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# Q4 2024 Results

January 31, 2025

# 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.

# 2024 and Q4 Highlights



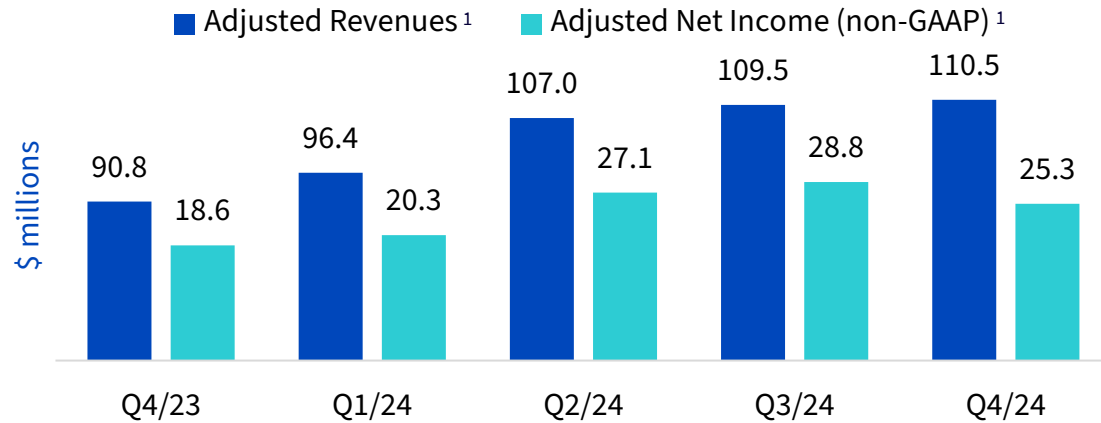
- + AUM and strong financial results:
  - + AUM of +\$109.8b at December 31, 2024
  - + Adjusted revenue growth of 21.6% vs. Q4 2024 (+21.3% vs. YTD Dec. 31, 2023)
  - + 680bps of adjusted operating margin expansion vs. YTD Dec. 31, 2024
- + Net outflows of \$0.3b for the quarter driven by emerging markets, commodity and fixed income products, partly offset by inflows into U.S. equity and cryptocurrency products
- + 9% accretive capital management actions earlier this year:
  - + \$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 of common stock; and
  - + 5.7 million shares of common stock
- + Updated statistics (as of January 29<sup>th</sup>):
  - + AUM: \$113.7b, up 3.6% from December 31, 2024 due to positive market movement and net inflows



# Revenues and Earnings Results



## Adjusted Revenues, income, operating margin, EPS



Adjusted operating margin (non-GAAP) <sup>1</sup>	28.7%	29.7%	35.3%	37.3%	31.7%
Adjusted EPS (non-GAAP) <sup>1</sup>	\$0.11	\$0.12	\$0.16	\$0.12	\$0.17
Net income/(loss)	\$19.1	\$22.1	\$21.8	(\$4.5)	\$27.3
EPS-Diluted	\$0.16	\$0.13	\$0.13	(\$0.13)	\$0.18

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

## Operating margin expansion (as adjusted)

### Adjusted operating margins

	12 months ended		Change
	Dec. 31, 2024	Dec. 31, 2023	
Adjusted operating revenues	\$423,731	\$349,035	21%
Adjusted operating income	\$142,259	\$93,372	52%
Add back:			
Contractual gold payments	\$0	\$6,069	
Adj. operating income ex. gold	\$142,259	\$99,441	
Adjusted operating margin	33.6%	26.8%	680 bps
Adj. operating margin ex. gold	33.6%	28.5%	510 bps

## Highlights/unusual items

- + YTD adjusted revenue growth (+21%) and operating income growth (+52%) vs. YTD Dec. 31, 2023
- + YTD operating margin expansion:
  - + Adjusted operating margin: +680 bps (+510 bps ex. gold payments)
- + Q4 Results impacted by:
  - + Non-recurring expenses of \$1.7m incurred in connection with BNY custody migration
  - + Recognition of \$1m of costs remaining under WisdomTree Prime-related contract
  - + Items above impacted non-GAAP EPS by ~\$0.01 per share

# 2025 Guidance



Category	2025 Guidance	2024 Actual
Compensation to revenue ratio <sup>(1)</sup>	28%-30%	28.6%
Discretionary Spending <sup>(2)</sup>	\$68m-\$72m	\$64.8m
Gross margin (full year) <sup>(1)</sup>	81%-82%	80.2%
Third-party distribution	\$11m-\$12m	\$11.1m
Interest expense <sup>(3)</sup>	\$20.0m	\$16.3m
Interest income	\$7m	\$6.8m
Adjusted tax rate	24%-25%	24.3%
Diluted shares - weighted	149m-150m	158.8m

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

- + Compensation guidance contemplates new hires, year-end compensation adjustments and variability in incentive compensation
  - **Q1 Seasonality:** estimated compensation expense of **\$34m - \$35m**
- + Discretionary spending guidance contemplates additional marketing (Digital Assets and ETFs), investment in sales-related initiatives including further Portfolio Solutions promotions, higher amortization of capitalized software and other
- + Gross margin guidance considers current AUM levels, changes in service providers and anticipated fund launches
- + Interest expense guidance increased due to incremental debt raised in August 2024 to facilitate repurchase of all outstanding shares of Series A preferred stock from ETFS Capital (equivalent to 14.75m shares of common stock) and an additional ~5m shares of common stock
- + Diluted share forecast updated taking into consideration the full quarter impact of the ~20m shares repurchased in August 2024. Guidance is exclusive of incremental shares associated with convertible notes (an illustration is included in the Appendix)

## Footnotes

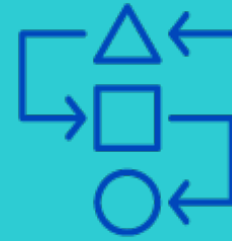
<sup>1</sup> 2024 Actual excludes \$4.3m of legal and other related expenses expected to be covered by insurance which are reported gross such that revenues are recorded to offset expenses incurred

<sup>2</sup> Excludes any non-recurring expenses in response to an activist campaign

<sup>3</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



Ongoing inflow momentum  
as AUM is levered to attractive  
investment themes



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

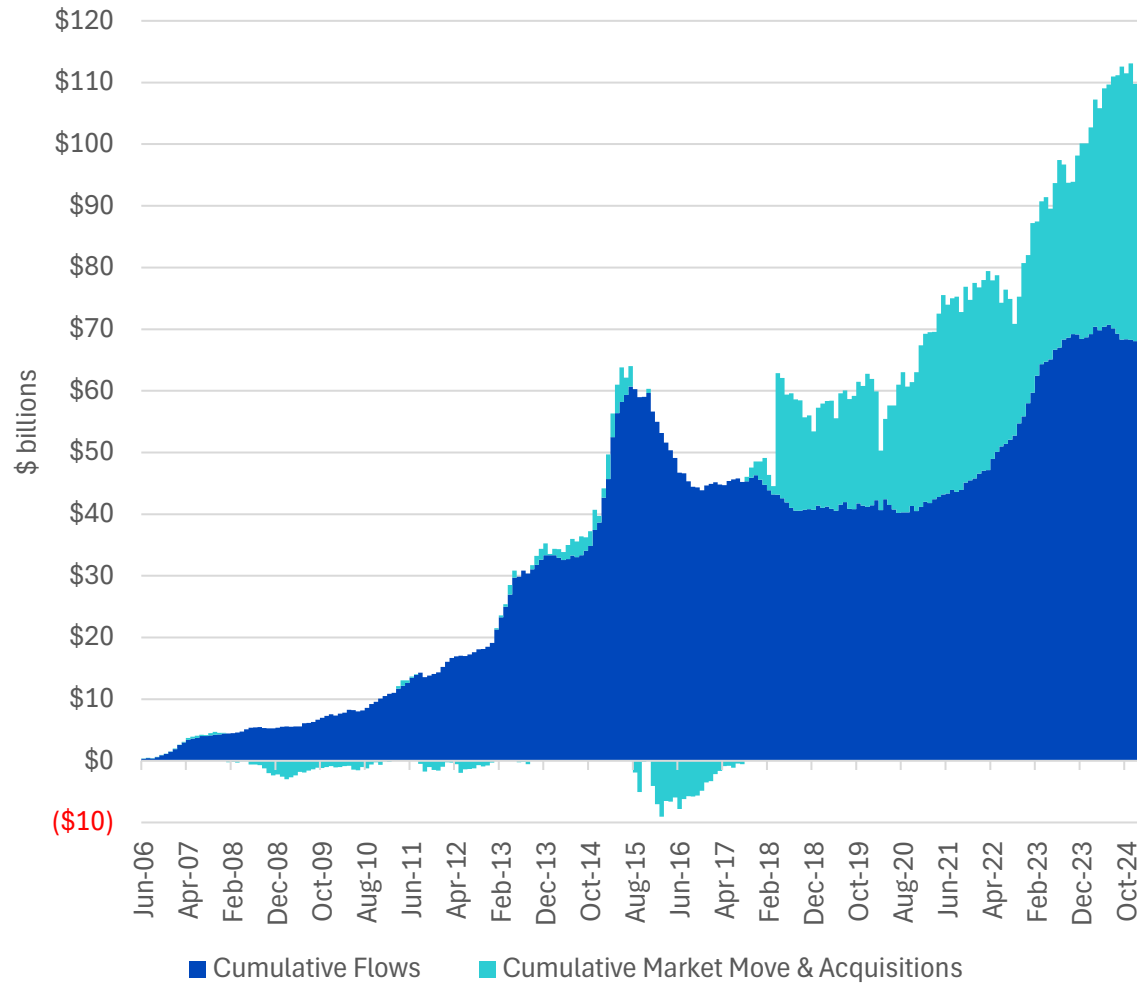


Early mover into tokenization  
charts a course for accelerated  
long-term growth



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

# Expect Deepening Client Engagement will Drive Further AUM Growth in 2025



- + In 2024...
  - + Total AUM grew ~10% despite second half flow challenges
  - + The number of clients using WisdomTree products grew by 5%
  - + The average number of WisdomTree products held per WisdomTree client increased 4%
  - + Engagement is strong
- + Look to further deepen our mind- and wallet-share in 2025 to driver further AUM expansion

# 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



### Custom Models – RIAs/IBDs

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

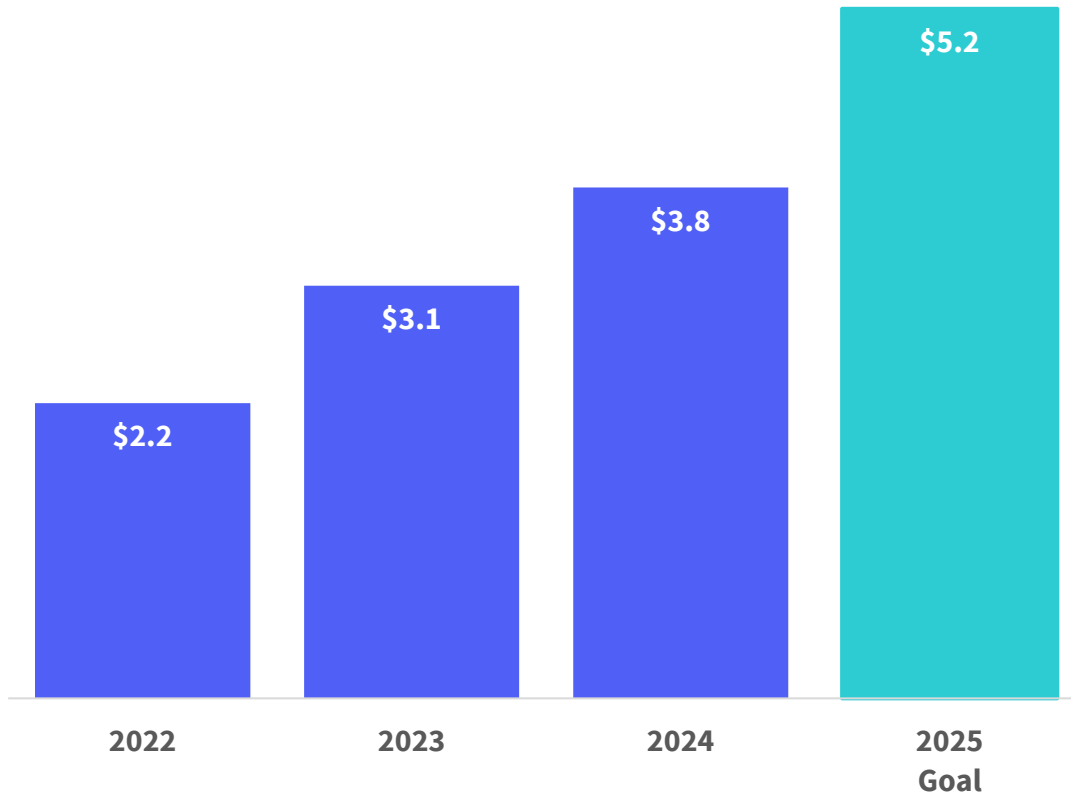




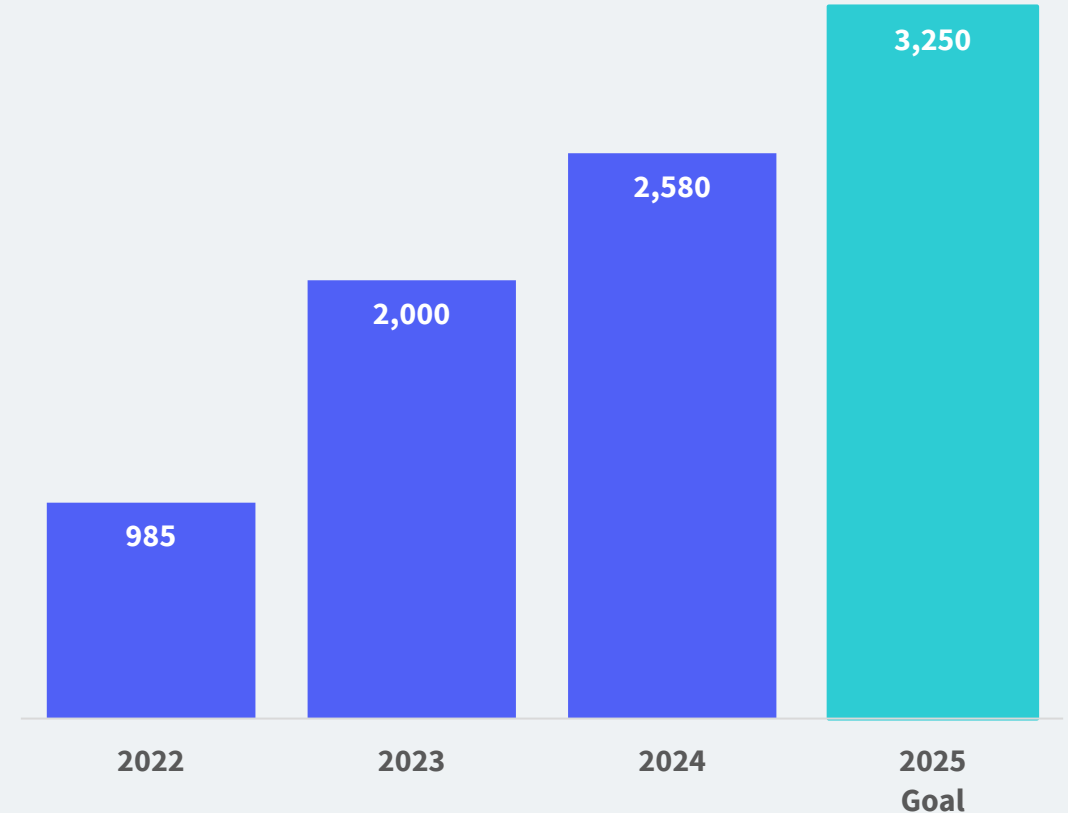
# Penetrate Accessible Market to Grow in Model AUA and Model Users in 2025



## Target 35% to 40% Expansion in Model Assets Under Advisement (AUA, \$ billion)



## Target 25% to 30% Growth in Model Users



# 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

### WisdomTree Prime

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



## Direct to Business

### WisdomTree Connect

- + Target Audience: B2B & B2B2C, Institutions
  - + Available to select global investors
- + Delivery: Web Portal, APIs
- + Wallet Custody: Non-Custodial (customer manages wallet) or third-party custodial wallet
- + Meet users where they are: tokens can be held in a wallet of any supported blockchain
- + 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 3<sup>rd</sup> Parties
  - + Additional on-chain capabilities
  - + Identity Services

# WisdomTree Digital Assets Current Product Pillars



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

## Digital Asset Metrics Heading into 2025



26,000

**Opened Accounts**

2,300

**Funded Accounts**

143

**Average Daily User  
Transactions in Q4**

\$3 million

**WisdomTree Prime AUM**

\$31 million

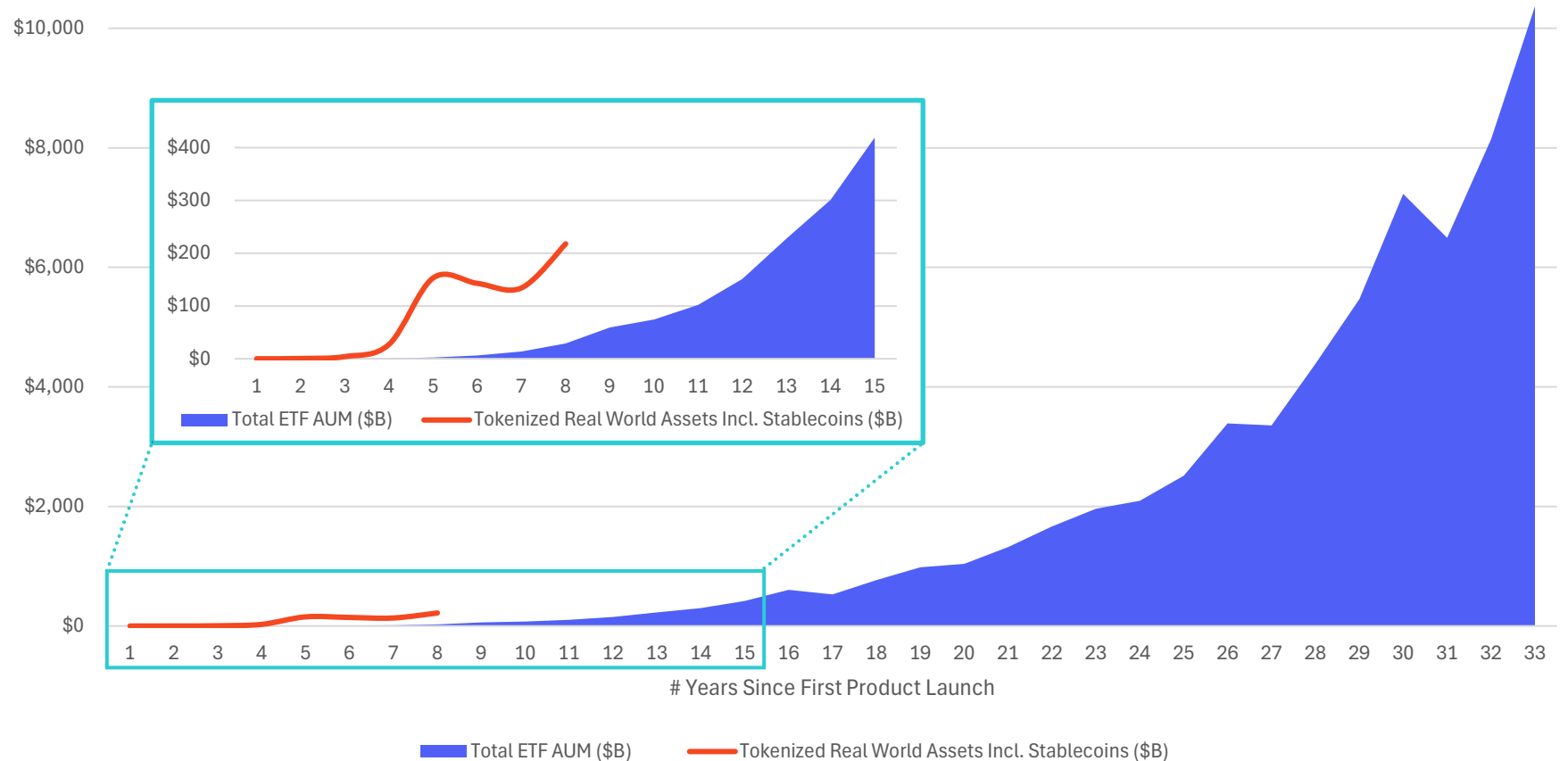
**Total WisdomTree  
Tokenized AUM**

# A Secular Shift Toward Tokenization is Underway and WisdomTree is a Leader



- + Tokenized real world assets (RWA) has grown from near zero in 2017 to over \$200 billion in AUM today (mostly stablecoins)
- + Early growth curve of Tokenized RWA exceeds the early ETF adoption in the 1990s
- + WisdomTree's tokenized money market and floating rate treasury funds are well-suited for yield generating safe havens
- + WisdomTree Connect has onboarded its first customers, supporting tokenized money market fund on Ethereum
- + WisdomTree seeks to expand the adoption of our total tokenized product lineup further including gold, equities, and more

**Growth of Tokenized Real World Assets vs. ETFs Since First Inception (\$ billion)**



Source: Artemis Analytics and RWA.xyz

## Grow & Diversify Revenue Streams

- + Grow the number of WisdomTree clients and deepen engagement
- + Expand models and portfolio solutions footprint
- + Continue to grow revenue outside asset based fees

## Disciplined Execution

- + Generated 73% y/y EPS growth in 2024
- + Further incorporate artificial intelligence (AI) into everyday workflows
- + Tap into scale benefits to drive margin expansion

## Strategic Innovation

- + Leader in secular shift toward tokenization – both for direct to retail and institutional users
- + Forward thinking in AI deployment
- + Continue to explore new products or services that accelerate strategic growth

## Proactive Capital Deployment

- + Maintain a proactive stance toward capital management
- + Explore accretive capital deployment opportunities like additional buybacks, strategic M&A, partnerships



# Q&A

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# Appendix

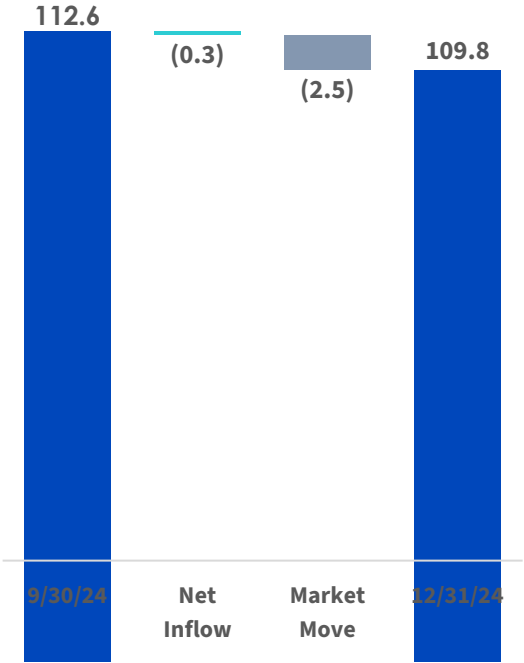
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# AUM and Net Flows



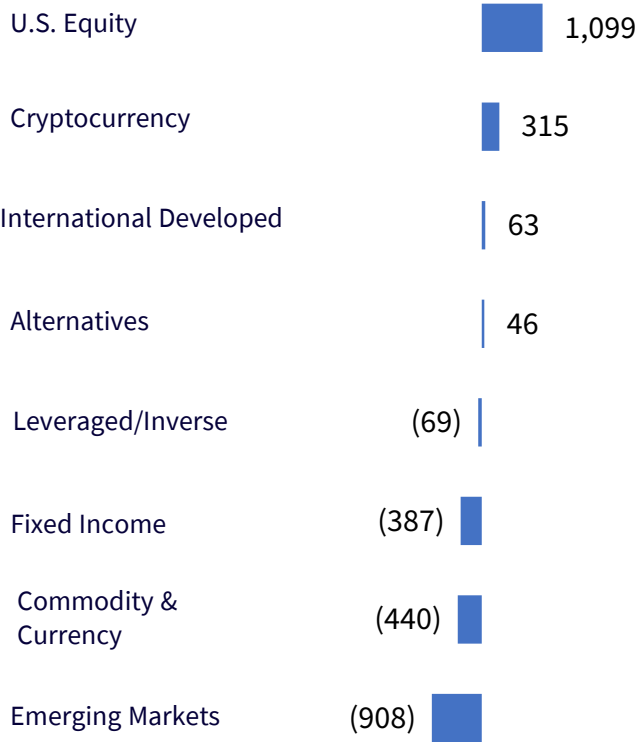
## Quarterly ETP AUM Change

(\$ billions)



## Q4/24 Net Flows by Category

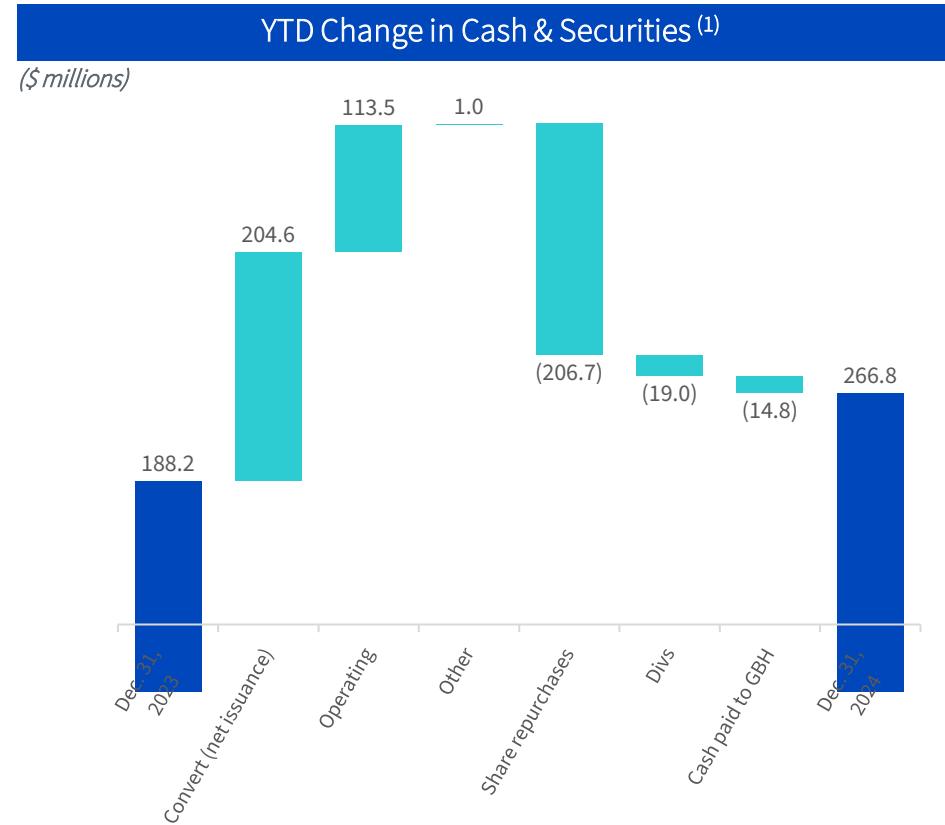
(\$ millions)



# Balance Sheet



Balance Sheet		
(\$ millions)	Dec. 31, 2024	Dec. 31, 2023
<b>Assets</b>		
Cash and financial instruments <sup>(1)</sup>	\$266.8	\$188.2
Investments	8.9	9.7
Accounts receivable	44.9	35.5
Deferred tax asset, net	11.7	11.1
Fixed assets, net	0.3	0.4
Goodwill and intangibles	692.7	691.9
Other assets	8.2	7.3
<b>Total assets</b>	<b>\$1,033.5</b>	<b>\$944.1</b>
<b>Liabilities</b>		
Fund management and administration	\$31.1	\$30.1
Compensation and benefits	39.7	38.1
Accounts payable and other liabilities	22.1	15.8
Income taxes payable	0.7	3.8
Payable to GBH	27.0	39.1
Convertible notes	512.0	274.9
Lease liabilities	0.9	0.6
<b>Total liabilities</b>	<b>633.5</b>	<b>402.4</b>
Preferred stock	0.0	132.6
Stockholders' equity	400.0	409.1
<b>Total liabilities and stockholders' equity</b>	<b>\$1,033.5</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 \$12.00 average stock price:

	Issued 2021 \$150M Notes (2026 Maturity)	Issued 2023 \$26M Notes (2028 Maturity)	Issued 2024 \$345M Notes (2029 Maturity)
<b><u>Conversion Spread</u></b>			
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:	<u>\$0.96</u>	<u>\$2.46</u>	<u>\$0.18</u>
<b><u>Potential Shares</u></b>			
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	Q4
<b>Revenues</b>								
Advisory fees	\$ 77,637	\$ 82,004	\$ 86,598	\$ 86,988	\$ 92,501	\$ 98,938	\$101,659	\$102,264
Other revenues	4,407	3,720	3,825	3,856	4,337	8,096	11,509	8,433
Total revenues	82,044	85,724	90,423	90,844	96,838	107,034	113,168	110,697
<b>Expenses</b>								
Compensation and benefits	27,398	26,319	27,955	27,860	31,054	30,790	29,405	30,032
Fund management and administration	17,153	17,727	18,023	18,445	19,962	20,139	21,004	22,858
Marketing and advertising	4,007	4,465	3,833	4,951	4,408	5,110	4,897	6,117
Sales and business development	2,994	3,326	3,383	3,881	3,611	3,640	3,465	4,101
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	4,559
Occ., communications and equipment	1,101	1,172	1,203	1,208	1,210	1,314	1,397	1,423
Depreciation and amortization	109	121	307	335	383	418	447	504
Third-party distribution fees	2,253	1,881	2,694	2,549	2,307	2,687	2,983	3,161
Other	2,257	2,615	2,601	2,379	2,323	2,831	2,463	2,902
Total expenses	65,473	67,543	63,718	64,809	68,888	73,523	72,376	75,657
<b>Operating Income</b>	16,571	18,181	26,705	26,035	27,950	33,511	40,792	35,040
Interest Expense	(4,002)	(4,021)	(3,461)	(3,758)	(4,128)	(4,140)	(5,027)	(5,616)
Gain on deferred consideration	20,592	41,361	—	—	—	—	—	—
Interest Income	1,083	1,000	791	1,225	1,398	1,438	1,795	2,147
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)	2,627
<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>	<b>3,866</b>	<b>34,198</b>
Income tax expense	1,383	3,555	5,836	5,688	5,701	7,767	8,351	6,890
<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>\$ (4,485)</b>	<b>\$ 27,308</b>
<b>As adjusted (non-GAAP)</b>								
Total revenues	\$ 82,044	\$ 85,724	\$ 90,423	\$ 90,844	\$ 96,385	\$107,034	\$109,507	\$110,505
Total operating expenses	\$ 64,506	\$ 62,630	\$ 63,718	\$ 64,809	\$ 67,740	\$ 69,252	\$ 68,715	\$ 75,465
Operating income	\$ 17,538	\$ 23,094	\$ 26,705	\$ 26,035	\$ 27,950	\$ 37,782	\$ 40,792	\$ 35,040
Income before income taxes	\$ 14,485	\$ 19,752	\$ 23,902	\$ 23,908	\$ 26,987	\$ 36,083	\$ 37,187	\$ 33,033
Income tax expense	\$ 3,287	\$ 4,833	\$ 5,854	\$ 5,342	\$ 6,731	\$ 9,008	\$ 9,049	\$ 7,753
Net income	\$ 11,198	\$ 14,919	\$ 18,048	\$ 18,566	\$ 20,254	\$ 27,075	\$ 28,768	\$ 25,280
Earnings per share - diluted	\$ 0.07	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.16	\$ 0.18	\$ 0.17
Weighted average common shares - diluted	159,887	170,672	177,140	171,703	165,268	166,359	156,745	147,612

# 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 \$4.3 million of legal and other related expenses in connection with a settlement with the U.S. Securities and Exchange Commission (the “SEC”) regarding certain statements about the ESG screening process for three ETFs advised by WisdomTree Asset Management, Inc. (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				
	Dec. 31 2024	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023
<b>Adjusted net income and diluted earnings per share:</b>					
Net income/(loss), as reported	\$ 27,308	\$ (4,485)	\$ 21,759	\$ 22,111	\$ 19,077
(Deduct)/add back: (Gains)/losses on financial instruments owned, net of income taxes	(1,722)	(607)	220	(1,562)	(370)
Add back: Loss on extinguishment of convertible notes, net of income taxes	(718)	30,128	--	--	--
Add back: Imputed interest on payable to GBH, net of income taxes	451	528	513	504	224
(Deduct)/add back: (Decrease)/increase in deferred tax asset valuation allowance on financial instruments owned	(428)	(335)	391	(531)	(280)
Add back/(deduct): Losses/(gains) recognized on our investments, net of income taxes	389	(436)	998	(93)	(336)
Add back: Civil money penalty in connection with SEC ESG Settlement	--	4,000	--	--	--
(Deduct)/add back: Tax (windfalls)/shortfalls upon vesting of stock-based compensation awards	--	(25)	(40)	(699)	(6)
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
Adjusted net income	\$ 25,280	\$ 28,768	\$ 27,075	\$ 20,256	\$ 18,566
Weighted average common share - diluted	156,745	156,745	166,359	165,268	171,703
Adjusted earnings per share - diluted	<u>\$0.16</u>	<u>\$0.18</u>	<u>\$0.16</u>	<u>\$0.12</u>	<u>\$0.11</u>

(\$ in thousands) Unaudited	Three Months Ended				
	Dec. 31 2024	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023
<b>Gross Margin and Gross Margin Percentage</b>					
Operating Revenues	\$ 110,697	\$ 113,168	\$ 107,034	\$ 96,838	\$ 90,844
Deduct: Legal and other related expenses covered by insurance	(192)	(3,661)	--	(453)	--
Operating revenues, as adjusted	\$ 110,505	\$ 109,507	\$ 107,034	\$ 96,385	\$ 90,844
Deduct: Fund management and administration	(22,858)	(21,004)	(20,139)	(19,962)	(18,445)
Gross margin	\$ 87,647	\$ 88,503	\$ 86,895	\$ 76,423	\$ 72,399
Gross margin percentage	<u>79.3%</u>	<u>80.8%</u>	<u>81.2%</u>	<u>79.3%</u>	<u>79.7%</u>

(\$ in thousands) Unaudited	Three Months Ended				
	Dec. 31 2024	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023
<b>Adjusted Operating Income and Operating Income Margin</b>					
Operating Revenues	\$ 110,697	\$ 113,168	\$ 107,034	\$ 96,838	\$ 90,844
Deduct: Legal and other related expenses covered by insurance	(192)	(3,661)	--	(453)	--
Operating revenues, as adjusted	\$ 110,505	\$ 109,507	\$ 107,034	\$ 96,385	\$ 90,844
Operating income	\$ 35,040	\$ 40,792	\$ 33,511	\$ 27,950	\$ 26,035
Add back: Expenses incurred in response to the activist campaign	--	--	4,271	695	--
Adjusted operating income	\$ 35,040	\$ 40,792	\$ 37,782	\$ 28,645	\$ 26,035
Adjusted operating income margin	<u>31.7%</u>	<u>37.3%</u>	<u>35.3%</u>	<u>29.7%</u>	<u>28.7%</u>

(\$ in thousands) Unaudited	Three Months Ended				
	Dec. 31 2024	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023
<b>Adjusted Total Operating Expenses</b>					
Total operating expenses	\$ 75,657	\$ 72,376	\$ 73,523	\$ 68,888	\$ 64,809
Deduct: Legal and other related expenses covered by insurance	(192)	(3,661)	--	(453)	--
Deduct: Expenses incurred in response to the activist campaign	--	--	(4,271)	(695)	--
Adjusted operating expenses	<u>\$ 75,465</u>	<u>\$ 68,715</u>	<u>\$ 69,252</u>	<u>\$ 67,740</u>	<u>\$ 64,809</u>

(\$ in thousands) Unaudited	Three Months Ended				
	Dec. 31 2024	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023
<b>Adjusted Effective Income Tax Rate</b>					
Income before income taxes	\$ 34,198	\$ 3,866	\$ 29,526	\$ 27,812	\$ 24,765
(Deduct)/add back: (Gains)/losses on financial instruments owned	(2,275)	(802)	291	(2,063)	(489)
Add back: Imputed interest on payable to GBH	596	697	677	666	296
Add back/(deduct): Losses/(gains) recognized on investments	514	(576)	1,318	(123)	(1,003)
Add back: Loss on extinguishment of convertible notes	--	30,632	--	--	--
Add back: Civil money penalty in connection with SEC ESG Settlement	--	4,000	--	--	--
Add back: Expenses incurred in response to the activist campaign	--	--	4,271	695	--
Add back: Impairments	--	--	--	--	339
Adjusted income before income taxes	\$ 33,033	\$ 37,817	\$ 36,083	\$ 26,987	\$ 23,908
Income tax expense	\$ 6,890	\$ 8,351	\$ 7,767	\$ 5,701	\$ 5,688
Add back: Tax benefit arising from extinguishment of convertible notes	718	504	--	--	--
(Deduct)/add back: Tax (expense)/benefit arising from losses/(gains) on financial instruments owned	(553)	(195)	71	(501)	(119)
Add back/(deduct): Decrease/(increase) in deferred tax asset valuation allowance on financial instruments owned	428	335	(391)	531	280
Add back: Tax benefit on imputed interest	145	169	164	162	72
(Deduct)/Add back: Tax benefit/(expense) on gains and losses on investments	125	(140)	320	(30)	(667)
Add back/(deduct): Tax windfalls/(shortfalls) upon vesting of stock-based compensation awards	--	25	40	699	6
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
Adjusted income tax expense	\$ 7,753	\$ 9,049	\$ 9,008	\$ 6,731	\$ 5,342
Adjusted effective income tax rate	<u>23.5%</u>	<u>23.9%</u>	<u>25.0%</u>	<u>24.9%</u>	<u>22.3%</u>

# Reconciliation of US GAAP to Non-GAAP results – Q4 2024



	QTD Dec. US GAAP	Legal Fees Covered by Insurance	Gain on Securities	Imputed Interest	Loss on Inv.	Loss on Extinguishment	DTA Val. Allowance	Non-GAAP
<b>Revenues</b>								
Advisory fees	\$ 102,264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,264
Other income	8,433	(192)	-	-	-	-	-	8,241
Total revenues	<u>110,697</u>	<u>(192)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,505</u>
<b>Expenses</b>								
Compensation and benefits	30,032	-	-	-	-	-	-	30,032
Fund management and admin	22,858	-	-	-	-	-	-	22,858
Marketing and advertising	6,117	-	-	-	-	-	-	6,117
Sales and business development	4,101	-	-	-	-	-	-	4,101
Contractual gold payments	--	-	-	-	-	-	-	--
Professional and consulting fees	4,559	(192)	-	-	-	-	-	4,367
Occ., commun. and equip.	1,423	-	-	-	-	-	-	1,423
Depreciation and amort.	504	-	-	-	-	-	-	504
Third-party distribution fees	3,161	-	-	-	-	-	-	3,161
Other	2,902	-	-	-	-	-	-	2,902
Total expenses	<u>75,657</u>	<u>(192)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,465</u>
<b>Operating Income</b>	35,040	-	-	-	-	-	-	35,040
Interest Expense	(5,616)	-	-	596	-	-	-	(5,020)
Interest Income	2,147	-	-	-	-	-	-	2,147
Loss on extinguishment - convertible notes	--	-	-	-	-	-	-	--
Other gains/(losses)	2,627	-	(2,275)	-	514	-	-	866
<b>Income before taxes</b>	34,198	-	(2,275)	596	514	-	-	33,033
Income tax expense	6,890	-	(553)	145	125	718	428	7,753
<b>Net income</b>	<u>\$ 27,308</u>	<u>\$ -</u>	<u>\$ (1,722)</u>	<u>\$ 451</u>	<u>\$ 389</u>	<u>\$ (718)</u>	<u>\$ (428)</u>	<u>\$ 25,280</u>
								147,612
								\$ 0.17



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



	YTD Dec. 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
<b>Revenues</b>											
Advisory fees	\$ 395,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,362
Other income	32,375	(4,305)	-	-	-	-	-	-	-	-	28,070
Total revenues	<u>427,737</u>	<u>(4,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,432</u>
<b>Expenses</b>											
Compensation and benefits	121,281	-	-	-	-	-	-	-	-	-	121,281
Fund management and admin	83,963	-	-	-	-	-	-	-	-	-	83,963
Marketing and advertising	20,532	-	-	-	-	-	-	-	-	-	20,532
Sales and business development	14,817	-	-	-	-	-	-	-	-	-	14,817
Contractual gold payments	--	-	-	-	-	-	-	-	-	-	--
Professional and consulting fees	21,098	(4,305)	-	-	(4,857)	-	-	-	-	-	11,936
Occ., commun. and equip.	5,344	-	-	-	-	-	-	-	-	-	5,344
Depreciation and amort.	1,752	-	-	-	-	-	-	-	-	-	1,752
Third-party distribution fees	11,138	-	-	-	-	-	-	-	-	-	11,138
Other	10,519	-	-	-	(110)	-	-	-	-	-	10,409
Total expenses	<u>290,444</u>	<u>(4,305)</u>	<u>-</u>	<u>-</u>	<u>(4,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,172</u>
<b>Operating Income</b>	137,293	-	-	-	4,967	-	-	-	-	-	142,260
Interest Expense	(18,911)	-	-	-	-	2,637	-	-	-	-	(16,274)
Interest Income	6,778	-	-	-	-	-	-	-	-	-	6,778
Loss on extinguishment - convertible notes	(30,632)	-	30,632	-	-	-	-	-	-	-	--
Other gains/(losses)	874	-	-	4,000	-	-	(4,850)	1,133	-	-	1,157
<b>Income before taxes</b>	95,402	-	30,632	4,000	4,967	2,637	(4,850)	1,133	-	-	133,921
Income tax expense	28,709	-	1,222	-	1,206	640	(1,179)	275	905	764	32,542
<b>Net income</b>	<u>\$ 66,693</u>	<u>\$ -</u>	<u>\$ 29,410</u>	<u>\$ 4,000</u>	<u>\$ 3,761</u>	<u>\$ 1,997</u>	<u>\$ (3,671)</u>	<u>\$ 858</u>	<u>\$ (905)</u>	<u>\$ (764)</u>	<u>\$ 101,379</u>

Diluted Shares: 158,844

EPS: \$ 0.64



# Thank you.

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