

FINANCIAL SUPPLEMENT

2021 First Quarter

APRIL 29, 2021

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1. COWEN INC.

Revenue Metrics (Non-GAAP Unaudited) - Cowen Inc.

\$ thousands	2019	2020					2021
	FY	Q1	Q2	Q3	Q4	FY	Q1
INVESTMENT BANKING REVENUE	\$351,085	\$99,197	\$190,430	\$185,151	\$254,402	\$729,180	\$293,488
Advisory Revenue	\$132,188	\$33,472	\$55,694	\$62,098	\$137,782	\$289,046	\$132,848
M&A							
Revenue	\$83,152	\$19,773	\$30,983	\$32,476	\$87,669	\$170,901	\$55,655
Total transactions	48	12	9	10	17	48	10
Average fee (implied)	1,732	\$1,648	\$3,443	\$3,248	\$5,157	3,560	\$5,566
Median fee	\$1,008	\$1,201	\$1,295	\$1,685	\$2,800	\$1,723	\$1,580
Transaction value (in M)	\$10,443	\$1,114	\$4,742	\$6,011	\$25,641	\$37,508	\$11,866
Capital Markets Advisory ¹							
Revenue	\$49,036	\$13,699	\$24,711	\$29,622	\$50,113	\$118,145	\$77,193
Total transactions	27	7	7	11	12	37	15
Average fee (implied)	\$1,816	\$1,957	\$3,530	\$2,693	\$4,176	\$3,193	\$5,146
Median fee	\$900	\$1,350	\$1,880	\$2,250	\$3,465	\$2,225	\$2,238
Underwriting Revenue ²							
Revenue	\$218,897	\$65,725	\$134,736	\$123,053	\$116,620	\$440,135	\$160,640
Total transactions	114	24	48	50	44	166	63
Average fee (implied)	\$1,920	\$2,739	\$2,807	\$2,461	\$2,650	\$2,651	\$2,550
Median fee	\$1,477	\$2,309	\$2,206	\$2,033	\$1,690	\$2,007	\$1,952
BROKERAGE REVENUE	\$459,143	\$132,672	\$167,067	\$167,084	\$185,824	\$652,647	\$221,848
Institutional brokerage ³	\$323,965	\$97,961	\$119,064	\$113,313	\$132,344	\$462,682	\$156,157
Institutional services	\$135,178	\$34,711	\$48,003	\$53,771	\$53,480	\$189,965	\$65,691
Prime Services Management Fees ⁴	\$2,996	\$826	\$647	\$802	\$792	\$3,067	\$782
Miscellaneous Markets Fees ⁴	\$3,414	(\$1,113)	\$1,448	(\$445)	\$1,730	\$1,620	(\$631)
Total Markets Revenue ⁴	\$465,553	\$132,385	\$169,162	\$167,441	\$188,346	\$657,334	\$221,999
Markets revenue per trading day	\$1,847	\$2,135	\$2,685	\$2,616	\$2,943	\$2,598	\$3,639
# Trading days	252	62	63	64	64	253	61
# Publishing analysts ⁵	52	53	54	54	53	53	51
MANAGEMENT FEE	\$42,297	\$13,320	\$14,402	\$14,636	\$16,742	\$59,100	\$27,200
Monthly run rate for period	\$3,525	\$4,440	\$4,801	\$4,879	\$5,581	\$4,925	\$9,067
INCENTIVE INCOME	\$45,732	(\$4,086)	\$46,375	(\$1,302)	\$44,375	\$85,362	\$108,711
INVESTMENT INCOME	\$35,726	\$(31,103)	\$140,486	\$(90,488)	\$10,328	\$29,223	\$35,008
OTHER REVENUE	\$5,843	\$562	\$(60)	\$(794)	\$1,074	\$782	\$1,163
TOTAL REVENUE⁶	\$939,827	\$210,562	\$558,700	\$274,287	\$512,745	\$1,556,294	\$687,418

1) "Capital Markets Advisory" includes private placements, PIPEs, private debt financings, debt advisory and other advisory fees

2) "Capital Markets Underwriting" includes IPOs, secondary offerings, convertible bonds, ATM offerings and publicly rated debt

3) "Institutional Brokerage" includes: cash and electronic trading, options, ADR, special situations and credit; "Institutional Services" includes: prime services, clearing, securities finance, commission management and recapture.

4) "Markets Revenue" includes brokerage revenue as well as management fees for prime services and miscellaneous fees presented in management fees and other revenue in economic income (loss) respectively

5) Includes equity, credit and macro publishing analysts

6) Total revenue is the sum of investment banking, brokerage, management fee, incentive income, investment income and other revenue

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Cowen Inc.

	2019	2020				2021	
	FY	Q1	Q2	Q3	Q4	FY	Q1
SUMMARY ECONOMIC INCOME DATA (\$ thousands)							
Economic proceeds	\$939,827	\$210,562	\$558,700	\$274,287	\$512,745	\$1,556,291	\$687,418
Pre-tax economic income (loss) ¹	\$50,490	\$(10,882)	\$162,962	\$33,460	\$134,498	\$320,038	\$196,831
Economic income tax expense	\$0	\$0	\$0	\$0	\$0	\$0	\$52,751
Economic income (loss) ²	\$43,698	\$(12,580)	\$161,264	\$31,762	\$132,800	\$313,245	\$142,382
Economic operating income (loss) ²	\$64,137	\$(7,145)	\$166,927	\$37,437	\$138,705	\$335,922	\$145,568
RETURN ON AVERAGE COMMON EQUITY							
Annualized return on average common equity ³	9.0 %	(4.1)%	90.0 %	18.6 %	66.1 %	43.4 %	62.2 %
PER COMMON SHARE INFORMATION							
Economic income per share (basic)	\$1.48	\$(0.44)	\$5.76	\$1.15	\$4.93	\$11.54	\$5.20
Economic Income per share (diluted)	\$1.40	\$(0.44)	\$5.50	\$1.06	\$4.38	\$10.86	\$4.24
Economic operating income per share (basic)	\$2.17	\$(0.25)	\$5.97	\$1.35	\$5.15	\$12.35	\$5.32
Economic operating income per share (diluted)	\$2.05	\$(0.25)	\$5.69	\$1.25	\$4.58	\$11.63	\$4.34
NON-INTEREST EXPENSES (EX. D&A)							
Compensation expenses	\$537,535	\$125,707	\$305,082	\$153,786	\$279,947	\$864,520	\$388,397
Non-compensation expenses	\$298,540	\$80,784	\$75,682	\$72,126	\$83,930	\$312,523	\$89,336
Fixed non-compensation expenses (ex. D&A)	\$146,671	\$37,484	\$34,860	\$34,384	\$39,845	\$146,574	\$37,390
Variable non-compensation expenses	\$151,869	\$43,300	\$40,822	\$37,742	\$44,085	\$165,949	\$51,946
Floor brokerage & trade execution expenses	\$102,337	\$32,666	\$34,795	\$33,603	\$37,470	\$138,534	\$45,480
Client services & business development expenses	\$41,305	\$9,371	\$1,824	\$1,522	\$2,717	\$15,435	\$2,694
Other variable non-compensation expenses	\$8,227	\$1,263	\$4,203	\$2,617	\$3,898	\$11,981	\$3,772
DEPRECIATION & AMORTIZATION							
Depreciation	\$7,310	\$2,240	\$2,389	\$3,227	\$2,598	\$10,454	\$2,565
Amortization	\$13,122	\$3,194	\$3,274	\$2,448	\$3,307	\$12,223	\$1,789
EXPENSE RATIOS							
Compensation to revenue ratio	57.2 %	59.7 %	54.6 %	56.1 %	54.6 %	55.6 %	56.5 %
Non-compensation expenses to revenue ratio	31.8 %	38.4 %	13.5 %	26.3 %	16.4 %	20.1 %	13.0 %
Fixed non-compensation expense to revenue ratio (ex. D&A)	15.6 %	17.8 %	6.2 %	12.5 %	7.8 %	9.4 %	5.4 %
Variable non-compensation expense to revenue ratio	16.2 %	20.6 %	7.3 %	13.8 %	8.6 %	10.7 %	7.6 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is presented net of associated taxes, starting in the first quarter of 2021, as the Company utilized all available net operating losses during 2020

3) See "Return on Common Equity (ROCE) Definition" page

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Cowen Inc.

	2019	2020				2021	
	FY	Q1	Q2	Q3	Q4	FY	Q1
INVESTED CAPITAL BREAKDOWN*							
Operating Co	\$530,739	\$539,867	\$711,762	\$784,204	\$722,758	\$689,648	\$800,026
Asset Co	\$155,849	\$126,683	\$124,421	\$127,713	\$131,030	\$127,462	\$128,501
Total invested capital	\$686,588	\$666,550	\$836,183	\$911,917	\$853,788	\$817,110	\$928,527
SUMMARY STOCKHOLDERS' EQUITY INFORMATION							
Stockholders' Equity	\$809,855	\$784,803	\$901,685	\$911,180	\$969,495	\$969,495	\$1,106,865
Less:							
Preferred Stock	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316
Common Equity	\$708,539	\$683,487	\$800,369	\$809,864	\$868,179	\$868,179	\$1,005,549
Book value per share	\$24.77	\$24.74	\$28.96	\$30.48	\$32.34	\$32.34	\$37.45
Tangible book value per per share	\$18.72	\$18.60	\$22.94	\$24.32	\$25.95	\$25.95	\$30.92
OTHER DATA							
Common shares outstanding (end of period)	28,610	27,628	27,642	26,569	26,846	26,846	26,852
Common shares outstanding (weighted average)							
Basic	29,525	28,598	27,983	27,663	26,934	27,790	27,359
Diluted	31,286	28,598	29,316	29,970	30,316	29,519	33,565
Employees, end of period	1,291	1,312	1,294	1,330	1,362	1,362	1,406

* Full year invested capital is the quarterly average for the respective period

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Three Months Ending March 31, 2021

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments		Economic Income		
	Net income (loss)	Management Reclassifications	Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/ (Loss)	Operating Company	Asset Company
Revenues							
Investment banking	\$ 304,834	\$ (11,346) (a) (b)	\$ —	\$ —	\$ 293,488	\$ 293,488	\$ —
Brokerage	173,737	48,111 (c)(d)(i)	—	—	221,848	221,848	—
Investment income (loss)	176,137	(141,129) (g)(i)	—	—	35,008	31,918	3,090
Management fees	25,742	(594) (d)(e)(f)	2,052	—	27,200	26,884	316
Incentive income (loss)	2,258	106,356 (d)(e)(f)	97	—	108,711	109,925	(1,214)
Interest and dividends	59,388	(59,388) (c)(g)(i)	—	—	—	—	—
Reimbursement from affiliates	288	(288) (b)	—	—	—	—	—
Insurance and reinsurance premiums	7,117	(7,117) (h)	—	—	—	—	—
Other revenue	8,169	(208) (d)(g)(h)	—	(6,798)	1,163	1,164	(1)
Consolidated Funds revenues	(3,347)	—	3,347	—	—	—	—
Total revenues	754,323	(65,603)	5,496	(6,798)	687,418	685,227	2,191
Interest and dividend expense	57,641	(49,832) (c)(g)(i)	—	(776) (m)	7,033	5,943	1,090
Total net revenues	696,682	(15,771)	5,496	(6,022)	680,385	679,284	1,101
Expenses							
Compensation & benefits	388,196	201 (j)(k)	—	—	388,397	385,578	2,819
Fixed non-compensation expense	—	37,628 (e),(*)	—	(238) (n)	37,390	37,474	(84)
Variable non-compensation expense	—	51,946 (*)	—	—	51,946	51,941	5
Other non-compensation expense	109,329	(109,329) (a),(b),(d),(g),(h),(j),(*)	—	—	—	—	—
Depreciation & amortization	4,354	—	—	—	4,354	4,349	5
Non-controlling interest	—	1,467 (k)	—	—	1,467	1,467	—
Consolidated Funds expenses	271	—	(271)	—	—	—	—
Total expenses	502,150	(18,087)	(271)	(238)	483,554	480,809	2,745
Other income (loss)	11,962	(9,978) (e)(f)(g)(i)	(2,667)	683 (p)	—	—	—
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	206,494	(7,662)	3,100	(5,101)	196,831	198,475	(1,644)
Income taxes expense / (benefit)	54,428	—	—	(1,677) (o)	52,751	53,191	(440)
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	4,562	(7,662) (k)	3,100	—	—	—	—
Income (loss) attributable to Cowen Inc.	\$ 147,504	\$ —	\$ —	\$ (3,424)	144,080	\$ 145,284	\$ (1,204)
Less: Preferred stock dividends	1,698	—	—	—	1,698	1,426	272
Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)	\$ 145,806	\$ —	\$ —	\$ (3,424)	142,382	\$ 143,858	\$ (1,476)
Add back: Depreciation and amortization expense					3,186	3,183	3
Economic Operating Income (Loss)					\$ 145,568	\$ 147,041	\$ (1,473)

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Three Months Ending March 31, 2020

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments		Economic Income		
	Net income (loss)	Management Reclassifications	Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/(Loss)	Operating Company	Asset Company
Revenues							
Investment banking	\$ 105,028	\$ (5,831) (a)(b)(i)	\$ —	\$ —	\$ 99,197	\$ 99,197	\$ —
Brokerage	141,377	(8,705) (c)(i)	—	—	132,672	132,672	—
Investment income (loss)	(45,407)	14,303 (g)(i)	—	—	(31,104)	(19,449)	(11,655)
Management fees	11,604	1,038 (d)(e)	678	—	13,320	13,116	204
Incentive income (loss)	—	(4,086) (e)(f)	—	—	(4,086)	(1,942)	(2,144)
Interest and dividends	42,077	(42,077) (c)(g)(i)	—	—	—	—	—
Reimbursement from affiliates	261	(286) (b)	25	—	—	—	—
Insurance and reinsurance premiums	10,471	(10,471) (h)	—	—	—	—	—
Other revenue	1,321	(759) (d)(g)(h)	—	—	562	562	—
Consolidated Funds revenues	(70,009)	11,110	58,899	—	—	—	—
Total revenues	196,723	(45,764)	59,602	—	210,561	224,156	(13,595)
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	38,792	(29,904) (c)(g)(i)	—	(1,110) (m)	7,778	6,343	1,435
Total net revenues	157,931	(15,860)	59,602	1,110	202,783	217,813	(15,030)
Expenses							
Compensation & benefits	124,428	1,277 (j)(k)	—	—	125,705	125,006	699
Fixed non-compensation expense	—	36,590 (e)(*)	—	895 (n)	37,485	37,339	146
Variable non-compensation expense	—	43,300 (*)	—	—	43,300	43,292	8
Other non-compensation expense	98,569	(98,569) (a),(b),(d),(g),(h),(j),(i),(*)	—	—	—	—	—
Depreciation & amortization	5,442	(8)	—	—	5,434	5,428	6
Non-controlling interest	—	1,740 (k)	—	—	1,740	1,740	—
Goodwill impairment	—	—	—	—	—	—	—
Consolidated Funds expenses	2,714	—	(2,714)	—	—	—	—
Total expenses	231,153	(15,670)	(2,714)	895	213,664	212,805	859
Other income (loss)	(62)	62 (e)(f)(g)(i)	—	—	—	—	—
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	(73,284)	(128)	62,316	215	(10,881)	5,008	(15,889)
Income taxes expense / (benefit)	(1,173)	—	—	1,173 (o)	—	—	—
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	(62,188)	(128) (k)	62,316	—	—	—	—
Income (loss) attributable to Cowen Inc.	(9,923)	—	—	(958)	(10,881)	5,008	(15,889)
Less: Preferred stock dividends	1,698	—	—	—	1,698	1,358	340
Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)	\$ (11,621)	\$ —	\$ —	\$ (958)	(12,579)	3,650	(16,229)
Add back: Depreciation and amortization expense	—	—	—	—	5,434	5,428	6
Economic Operating Income (Loss)					\$ (7,145)	\$ 9,078	\$ (16,223)

COWEN

Adjustments Made to US GAAP Net Income (Loss) to Arrive at Economic Income (Loss)

Management Reclassifications

Management reclassification adjustments and fund consolidation reclassification adjustments have no effect on economic income. These adjustments are reclassifications to change the location of certain line items.

- a Underwriting expenses: Economic Proceeds presents investment banking revenues net of underwriting expenses.
- b Reimbursable client expenses: Economic Proceeds presents expenses reimbursed from clients and affiliates within their respective expense category but is included as a part of revenues under US GAAP.
- c Securities financing interest expense: Brokerage Economic Proceeds included net securities borrowed and securities loaned activities which are shown gross in interest income and interest expense for US GAAP.
- d Fund start-up costs and distribution fees: Economic Proceeds presents revenues net of fund start-up costs and distribution fees paid to agents.
- e Certain equity method investments: Economic Proceeds and Economic Expenses recognize the Company's proportionate share of management and incentive fees and associated share of expenses on a gross basis for equity method investments within the activist business, real estate operating entities and the healthcare royalty business. The Company applies the equity method of accounting to these entities and accordingly the results from these
- f Carried interest: The Company applies an equity ownership model to carried interest which is recorded in Investment income - Carried interest allocation for US GAAP. The Company presents carried interest as Incentive Income Economic Proceeds.
- g Proprietary trading, interest and dividends: Economic Proceeds presents interest and dividends from the Company's proprietary trading in investment income.
- h Insurance related activities expenses: Economic Proceeds presents underwriting income from the Company's insurance related activities, net of expenses, within other revenue. The costs are recorded within expenses for US GAAP reporting.
- i Facilitation trading gains and losses: Economic Brokerage Proceeds presents gains and losses on investments held as part of the Company's facilitation and trading business within brokerage revenues as these investments are directly related to the markets business activities while these are presented in
- j Associated partner/banker compensation reclassification: Economic Compensation Expense presents certain payments to associated banking partners as compensation rather than non-compensation expenses.
- k Management company non-controlling interest: Economic Expenses non-controlling interest represents only operating entities that are not wholly owned by the Company. The Company also presents non-controlling interests within total expenses for Economic Income (Loss).
- * US GAAP other non-compensation expenses are presented as fixed non-compensation and variable non-compensation for Economic Income (Loss) reporting.

Fund Consolidation Reclassifications

- l The impacts of consolidation and the related elimination entries of the Consolidated Funds are not included in Economic Income (Loss). Adjustments to reconcile to US GAAP Net Income (Loss) included elimination of incentive income and management fees earned from the Consolidated Funds and addition of investment fund expenses excluding management fees paid, investment fund revenues and investment income (loss).

Income Statement Adjustments

- m Pre-tax Economic Income (Loss) excludes the amortization of discount (premium) on debt.
- n Pre-tax Economic Income (Loss) excludes acquisition related adjustments.
- o Pre-tax Economic Income (Loss) excludes US GAAP income taxes.
- p Pre-tax Economic Income (Loss) excludes gain/(loss) on debt extinguishment.

2. OPERATING CO

Revenue Metrics (Non-GAAP Unaudited) - Operating Co

\$ thousands	2019	2020				2021	
	FY	Q1	Q2	Q3	Q4	FY	Q1
INVESTMENT BANKING REVENUE	\$351,085	\$99,197	\$190,430	\$185,151	\$254,402	\$729,180	\$293,488
Advisory Revenue	\$132,188	\$33,472	\$55,694	\$62,098	\$137,782	\$289,046	\$132,848
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Prime Services Management Fees ⁴	\$2,996	\$826	\$647	\$802	\$792	\$3,067	\$782
Miscellaneous Markets Fees ⁴	\$3,414	-\$1,113	\$1,448	(\$445)	\$1,730	\$1,620	(\$631)
Total Markets Revenue ⁴	\$465,553	\$132,385	\$169,162	\$167,441	\$188,346	\$657,334	\$221,999
Markets revenue per trading day	\$1,847	\$2,135	\$2,685	\$2,616	\$2,931	\$2,598	\$3,639
# Trading days	252	62	63	64	64	253	61
# Publishing analysts ⁵	52	53	54	54	53	53	51
MANAGEMENT FEE	\$40,321	\$13,116	\$14,234	\$14,374	\$16,430	\$58,154	\$26,884
Monthly run rate (trailing 3 months)	\$3,360	\$4,372	\$4,745	\$4,791	\$5,477	\$4,846	\$8,961
INCENTIVE INCOME	\$44,600	-\$1,942	\$45,392	(\$2,621)	\$42,606	\$83,435	\$109,925
INVESTMENT INCOME	\$32,615	\$(19,449)	\$142,379	\$(90,364)	\$5,220	\$37,786	\$31,918
OTHER REVENUE	\$5,785	\$562	\$(62)	\$(796)	\$1,073	\$777	\$1,164
TOTAL REVENUE⁶	\$933,550	\$224,156	\$559,440	\$272,828	\$505,555	\$1,561,979	\$685,227

1) "Capital Markets Advisory" includes private placements, PIPEs, private debt financings, debt advisory and other advisory fees

2) "Underwriting Revenue" includes IPOs, secondary offerings, convertible bonds, ATM offerings and publicly rated debt

3) "Institutional Brokerage" includes: cash and electronic trading, options, ADR, special situations and credit; "Institutional Services" includes: prime services, clearing, securities finance, commission management and recapture.

4) "Markets Revenue" includes brokerage revenue as well as management fees for prime services and miscellaneous fees presented in management fees and other revenue in economic income (loss) respectively

5) Includes equity, credit and macro publishing analysts

6) Total revenue is the sum of investment banking, brokerage, management fee, incentive income, investment income and other revenue

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Operating Co

\$ thousands	2019	2020					2021
	FY	Q1	Q2	Q3	Q4	FY	Q1
SUMMARY ECONOMIC INCOME DATA (\$ thousands)							
Economic proceeds	\$933,550	\$224,156	\$559,440	\$272,828	\$505,555	\$1,561,977	\$685,227
Pre-tax economic income (loss) ¹	\$58,692	\$5,007	\$165,724	\$34,203	\$130,050	\$334,984	\$198,475
Economic income tax expense	\$0	\$0	\$0	\$0	\$0	\$0	\$53,191
Economic income (loss) ²	\$53,258	\$3,649	\$164,339	\$32,790	\$128,607	\$329,381	\$143,858
Economic operating income (loss) ²	\$73,661	\$9,077	\$169,996	\$3,846	\$134,507	\$352,036	\$147,041
RETURN ON AVERAGE COMMON EQUITY							
Annualized return on average common equity ³	11.0 %	5.6 %	95.7 %	20.2 %	69.2 %	49.4 %	66.8 %
PER COMMON SHARE INFORMATION							
Economic income per share (basic)	\$1.80	\$0.13	\$5.87	\$1.19	\$4.77	\$11.85	\$5.26
Economic Income per share (diluted)	\$1.70	\$0.13	\$5.61	\$1.09	\$4.24	\$11.16	\$4.29
Economic operating income per share (basic)	\$2.49	\$0.32	\$6.07	\$1.39	\$4.99	\$12.67	\$5.37
Economic operating income per share (diluted)	\$2.35	\$0.32	\$5.80	\$1.28	\$4.44	\$11.93	\$4.38
NON-INTEREST EXPENSES (EX. D&A)							
Compensation expenses	\$532,468	\$125,006	\$304,644	\$152,829	\$278,273	\$860,753	\$385,578
Non-compensation expenses	\$294,615	\$80,631	\$75,572	\$71,993	\$83,976	\$312,173	\$89,415
Fixed non-compensation expenses (ex. D&A)	\$144,135	\$37,339	\$34,755	\$34,257	\$39,895	\$146,246	\$37,474
Variable non-compensation expenses	\$150,480	\$43,292	\$40,817	\$37,736	\$44,081	\$165,927	\$51,941
Floor brokerage & trade execution costs	\$102,290	\$32,665	\$34,795	\$33,603	\$37,470	\$138,533	\$45,480
Client services & business development costs	\$41,214	\$9,365	\$1,820	\$1,519	\$2,714	\$15,417	\$2,691
Other variable non-compensation expenses	\$6,976	\$1,262	\$4,202	\$2,614	\$3,897	\$11,977	\$3,770
DEPRECIATION & AMORTIZATION							
Depreciation	\$7,274	\$2,234	\$2,383	\$3,222	\$2,593	\$10,432	\$2,560
Amortization	\$13,129	\$3,194	\$3,274	\$2,448	\$3,307	\$12,223	\$1,789
EXPENSE RATIOS							
Compensation to revenue ratio	57.0 %	55.8 %	54.5 %	56.0 %	55.0 %	55.1 %	56.3 %
Non-compensation expenses to revenue ratio	31.6 %	36.0 %	13.5 %	26.4 %	16.6 %	20.0 %	13.0 %
Fixed non-compensation expense to revenue ratio (ex. D&A)	15.4 %	16.7 %	6.2 %	12.6 %	7.9 %	9.4 %	5.5 %
Variable non-compensation expense to revenue ratio	16.1 %	19.3 %	7.3 %	13.8 %	8.7 %	10.6 %	7.6 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is presented net of associated taxes, starting in the first quarter of 2021, as the Company utilized all available net operating losses during 2020

3) See "Return on Common Equity (ROCE) Definition" page

3. ASSET CO

Revenue Metrics (Non-GAAP Unaudited) - Asset Co

<i>\$ thousands</i>	2019	2020				2021	
	FY	Q1	Q2	Q3	Q4	FY	Q1
MANAGEMENT FEE	\$1,976	\$204	\$168	\$262	\$312	\$946	\$316
Monthly run rate for period	\$165	\$68	\$56	\$87	\$104	\$79	\$105
INCENTIVE INCOME	\$1,132	\$(2,144)	\$983	\$1,319	\$1,769	\$1,927	\$(1,214)
INVESTMENT INCOME	\$3,111	\$(11,655)	\$(1,893)	\$(124)	\$5,108	\$(8,564)	\$3,090
OTHER REVENUE	\$58	\$0	\$2	\$2	\$1	\$5	(\$1)
TOTAL REVENUE	\$6,277	\$(13,594)	\$(740)	\$1,459	\$7,190	\$(5,686)	\$2,191

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Asset Co

\$ thousands	2019	2020					2021
	FY	Q1	Q2	Q3	Q4	FY	Q1
SUMMARY ECONOMIC INCOME DATA (\$ thousands)							
Economic proceeds	\$6,277	\$(13,594)	\$(740)	\$1,459	\$7,190	\$(5,686)	\$2,191
Pre-tax economic income (loss) ¹	\$(8,202)	\$(15,888)	\$(2,763)	\$(745)	\$4,448	\$(14,948)	\$(1,644)
Economic income tax expense	\$0	\$0	\$0	\$0	\$0	\$0	\$(440)
Economic income (loss) ²	\$(9,560)	\$(16,228)	\$(3,074)	\$(1,028)	\$4,193	\$(16,136)	\$(1,476)
Economic operating income (loss) ²	\$(9,523)	\$(16,222)	\$(3,068)	\$(1,023)	\$4,198	\$(16,114)	\$(1,473)
RETURN ON AVERAGE COMMON EQUITY							
Annualized return on average common equity ³	(22.3)%	(152.0)%	(39.3)%	(9.6)%	27.3 %	(26.2)%	(10.2)%
PER COMMON SHARE INFORMATION							
Economic income per share (basic)	\$(0.32)	\$(0.57)	\$(0.11)	\$0.04	\$0.16	\$(0.58)	\$(0.05)
Economic Income per share (diluted)	\$(0.31)	\$(0.57)	\$(0.10)	\$0.03	\$0.14	\$(0.55)	\$(0.04)
Economic operating income per share (basic)	\$(0.32)	\$(0.57)	\$(0.11)	\$0.04	\$0.16	\$(0.58)	\$(0.05)
Economic operating income per share (diluted)	\$(0.30)	\$(0.57)	\$(0.10)	\$0.03	\$0.14	\$(0.55)	\$(0.04)
NON-INTEREST EXPENSES (EX. D&A)							
Compensation expenses	\$5,070	\$699	\$438	\$957	\$1,674	\$3,767	\$2,819
Non-compensation expenses	\$3,924	\$154	\$110	\$133	\$(46)	\$350	\$(79)
Fixed non-compensation expenses (ex. D&A)	\$2,537	\$146	\$105	\$127	\$(50)	\$328	\$(84)
Variable non-compensation expenses	\$1,387	\$8	\$5	\$6	\$4	\$22	\$5
Floor brokerage & trade execution expenses	\$47	\$0	\$0	\$0	\$0	\$1	\$0
Client services & business development expenses	\$91	\$6	\$4	\$3	\$4	\$18	\$3
Other variable non-compensation expenses	\$1,249	\$1	\$0	\$2	\$0	\$4	\$2
DEPRECIATION & AMORTIZATION							
Depreciation	\$35	\$3	\$6	\$5	\$5	\$19	\$5
Amortization	\$1	\$0	\$0	\$0	\$0	\$0	\$0
EXPENSE RATIOS							
Compensation to revenue ratio	80.8 %	N/A	N/A	65.6 %	23.3 %	N/A	128.7 %
Non-compensation expenses to revenue ratio	62.5 %	N/A	N/A	9.1 %	N/A	N/A	N/A
Fixed non-compensation expense to revenue ratio (ex. D&A)	40.4 %	N/A	N/A	8.7 %	N/A	N/A	N/A
Variable non-compensation expense to revenue ratio	22.1 %	N/A	N/A	0.4 %	0.1 %	N/A	0.2 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is presented net of associated taxes, starting in the first quarter of 2021, as the Company utilized all available net operating losses during 2020

3) See "Return on Common Equity (ROCE) Definition" page

4. APPENDIX

Return on Common Equity (ROCE) Definition

RETURN ON COMMON EQUITY:

$$\text{Return on Common Equity} = \frac{\text{Economic Operating Income}}{\text{Average Common Equity}}$$

where:

$$\text{Economic Operating Income} = \text{Economic Income} + \text{Depreciation \& Amortization}$$

$$\text{Average Common Equity} = \frac{\text{Common Equity (Beginning of Period)} + \text{Common Equity (End of Period)}}{2}$$

Note: Economic Income is after payment of preferred dividends, and in previous Financial Supplements (prior to 2Q'19) this metric was labeled "Economic Income Attributable to Common Shareholders." Labeling for prior reporting periods have been updated in this Financial Supplement.

Definition of US GAAP to Non-GAAP Financial Measures

In addition to the results presented in the Company's earnings press release in accordance with accounting principles generally accepted in United States of America ("US GAAP"), the Company presents supplemental financial measures that are not prepared in accordance with US GAAP. These non-GAAP financial measures include (i) Pre-tax Economic Income (Loss) (ii) Economic Income (Loss), (iii) Economic Operating Income (Loss), (iv) Economic Proceeds and related components, (v) Net Economic Proceeds and related components, (vi) Economic Expenses and related components and (vii) related per share measures. The Company believes that these non-GAAP financial measures, viewed in addition to, and not in lieu of, the Company's reported US GAAP results, provide useful information to investors and analysts regarding its performance and overall results of operations as it presents investors and analysts with a supplemental operating view of the Company's financials to help better inform their analysis of the Company's performance.

These Non-GAAP financial measures are an integral part of the Company's internal reporting to measure the performance of its business segments, allocate capital and other strategic decisions as well as assess the overall effectiveness of senior management. The Company believes that presenting these non-GAAP measures may provide expanded transparency into the Company's business operations, growth opportunities and expense allocation decisions.

The Company's primary non-GAAP financial measures of profit or loss are Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss). Pre-tax Economic Income (Loss) is a pre-tax measure which (i) includes management reclassifications which the Company believes provides additional insight on the performance of the Company's core businesses and divisions; (ii) eliminates the impact of consolidation for Consolidated Funds; and excludes (iii) goodwill and intangible impairment, (iv) certain other transaction-related adjustments and/or reorganization expenses, as well as (v) certain costs associated with debt. Economic Income (Loss) is a similar measure, but after tax, which includes the Company's income tax expense or benefit [calculated on Pre-tax Economic Income (Loss)] once all currently available net operating losses have been utilized (this occurred during tax year 2020) and is presented after preferred dividends. Economic Operating Income (Loss) is a similar measure to Economic Income (Loss), but before depreciation and amortization expenses. The Company believes that these non-GAAP financial measures provide analysts and investors transparency into the measures of profit and loss management uses to evaluate the financial performance of and make operating decisions for the segments including determining appropriate compensation levels. Additionally, the measures provide investors and analysts with additional insight into the activities of the Company's core businesses, taking into account, among other things, the impact of minority investment stakes, securities borrowing and lending activities and expenses from investment banking activities on US GAAP reported results. The Company presents Pre-tax Economic Income (Loss) in addition to Economic Income (Loss) and Economic Operating Income (Loss) to provide insight to investors and analysts on how the Company manages its tax position over time.

In addition to Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss), the Company also presents Economic Proceeds, Net Economic Proceeds, Economic Expenses, as well as their related components. These measures include management reclassifications and the elimination of the impact of the consolidation for Consolidated funds as described above. These adjustments are meant to provide comparability to our peers as well as to provide investors and analysts with transparency into how the Company manages its operating businesses and how analysts and investors review and analyze the Company's and its peers' similar lines of businesses. For example, among others, within the Company's Op Co business segment, investors and analysts typically review and analyze the performance of investment banking revenues net of underwriting expenses and excluding the impact of reimbursable expenses. Additionally, the performance of the Company's Markets business is typically analyzed as a unit incorporating commissions, interest from securities financing transactions and gains and losses from proprietary and facilitation trading. The Company's investment management business performance is analyzed and reviewed by investors and analysts through investment income, incentive income and management fees. The presentation of Economic Proceeds, Net Economic Proceeds, Economic Expenses as well as their related components align with these and other examples of how the Company's business activities and performance are reviewed by analysts and investors in addition to providing simplification related to legacy businesses and investments for which the Company maintains long-term monetization strategies. Additionally, the Company manages its operating businesses to an Economic Compensation-to-Proceeds ratio. Presentation of Economic Compensation Expense and Economic Proceeds provides transparency in addition to the Company's US GAAP Compensation Expense.

Reconciliations to comparable US GAAP measures are presented along with the Company's Non-GAAP financial measures. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other public companies and are not identical to corresponding measures used in our various agreements or public filings.

These Non-GAAP measures should not be considered in isolation or as a substitute for revenue, expenses, net income, operating cash flows, investing and financing activities, or other income or cash flow statement data prepared in accordance with US GAAP. As a result of the adjustments made to arrive at Economic Income (Loss), Economic Income (Loss) has limitations in that it does not take into account certain items included or excluded under US GAAP, including its consolidated funds.