common share - diluted	170,672	159,887	159,478	158,953	158,976
Adjusted earnings per share - diluted	<u>\$0.09</u>	<u>\$0.07</u>	<u>\$0.04</u>	<u>\$0.06</u>	<u>\$0.07</u>

(\$ in thousands) Unaudited	Three Months Ended				
	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	Jun. 30 2022
<b>Gross Margin and Gross Margin Percentage</b>					
Operating Revenues	\$ 85,724	\$ 82,044	\$ 73,310	\$ 72,414	\$ 77,253
Deduct: Fund management and administration	(17,727)	(17,153)	(16,906)	(16,285)	(16,076)
Gross margin	<u>\$ 67,997</u>	<u>\$ 64,891</u>	<u>\$ 56,404</u>	<u>\$ 56,129</u>	<u>\$ 61,177</u>
Gross margin percentage	<u>79.3%</u>	<u>79.1%</u>	<u>76.9%</u>	<u>77.5%</u>	<u>79.2%</u>

(\$ in thousands) Unaudited	Three Months Ended				
	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	Jun. 30 2022
<b>Adjusted Operating Income and Operating Income Margin</b>					
Operating Revenues	\$ 85,724	\$ 82,044	\$ 73,310	\$ 72,414	\$ 77,253
Operating income	\$ 18,181	\$ 16,571	\$ 11,719	\$ 14,873	\$ 15,804
Add back: Expenses incurred in response to the activist campaign	4,913	967	-	-	2,024
Adjusted operating income	<u>\$ 23,094</u>	<u>\$ 17,538</u>	<u>\$ 11,719</u>	<u>\$ 14,873</u>	<u>\$ 17,828</u>
Adjusted operating income margin	<u>26.9%</u>	<u>21.4%</u>	<u>16.0%</u>	<u>20.5%</u>	<u>23.1%</u>

(\$ in thousands) Unaudited	Three Months Ended				
	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	Jun. 30 2022
<b>Adjusted Total Operating Expenses</b>					
Total operating expenses	\$ 67,543	\$ 65,473	\$ 61,591	\$ 57,541	\$ 61,449
Deduct: Expenses incurred in response to the activist campaign	(4,913)	(967)	-	-	(2,024)
Adjusted operating expenses	<u>\$ 62,630</u>	<u>\$ 64,506</u>	<u>\$ 61,591</u>	<u>\$ 57,541</u>	<u>\$ 59,425</u>

(\$ in thousands) Unaudited	Three Months Ended				
	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	Jun. 30 2022
<b>Adjusted Effective Income Tax Rate</b>					
Income/(loss) before income taxes	\$ 57,807	\$ 17,616	\$ (28,310)	\$ 84,556	\$ 10,678
(Deduct)/add back: (Gain)/loss on revaluation of deferred consideration-gold payments	(41,361)	(20,592)	35,423	(77,895)	(2,311)
Add back: Expenses incurred in response to the activist campaign	4,913	967	--	--	2,024
(Deduct)/add back: Unrealized (gain)/loss recognized on investments	(3,099)	3,918	619	(327)	(73)
Add back/(deduct): Losses/(gains) on financial instruments owned	1,007	(1,954)	883	6,311	4,180
Add back: Litigation expenses associated with certain provisions of the Stockholder Rights Agreement	485	--	--	--	--
Add back: Loss on extinguishment of convertible notes	--	9,721	--	--	--
Add back: Impairments	--	4,900	--	--	--
Deduct: Remeasurement of contingent consideration - sale of former Canadian ETF business	--	(1,477)	--	--	--
Add back: Loss recognized upon reduction of tax-related indemnification asset	--	1,386	--	--	--
Adjusted income before income taxes	<u>\$ 19,752</u>	<u>\$ 14,485</u>	<u>\$ 8,615</u>	<u>\$ 12,645</u>	<u>\$ 14,498</u>
Income tax (benefit)/expense	\$ 3,555	\$ 1,383	\$ (21)	\$ 3,327	\$ 2,673
Add back: Tax benefit arising from expenses incurred in response to the activist campaign	1,193	235	--	--	492
(Deduct)/add back: Tax (expense)/benefit on unrealized gains and losses on investments	(753)	952	150	(79)	(18)
Add back/(deduct): Tax benefit/(expense) arising from losses/(gains) on financial instruments owned	245	(475)	214	1,533	1,015
Add back: Tax benefit arising from litigation expenses associated with certain provisions of the Stockholder Rights Agreement	118	--	--	--	--
Add back/(Deduct): Decrease/(increase) in deferred tax asset valuation allowance on financial instruments owned	508	(477)	(364)	(1,454)	(901)
(Deduct)/add back: Tax (shortfalls)/windfalls upon vesting and exercise of stock-based compensation awards	(33)	185	--	(4)	(20)
Add back: Tax benefit arising from extinguishment of convertible notes	--	\$ 98	--	--	--
Add back: Decrease in deferred tax asset valuation allowance on net operating losses of a European subsidiary	--	--	1,609	--	--
Add back: Tax benefit arising from reduction of a tax-related indemnification asset	--	1,386	--	--	--
Adjusted income tax expense	<u>\$ 4,833</u>	<u>\$ 3,287</u>	<u>\$ 1,588</u>	<u>\$ 3,323</u>	<u>\$ 3,241</u>
Adjusted effective income tax rate	<u>24.5%</u>	<u>22.7%</u>	<u>18.4%</u>	<u>26.3%</u>	<u>22.4%</u>



# Reconciliation of US GAAP to Non-GAAP results

Three Months ended June 30, 2023

	QTD June US GAAP	Gain on Def. Consid.	Gain on Inv.	Loss on Sec. Owned	Activist Campaign Exp.	DTA Val. Allow	Litigation Settlement	Tax Windfalls	Non-GAAP
<b>Revenues</b>									
Advisory fees	\$ 82,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,004
Other income	3,720	-	-	-	-	-	-	-	3,720
Total revenues	<u>85,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,724</u>
<b>Expenses</b>									
Compensation and benefits	26,319	-	-	-	-	-	-	-	26,319
Fund management and admin	17,727	-	-	-	-	-	-	-	17,727
Marketing and advertising	4,465	-	-	-	-	-	-	-	4,465
Sales and business development	3,326	-	-	-	-	-	-	-	3,326
Contractual gold payments	1,583	-	-	-	-	-	-	-	1,583
Professional and consulting fees	8,334	-	-	-	(4,822)	-	-	-	3,512
Occ., commun. and equip.	1,172	-	-	-	-	-	-	-	1,172
Depreciation and amort.	121	-	-	-	-	-	-	-	121
Third-party distribution fees	1,881	-	-	-	-	-	-	-	1,881
Other	2,615	-	-	-	(91)	-	-	-	2,524
Total expenses	<u>67,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,630</u>
<b>Operating Income</b>	18,181	-	-	-	4,913	-	-	-	23,094
Interest Expense	(4,021)	-	-	-	-	-	-	-	(4,021)
Gain/(loss) on def. consideration	41,361	(41,361)	-	-	-	-	-	-	-
Interest Income	1,000	-	-	-	-	-	-	-	1,000
Other gains/(losses)	1,286	-	(3,099)	1,007	-	-	485	-	(321)
<b>Income before taxes</b>	<u>57,807</u>	<u>(41,361)</u>	<u>(3,099)</u>	<u>1,007</u>	<u>4,913</u>	<u>-</u>	<u>485</u>	<u>-</u>	<u>19,752</u>
Income tax expense	3,555	-	(753)	245	1,193	508	118	(33)	4,833
<b>Net income</b>	<u>\$ 54,252</u>	<u>\$ (41,361)</u>	<u>\$ (2,346)</u>	<u>\$ 762</u>	<u>\$ 3,720</u>	<u>\$ (508)</u>	<u>\$ 367</u>	<u>\$ 33</u>	<u>\$ 14,919</u>

Diluted Shares: 170,672

EPS: \$ 0.09





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