

# FINANCIAL SUPPLEMENT

Third Quarter 2022

October 28, 2022

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## 1. COWEN INC.

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

	2019	2020	2021					2022			
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
<i>\$ thousands</i>											
<b>INVESTMENT BANKING REVENUE</b>	<b>\$351,085</b>	<b>\$729,180</b>	<b>\$293,488</b>	<b>\$214,427</b>	<b>\$262,618</b>	<b>\$255,155</b>	<b>\$1,025,688</b>	<b>\$98,697</b>	<b>\$97,757</b>	<b>\$149,359</b>	<b>\$345,812</b>
Advisory Revenue	\$132,188	\$289,046	\$132,848	\$128,360	\$175,744	\$165,288	\$602,240	\$74,917	\$78,649	\$102,652	\$256,218
M&A											
Revenue	\$83,152	\$170,901	\$55,655	\$85,009	\$103,326	\$89,733	\$333,723	\$42,730	\$29,450	\$78,054	\$150,234
Total transactions	48	48	10	29	25	31	95	11	19	30	60
Average fee (implied)	1,732	3,560	\$5,566	\$2,931	\$4,133	\$2,895	3,513	\$3,885	\$1,550	\$2,602	2,504
Median fee	\$1,008	\$1,723	\$1,580	\$1,050	\$1,730	\$2,100	\$1,541	\$2,700	\$1,272	\$1,789	1,676
Transaction value (in M)	\$10,443	\$37,508	\$11,866	\$21,029	\$10,395	\$5,585	\$48,875	\$3,534	\$1,841	\$2,907	\$8,281
Capital Markets Advisory <sup>1</sup>											
Revenue	\$49,036	\$118,145	\$77,193	\$43,351	\$72,418	\$75,555	\$268,517	\$32,187	\$49,199	\$24,598	\$105,984
Total transactions	27	37	15	18	31	17	81	15	20	11	46
Average fee (implied)	\$1,816	\$3,193	\$5,146	\$2,408	\$2,336	\$4,444	\$3,315	\$2,146	\$2,460	\$2,236	\$2,304
Median fee	\$900	\$2,225	\$2,450	\$1,310	\$1,500	\$1,500	\$1,880	\$600	\$1,000	\$900	\$850
Underwriting Revenue <sup>2</sup>											
Revenue	\$218,897	\$440,135	\$160,640	\$86,067	\$86,874	\$89,867	\$423,448	\$23,780	\$19,108	\$46,707	\$89,595
Total transactions	114	166	63	40	46	44	193	7	5	15	27
Average fee (implied)	\$1,920	\$2,651	\$2,550	\$2,152	\$1,889	\$2,042	\$2,194	\$3,397	\$3,822	\$3,114	\$3,318
Median fee	\$1,477	\$2,007	\$1,825	\$1,740	\$1,457	\$1,289	\$1,825	\$1,425	\$1,461	\$2,779	\$2,187
<b>BROKERAGE REVENUE</b>	<b>\$459,143</b>	<b>\$652,647</b>	<b>\$221,848</b>	<b>\$175,845</b>	<b>\$160,486</b>	<b>\$170,347</b>	<b>\$728,525</b>	<b>\$197,794</b>	<b>\$181,997</b>	<b>\$172,097</b>	<b>\$551,888</b>
Institutional brokerage <sup>3</sup>	\$323,965	\$462,682	\$156,157	\$119,783	\$112,944	\$124,026	\$512,910	\$143,213	\$123,703	\$109,604	\$376,520
Institutional services	\$135,178	\$189,965	\$65,691	\$56,062	\$47,542	\$46,321	\$215,615	\$54,581	\$58,294	\$62,493	\$175,368
Prime Services Management Fees <sup>4</sup>	\$2,996	\$3,067	\$782	\$923	\$941	\$926	\$3,572	\$996	\$836	\$643	\$2,475
Miscellaneous Markets Fees <sup>4</sup>	\$3,414	\$1,620	(\$631)	\$627	\$13	\$2,098	\$2,108	(\$305)	(\$470)	(\$1,486)	(\$2,261)
Total Markets Revenue <sup>4</sup>	\$465,553	\$657,334	\$221,999	\$177,395	\$161,440	\$173,371	\$734,205	\$198,485	\$182,363	\$171,254	\$552,102
Markets revenue per trading day	\$1,847	\$2,598	\$3,639	\$2,816	\$2,523	\$2,709	\$2,914	\$3,201	\$2,941	\$2,676	\$2,937
# Trading days	252	253	61	63	64	64	252	62	62	64	188
# Publishing analysts <sup>5</sup>	52	53	51	51	55	59	59	61	62	62	62
<b>MANAGEMENT FEE</b>	<b>\$42,297</b>	<b>\$59,100</b>	<b>\$27,200</b>	<b>\$18,124</b>	<b>\$15,034</b>	<b>\$20,096</b>	<b>\$80,455</b>	<b>\$20,706</b>	<b>\$20,415</b>	<b>\$22,318</b>	<b>\$63,438</b>
Monthly run rate for period	\$3,525	\$4,925	\$9,067	\$6,041	\$5,011	\$6,699	\$6,705	\$6,902	\$6,805	\$7,439	\$7,049
<b>INCENTIVE INCOME</b>	<b>\$45,732</b>	<b>\$85,362</b>	<b>\$108,711</b>	<b>(\$31,052)</b>	<b>(\$57,735)</b>	<b>\$13,502</b>	<b>\$33,426</b>	<b>(\$13,012)</b>	<b>(\$30,004)</b>	<b>\$5,163</b>	<b>(\$37,852)</b>
<b>INVESTMENT INCOME</b>	<b>\$35,726</b>	<b>\$29,223</b>	<b>\$35,008</b>	<b>\$5,478</b>	<b>\$(20,027)</b>	<b>\$(5,903)</b>	<b>\$14,556</b>	<b>\$23,633</b>	<b>\$(9,932)</b>	<b>\$(13,945)</b>	<b>\$(244)</b>
<b>OTHER REVENUE</b>	<b>\$5,843</b>	<b>\$782</b>	<b>\$1,163</b>	<b>\$7,307</b>	<b>\$(1,321)</b>	<b>\$791</b>	<b>\$7,940</b>	<b>\$3,820</b>	<b>\$8,404</b>	<b>\$5,837</b>	<b>\$18,061</b>
<b>TOTAL REVENUE<sup>6</sup></b>	<b>\$939,827</b>	<b>\$1,556,294</b>	<b>\$687,418</b>	<b>\$390,129</b>	<b>\$359,055</b>	<b>\$453,988</b>	<b>\$1,890,590</b>	<b>\$331,638</b>	<b>\$268,637</b>	<b>\$340,829</b>	<b>\$941,103</b>

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					2022			
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
<b>SUMMARY ECONOMIC INCOME DATA (\$ thousands)</b>											
Economic proceeds	\$939,827	\$1,556,291	\$687,418	\$390,129	\$359,055	\$453,988	\$1,890,590	\$331,638	\$268,637	\$340,829	\$941,103
Pre-tax economic income (loss) <sup>1</sup>	\$50,490	\$320,038	\$196,831	\$67,202	\$55,272	\$108,908	\$428,214	\$52,193	\$1,134	\$28,278	\$81,605
Economic income tax expense	\$0	\$0	\$52,751	\$18,010	\$13,855	\$24,579	\$109,194	\$13,048	\$817	\$7,353	\$21,218
Economic income (loss) <sup>2</sup>	\$43,698	\$313,245	\$142,382	\$47,494	\$39,719	\$82,631	\$312,228	\$37,447	\$(1,381)	\$19,227	\$55,293
Economic operating income (loss) <sup>2</sup>	\$64,137	\$335,922	\$145,568	\$50,836	\$43,272	\$86,708	\$326,386	\$42,837	\$3,724	\$24,403	\$70,963
<b>RETURN ON AVERAGE COMMON EQUITY</b>											
Annualized return on average common equity <sup>3</sup>	9.0 %	43.4 %	62.2 %	21.7 %	17.5 %	34.7 %	34.6 %	16.6 %	1.5 %	9.3 %	9.1 %
<b>PER COMMON SHARE INFORMATION</b>											
Economic income per share (basic)	\$1.48	\$11.54	\$5.20	\$1.77	\$1.38	\$2.98	\$11.16	\$1.32	\$(0.05)	\$0.69	\$1.98
Economic Income per share (diluted)	\$1.40	\$10.86	\$4.24	\$1.40	\$1.21	\$2.64	\$9.57	\$1.18	\$(0.05)	\$0.60	\$1.77
Economic operating income per share (basic)	\$2.17	\$12.35	\$5.32	\$1.89	\$1.50	\$3.13	\$11.66	\$1.51	\$0.13	\$0.87	\$2.54
Economic operating income per share (diluted)	\$2.05	\$11.63	\$4.34	\$1.50	\$1.32	\$2.77	\$10.00	\$1.35	\$0.12	\$0.76	\$2.27
<b>NON-INTEREST EXPENSES (EX. D&amp;A)</b>											
Compensation expenses	\$537,535	\$864,520	\$388,397	\$220,413	\$202,888	\$238,904	\$1,050,601	\$187,375	\$151,780	\$204,804	\$543,959
Non-compensation expenses	\$298,540	\$312,523	\$89,336	\$87,866	\$88,394	\$94,168	\$359,764	\$93,798	\$103,796	\$101,279	\$298,873
Fixed non-compensation expenses (ex. D&A) <sup>4</sup>	\$142,864	\$141,994	\$35,623	\$40,376	\$40,344	\$43,873	\$160,215	\$40,874	\$42,896	\$43,264	\$127,034
Variable non-compensation expenses <sup>4</sup>	\$155,674	\$170,529	\$53,713	\$47,490	\$48,050	\$50,295	\$199,549	\$52,924	\$60,900	\$58,015	\$171,839
Floor brokerage & trade execution expenses	\$102,337	\$138,534	\$45,480	\$38,695	\$33,476	\$35,641	\$153,292	\$40,454	\$44,533	\$38,598	\$123,584
Client services & business development expenses	\$41,305	\$15,435	\$2,694	\$3,404	\$5,227	\$7,184	\$18,508	\$5,612	\$10,292	\$8,890	\$24,794
Other variable non-compensation expenses	\$12,032	\$16,561	\$5,539	\$5,391	\$9,347	\$7,470	\$27,749	\$6,858	\$6,075	\$10,527	\$23,461
<b>DEPRECIATION &amp; AMORTIZATION</b>											
Depreciation	\$7,310	\$10,454	\$2,565	\$2,671	\$2,870	\$2,917	\$11,023	\$2,935	\$2,926	\$2,923	\$8,784
Amortization	\$13,122	\$12,223	\$1,789	\$1,894	\$1,926	\$2,372	\$7,981	\$4,250	\$4,071	\$4,071	\$12,392
<b>EXPENSE RATIOS</b>											
Compensation to revenue ratio	57.2 %	55.6 %	56.5 %	56.5 %	56.5 %	52.6 %	55.6 %	56.5 %	56.5 %	60.1 %	57.8 %
Non-compensation expenses to revenue ratio	31.8 %	20.1 %	13.0 %	22.5 %	24.6 %	20.7 %	19.0 %	28.3 %	38.6 %	29.7 %	31.8 %
Fixed non-compensation expense to revenue ratio (ex. D&A)	15.2 %	9.1 %	5.2 %	10.3 %	11.2 %	9.7 %	8.5 %	12.3 %	16.0 %	12.7 %	13.5 %
Variable non-compensation expense to revenue ratio	16.6 %	11.0 %	7.8 %	12.2 %	13.4 %	11.1 %	10.6 %	16.0 %	22.7 %	17.0 %	18.3 %

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

2) Economic Income (Loss) is calculated net of associated taxes. The Company utilized all available federal net operating losses not subject to limitation by the end of FY2020.

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

4) Starting in Q321, a portion of our legal fees which are directly associated with revenues are now being presented as variable non-compensation expenses rather than fixed non-compensation expenses. As a result, variable expenses increased from what was previously reported by \$6.0 million, \$4.6 million and \$3.8 million for the nine months ended September 30, 2021, FY2020 and FY2019, respectively, while fixed non-compensation expenses were reduced by the same amounts.

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

	2019	2020	2021				2022			
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
<b>INVESTED CAPITAL BREAKDOWN<sup>1</sup></b>										
Operating Co <sup>2</sup>	\$530,739	\$689,648	\$800,026	\$831,569	\$677,578	\$734,705	\$760,970	\$705,494	\$745,736	\$730,994
Asset Co	\$155,849	\$127,462	\$128,501	\$126,189	\$120,187	\$121,249	\$124,032	\$119,576	\$115,460	\$90,947
<b>Total invested capital</b>	<b>\$686,588</b>	<b>\$817,110</b>	<b>\$928,527</b>	<b>\$957,758</b>	<b>\$797,765</b>	<b>\$855,954</b>	<b>\$855,954</b>	<b>\$825,070</b>	<b>\$861,196</b>	<b>\$821,941</b>
<b>SUMMARY STOCKHOLDERS' EQUITY INFORMATION</b>										
<b>Stockholders' Equity</b>	\$809,855	\$969,495	\$1,106,865	\$1,097,344	\$1,083,127	\$1,015,869	\$1,015,869	\$1,035,148	\$1,047,171	\$1,053,291
Less:										
Preferred Stock	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$0	\$0	\$0	\$0	\$0
<b>Common Equity</b>	<b>\$708,539</b>	<b>\$868,179</b>	<b>\$1,005,549</b>	<b>\$996,028</b>	<b>\$981,811</b>	<b>\$1,015,869</b>	<b>\$1,015,869</b>	<b>\$1,035,148</b>	<b>\$1,047,171</b>	<b>\$1,053,291</b>
<b>Book value per share</b>	<b>\$24.77</b>	<b>\$32.34</b>	<b>\$37.45</b>	<b>\$34.35</b>	<b>\$35.40</b>	<b>\$36.57</b>	<b>\$36.57</b>	<b>\$37.49</b>	<b>\$37.67</b>	<b>\$37.60</b>
<b>Tangible book value per per share</b>	<b>\$18.72</b>	<b>\$25.95</b>	<b>\$30.92</b>	<b>\$28.35</b>	<b>\$29.17</b>	<b>\$26.56</b>	<b>\$26.56</b>	<b>\$27.54</b>	<b>\$27.89</b>	<b>\$28.02</b>
<b>OTHER DATA</b>										
Common shares outstanding (end of period)	28,610	26,846	26,852	28,996	27,735	27,779	27,779	27,615	27,802	28,014
Common shares outstanding (weighted average)										
Basic	29,525	27,790	27,359	26,903	28,864	27,731	27,721	28,386	27,897	28,044
Diluted	31,286	29,519	33,565	33,858	32,724	31,355	32,628	31,710	30,153	32,302
Employees, end of period	1,291	1,362	1,406	1,449	1,500	1,534	1,534	1,559	1,540	1,593
LTM revenues per average employees (thousands)	\$780	\$1,173	\$1,496	\$1,360	\$1,378	\$1,306	\$1,308	\$1,035	\$946	\$913

1) Full year invested capital is the quarterly average for the respective period

2) Starting in 3Q21, excess operating cash has been removed from Operating Co. Invested Capital

# Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Three Months Ending September 30, 2022

(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
<b>Revenues</b>							
Investment banking	\$ 154,480	\$ (5,121) (a) (b)	\$ —	\$ —	\$ 149,359	\$ 149,359	\$ —
Brokerage	135,516	36,581 (c)(d)(i)	—	—	172,097	172,097	—
Management fees	16,655	5,625 (d)(e)(f)	38	—	22,318	22,125	193
Incentive income (loss)	—	5,163 (d)(e)(f)	—	—	5,163	15,591	(10,428)
Investment income (loss)	(31,974)	33,108 (g)(i)	(15,079)	—	(13,945)	(790)	(13,155)
Interest and dividends	147,884	(147,884) (c)(g)(i)	—	—	—	—	—
Insurance and reinsurance premiums	10,737	(10,737) (h)	—	—	—	—	—
Other revenues, net	376	5,461 (d)(g)(h)	—	—	5,837	5,837	—
Consolidated Funds revenues	(22,883)	—	22,883	—	—	—	—
<b>Total revenues</b>	<b>410,791</b>	<b>(77,804)</b>	<b>7,842</b>	<b>—</b>	<b>340,829</b>	<b>364,219</b>	<b>(23,390)</b>
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	76,270	(77,546) (c)(g)(i)	—	(76) (m)	(1,352)	(1,161)	(191)
<b>Total net revenues</b>	<b>334,521</b>	<b>(258)</b>	<b>7,842</b>	<b>76</b>	<b>342,181</b>	<b>365,380</b>	<b>(23,199)</b>
<b>Expenses</b>							
Compensation & benefits	203,878	926 (j)(k)	—	—	204,804	204,296	508
Fixed non-compensation expense	—	38,678 (e)(*)	—	4,586 (n)	43,264	43,199	65
Variable non-compensation expense	—	58,015 (*)	—	—	58,015	58,006	9
Other non-compensation expense	125,161	(111,200) (a)(b)(d)(g)(h)(j)(*)	—	(13,961) (n)	—	—	—
Depreciation & amortization	6,994	—	—	—	6,994	6,989	5
Non-controlling interest	—	826 (k)	—	—	826	826	—
Consolidated Funds expenses	70	—	(70)	—	—	—	—
<b>Total expenses</b>	<b>336,103</b>	<b>(12,755)</b>	<b>(70)</b>	<b>(9,375)</b>	<b>313,903</b>	<b>313,316</b>	<b>587</b>
<b>Other income (loss)</b>	<b>(1,637)</b>	<b>1,637 (e)(f)(g)(i)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Income (loss) before income taxes/ Pre-tax Economic Income (loss)</b>	<b>(3,219)</b>	<b>14,134</b>	<b>7,912</b>	<b>9,451</b>	<b>28,278</b>	<b>52,064</b>	<b>(23,786)</b>
<b>Income taxes expense / (benefit)</b>	<b>4,476</b>	<b>—</b>	<b>—</b>	<b>2,877 (o)</b>	<b>7,353</b>	<b>13,537</b>	<b>(6,184)</b>
<b>Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds</b>	<b>(22,046)</b>	<b>14,134 (k)</b>	<b>7,912</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Income (loss) attributable to Cowen Inc.</b>	<b>14,351</b>	<b>—</b>	<b>—</b>	<b>6,574</b>	<b>20,925</b>	<b>38,527</b>	<b>(17,602)</b>
Less: Preferred stock dividends	1,698	—	—	—	1,698	1,494	204
<b>Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)</b>	<b>\$ 12,653</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6,574</b>	<b>\$ 19,227</b>	<b>37,033</b>	<b>(17,806)</b>
Add back: Depreciation and amortization expense					5,176	5,172	4
<b>Economic Operating Income (Loss)</b>					<b>\$ 24,403</b>	<b>\$ 42,205</b>	<b>\$ (17,802)</b>

# Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Three Months Ending September 30, 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		
<b>Revenues</b>									
Investment banking	\$ 273,532	\$ (10,914)	(a)(b)(i)	\$ —	\$ —	\$ 262,618	\$ 262,618	\$ —	
Brokerage	131,371	29,115	(c)(i)	—	—	160,486	160,486	—	
Management fees	15,334	(354)	(d)(e)	54	—	15,034	14,739	295	
Incentive income (loss)	6	(57,828)	(e)(f)	87	—	(57,735)	(57,288)	(447)	
Investment income (loss)	(64,301)	45,500	(g)(i)	(1,226)	—	(20,027)	(20,418)	391	
Interest and dividends	45,978	(45,978)	(c)(g)(i)	—	—	—	—	—	
Reimbursement from affiliates	—	—	(b)	—	—	—	—	—	
Insurance and reinsurance premiums	12,586	(12,586)	(g)	—	—	—	—	—	
Other revenues, net	(1,078)	(243)	(h)	—	—	(1,321)	(1,320)	(1)	
Consolidated Funds revenues	(1,191)	—	(d)(g)(h)	1,191	—	—	—	—	
<b>Total revenues</b>	<b>412,237</b>	<b>(53,288)</b>		<b>106</b>	<b>—</b>	<b>359,055</b>	<b>358,817</b>	<b>238</b>	
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	43,035	(36,520)	(c)(g)(i)	—	(26) (m)	6,489	5,669	820	
<b>Total net revenues</b>	<b>369,202</b>	<b>(16,768)</b>		<b>106</b>	<b>26</b>	<b>352,566</b>	<b>353,148</b>	<b>(582)</b>	
<b>Expenses</b>									
Compensation & benefits	201,686	1,202	(j)(k)	—	—	202,888	198,702	4,186	
Fixed non-compensation expense	—	41,351	(e)(*)	—	(1,007) (n)	40,344	40,312	32	
Variable non-compensation expense	—	48,050	(*)	—	—	48,050	48,044	6	
Other non-compensation expense	121,805	(117,561)	(a)(b)(d)(g) (h)(j)(*)	—	(4,244) (n)	—	—	—	
Depreciation & amortization	4,796	—	—	—	—	4,796	4,790	6	
Non-controlling interest	—	1,216	(k)	—	—	1,216	1,216	—	
Consolidated Funds expenses	124	—	—	(124)	—	—	—	—	
<b>Total expenses</b>	<b>328,411</b>	<b>(25,742)</b>		<b>(124)</b>	<b>(5,251)</b>	<b>297,294</b>	<b>293,064</b>	<b>4,230</b>	
<b>Other income (loss)</b>	<b>4,266</b>	<b>(4,266)</b>	(e)(f)(g)(i)	—	—	—	—	—	
<b>Income (loss) before income taxes/ Pre-tax Economic Income (loss)</b>	<b>45,057</b>	<b>4,708</b>		<b>230</b>	<b>5,277</b>	<b>55,272</b>	<b>60,084</b>	<b>(4,812)</b>	
<b>Income taxes expense / (benefit)</b>	<b>12,192</b>	<b>—</b>		<b>—</b>	<b>1,663</b> (o)	<b>13,855</b>	<b>15,111</b>	<b>(1,256)</b>	
<b>Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds</b>	<b>(4,938)</b>	<b>4,708</b> (k)		<b>230</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Income (loss) attributable to Cowen Inc.</b>	<b>37,803</b>	<b>—</b>		<b>—</b>	<b>3,614</b>	<b>41,417</b>	<b>44,973</b>	<b>(3,556)</b>	
Less: Preferred stock dividends	1,698	—		—	—	1,698	1,477	221	
<b>Income (loss) attributable to Cowen Inc. common stockholders/Economic Income (Loss)</b>	<b>\$ 36,105</b>	<b>\$ —</b>		<b>\$ —</b>	<b>\$ 3,614</b>	<b>39,719</b>	<b>43,496</b>	<b>(3,777)</b>	
Add back: Depreciation and amortization expense						3,553	3,548	5	
<b>Economic Operating Income (Loss)</b>						<b>\$ 43,272</b>	<b>\$ 47,044</b>	<b>\$ (3,772)</b>	



# Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Nine Months Ended September 30, 2022

(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		
<b>Revenues</b>									
Investment banking	\$ 356,191	\$ (10,379) (a) (b)	\$ —	\$ —	\$ 345,812	\$ 345,812	\$ —		
Brokerage	458,910	92,978 (c)(d)(i)	—	—	551,888	551,888	—		
Investment income (loss)	26,110	126 (g)(i)	(26,480)	—	(244)	11,301	(11,545)		
Management fees	50,141	13,160 (d)(e)(f)	137	—	63,438	62,738	700		
Incentive income (loss)	633	(38,485) (d)(e)(f)	—	—	(37,852)	(26,220)	(11,632)		
Interest and dividends	242,764	(242,764) (c)(g)(i)	—	—	—	—	—		
Reimbursement from affiliates	—	— (b)	—	—	—	—	—		
Insurance and reinsurance premiums	36,336	(36,336) (h)	—	—	—	—	—		
Other revenues, net	(7,198)	25,259 (d)(g)(h)	—	—	18,061	18,060	1		
Consolidated Funds revenues	(40,091)	—	40,091	—	—	—	—		
<b>Total revenues</b>	<b>1,123,796</b>	<b>(196,441)</b>	<b>13,748</b>	<b>—</b>	<b>941,103</b>	<b>963,579</b>	<b>(22,476)</b>		
Interest and dividend expense	176,719	(182,812) (c)(g)(i)	—	(229) (m)	(6,322)	(5,331)	(991)		
<b>Total net revenues</b>	<b>947,077</b>	<b>(13,629)</b>	<b>13,748</b>	<b>229</b>	<b>947,425</b>	<b>968,910</b>	<b>(21,485)</b>		
<b>Expenses</b>									
Compensation & benefits	542,378	1,581 (j)(k)	—	—	543,959	541,956	2,003		
Fixed non-compensation expense	—	122,607 (e),(*)	—	4,427 (n)	127,034	126,947	87		
Variable non-compensation expense	—	171,839 (*)	—	—	171,839	171,816	23		
Other non-compensation expense	321,857	(321,857) (a)(b)(d)(g)(h)(j)(*)	—	— (n)	—	—	—		
Depreciation & amortization	21,176	—	—	—	21,176	21,158	18		
Non-controlling interest	—	1,812 (k)	—	—	1,812	1,812	—		
Consolidated Funds expenses	229	—	(229)	—	—	—	—		
<b>Total expenses</b>	<b>885,640</b>	<b>(24,018)</b>	<b>(229)</b>	<b>4,427</b>	<b>865,820</b>	<b>863,689</b>	<b>2,131</b>		
<b>Other income (loss)</b>	<b>7,470</b>	<b>(7,470) (e)(f)(g)(i)</b>	<b>—</b>	<b>— (n)(p)</b>	<b>—</b>	<b>—</b>	<b>—</b>		
<b>Income (loss) before income taxes/ Pre-tax Economic Income (loss)</b>	<b>68,907</b>	<b>2,919</b>	<b>13,977</b>	<b>(4,198)</b>	<b>81,605</b>	<b>105,221</b>	<b>(23,616)</b>		
<b>Income taxes expense / (benefit)</b>	<b>22,273</b>	<b>—</b>	<b>—</b>	<b>(1,055) (o)</b>	<b>21,218</b>	<b>27,358</b>	<b>(6,140)</b>		
<b>Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds</b>	<b>(16,896)</b>	<b>2,919 (k)</b>	<b>13,977</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		
<b>Income (loss) attributable to Cowen Inc.</b>	<b>\$ 63,530</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (3,143)</b>	<b>60,387</b>	<b>\$ 77,863</b>	<b>\$ (17,476)</b>		
Less: Preferred stock dividends	5,094	—	—	—	5,094	4,432	662		
<b>Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)</b>	<b>\$ 58,436</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (3,143)</b>	<b>55,293</b>	<b>\$ 73,431</b>	<b>\$ (18,138)</b>		
Add back: Depreciation and amortization expense					15,670	15,657	13		
<b>Economic Operating Income (Loss)</b>					<b>\$ 70,963</b>	<b>\$ 89,088</b>	<b>\$ (18,125)</b>		

# Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Nine Months Ended September 30, 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
<b>Revenues</b>							
Investment banking	\$ 803,347	\$ (32,814) (a)(b)(i)	\$ —	\$ —	\$ 770,533	\$ 770,533	\$ —
Brokerage	444,168	114,010 (c)(i)	—	—	558,178	558,178	—
Management fees	56,071	2,126 (d)(e)	2,162	—	60,359	59,448	911
Incentive income (loss)	2,433	17,473 (e)(f)	17	—	19,923	21,071	(1,148)
Investment income (loss)	114,996	(91,694) (g)(i)	(2,843)	—	20,459	17,095	3,364
Interest and dividends	167,539	(167,539) (c)(g)(i)	—	—	—	—	—
Insurance and reinsurance premiums	31,196	(31,196) (h)	—	—	—	—	—
Other revenues, net	2,612	4,537 (d)(g)(h)	—	—	7,149	7,150	(1)
Consolidated Funds revenues	(3,843)	—	3,843	—	—	—	—
Total revenues	1,618,519	(185,097)	3,179	—	1,436,601	1,433,475	3,126
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	163,749	(134,504) (c)(g)(i)	—	(7,128) (m)(p)	22,117	19,035	3,082
<b>Total net revenues</b>	1,454,770	(50,593)	3,179	7,128	1,414,484	1,414,440	44
<b>Expenses</b>							
Compensation & benefits	809,068	2,629 (j)(k)	—	—	811,697	800,560	11,137
Fixed non-compensation expense	—	117,666 (e)(*)	—	(1,324) (n)	116,342	116,348	(6)
Variable non-compensation expense	—	149,253 (*)	—	—	149,253	149,234	19
Other non-compensation expense	333,553	(330,876) (a)(b)(d)(g)(h)(j)(*)	—	(2,677) (n)	—	—	—
Depreciation & amortization	13,715	—	—	—	13,715	13,700	15
Non-controlling interest	—	4,171 (k)	—	—	4,171	4,171	—
Consolidated Funds expenses	519	—	(519)	—	—	—	—
<b>Total expenses</b>	1,156,855	(57,157)	(519)	(4,001)	1,095,178	1,084,013	11,165
<b>Other income (loss)</b>	22,958	(23,641) (e)(f)(g)(i)	—	683	—	—	—
<b>Income (loss) before income taxes/ Pre-tax Economic Income (loss)</b>	320,873	(17,077)	3,698	11,812	319,306	330,427	(11,121)
<b>Income taxes expense / (benefit)</b>	76,864	—	—	7,752 (o)	84,616	87,563	(2,947)
<b>Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds</b>	13,379	(17,077) (k)	3,698	—	—	—	—
<b>Income (loss) attributable to Cowen Inc.</b>	230,630	—	—	4,060	234,690	242,864	(8,174)
Less: Preferred stock dividends	5,094	—	—	—	5,094	4,364	730
<b>Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)</b>	\$ 225,536	\$ —	\$ —	\$ 4,060	229,596	238,500	(8,904)
Add back: Depreciation and amortization expense					10,085	10,070	15
<b>Economic Operating Income (Loss)</b>					\$ 239,681	\$ 248,570	\$ (8,889)

# 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 within 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, distribution and other fees: Economic Proceeds and Economic Interest Expense are net of fund start-up costs and distribution fees paid to agents and other debt service costs.
- 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 businesses are recorded within Other Income (Loss) for US GAAP.
- 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 and reinsurance 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 (including bargain purchase gain and contingent liability adjustments).
- o Pre-tax Economic Income (Loss) excludes US GAAP income taxes.
- p Pre-tax Economic Income (Loss) excludes gain/(loss) on debt extinguishment and accelerated debt costs.
- q Pre-tax Economic income (Loss) excludes preferred stock dividends.

## 2. OPERATING CO

# Revenue Metrics (Non-GAAP Unaudited) - Operating Co

\$ thousands	2019	2020	2021					2022			
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
<b>INVESTMENT BANKING REVENUE</b>	<b>\$351,085</b>	<b>\$729,180</b>	<b>\$293,488</b>	<b>\$214,427</b>	<b>\$262,618</b>	<b>\$255,155</b>	<b>\$1,025,688</b>	<b>\$98,697</b>	<b>\$97,757</b>	<b>\$149,359</b>	<b>\$345,812</b>
Advisory Revenue	\$132,188	\$289,046	\$132,848	\$128,360	\$175,744	\$165,288	\$602,240	\$74,917	\$78,649	\$102,652	\$256,218
M&A											
Revenue	\$83,152	\$170,901	\$55,655	\$85,009	\$103,326	\$89,733	\$333,723	\$42,730	\$29,450	\$78,054	\$150,234
Total transactions	48	48	10	29	25	31	95	11	19	30	60
Average fee (implied)	\$1,732	\$3,560	\$5,566	\$3,036	\$4,133	\$2,895	\$3,513	\$3,885	\$1,550	\$2,602	\$2,504
Median fee	\$1,008	\$1,723	\$1,580	\$1,050	\$1,730	\$2,100	\$1,541	\$2,700	\$1,272	\$1,789	\$1,676
Transaction value (in M)	\$10,443	\$37,508	\$11,866	\$21,029	\$10,395	\$5,585	\$48,875	\$3,534	\$1,841	\$2,907	\$8,281
Capital Markets Advisory <sup>1</sup>											
Revenue	\$49,036	\$118,145	\$77,193	\$43,351	\$72,418	\$75,555	\$268,517	\$32,187	\$49,199	\$24,598	\$105,984
Total transactions	27	37	15	18	31	17	81	15	20	11	46
Average fee (implied)	\$1,816	\$3,193	\$5,146	\$2,408	\$2,336	\$4,444	\$3,315	\$2,146	\$2,460	\$2,236	\$2,304
Median fee	\$900	\$2,225	\$2,238	\$1,310	\$1,500	\$1,500	\$1,880	\$600	\$1,000	\$900	\$850
Underwriting Revenue <sup>2</sup>											
Revenue	\$218,897	\$440,135	\$160,640	\$86,067	\$86,874	\$89,867	\$423,448	\$23,780	\$19,108	\$46,707	\$89,595
Total transactions	114	166	63	40	46	44	193	7	5	15	27
Average fee (implied)	\$1,920	\$2,650	\$2,550	\$2,152	\$1,889	\$2,042	\$2,194	\$3,397	\$3,822	\$3,114	\$3,318
Median fee	\$1,477	\$2,007	\$1,952	\$1,740	\$1,457	\$1,289	\$1,825	\$1,425	\$1,461	\$2,779	\$2,187
<b>BROKERAGE REVENUE</b>	<b>\$459,143</b>	<b>\$652,647</b>	<b>\$221,848</b>	<b>\$175,845</b>	<b>\$160,486</b>	<b>\$170,347</b>	<b>\$728,525</b>	<b>\$197,856</b>	<b>\$181,935</b>	<b>\$172,097</b>	<b>\$551,888</b>
Institutional brokerage <sup>3</sup>	\$323,965	\$462,682	\$156,157	\$119,783	\$112,944	\$124,026	\$512,910	\$143,213	\$123,703	\$109,604	\$376,520
Institutional services	\$135,178	\$189,965	\$65,691	\$56,062	\$47,542	\$46,321	\$215,616	\$54,581	\$58,294	\$62,493	\$175,368
Prime Services Management Fees <sup>4</sup>	\$2,996	\$3,067	\$782	\$923	\$941	\$926	\$3,572	\$996	\$836	\$643	\$2,475
Miscellaneous Markets Fees <sup>4</sup>	\$3,414	\$1,620	(\$631)	\$627	\$13	\$2,098	\$2,107	(\$305)	(\$470)	(\$1,486)	(\$2,261)
Total Markets Revenue <sup>4</sup>	\$465,553	\$657,334	\$221,999	\$177,395	\$161,440	\$173,371	\$734,205	\$198,485	\$182,363	\$171,254	\$552,102
Markets revenue per trading day	\$1,847	\$2,598	\$3,524	\$2,816	\$2,523	\$2,709	\$2,914	\$3,201	\$2,941	\$2,676	\$2,937
# Trading days	252	253	61	63	64	64	252	62	62	64	188
# Publishing analysts <sup>5</sup>	52	53	51	51	55	59	59	61	62	62	62
<b>MANAGEMENT FEE</b>	<b>\$40,321</b>	<b>\$58,154</b>	<b>\$26,884</b>	<b>\$17,825</b>	<b>\$14,739</b>	<b>\$19,807</b>	<b>\$79,255</b>	<b>\$20,440</b>	<b>\$20,173</b>	<b>\$22,125</b>	<b>\$62,738</b>
Monthly run rate for period	\$3,360	\$4,846	\$8,961	\$5,942	\$4,913	\$6,602	\$6,605	\$6,813	\$6,724	\$7,375	\$6,971
<b>INCENTIVE INCOME</b>	<b>\$44,600</b>	<b>\$83,435</b>	<b>\$109,925</b>	<b>\$(31,566)</b>	<b>\$(57,288)</b>	<b>\$13,508</b>	<b>\$34,579</b>	<b>\$(12,797)</b>	<b>\$(29,014)</b>	<b>\$15,591</b>	<b>\$(26,220)</b>
<b>INVESTMENT INCOME</b>	<b>\$32,615</b>	<b>\$37,786</b>	<b>\$31,918</b>	<b>\$5,595</b>	<b>\$(20,418)</b>	<b>\$(8,553)</b>	<b>\$8,542</b>	<b>\$22,226</b>	<b>\$(10,135)</b>	<b>\$(790)</b>	<b>\$11,301</b>
<b>OTHER REVENUE</b>	<b>\$5,785</b>	<b>\$777</b>	<b>\$1,164</b>	<b>\$7,307</b>	<b>\$(1,320)</b>	<b>\$792</b>	<b>\$7,942</b>	<b>\$3,819</b>	<b>\$8,404</b>	<b>\$5,837</b>	<b>\$18,060</b>
<b>TOTAL REVENUE<sup>6</sup></b>	<b>\$933,550</b>	<b>\$1,561,979</b>	<b>\$685,227</b>	<b>\$389,433</b>	<b>\$358,817</b>	<b>\$451,056</b>	<b>\$1,884,531</b>	<b>\$330,241</b>	<b>\$269,120</b>	<b>\$364,219</b>	<b>\$963,579</b>

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				2022				
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
<b>SUMMARY ECONOMIC INCOME DATA</b>											
Economic proceeds	\$933,550	\$1,561,977	\$685,227	\$389,433	\$358,817	\$451,056	\$1,884,531	\$330,241	\$269,120	\$364,219	\$963,579
Pre-tax economic income (loss) <sup>1</sup>	\$58,692	\$334,984	\$198,475	\$71,870	\$60,084	\$99,589	\$430,014	\$50,342	\$2,817	\$52,064	\$105,221
Economic income tax expense	\$0	\$0	\$53,191	\$19,261	\$15,111	\$22,090	\$109,654	\$12,585	\$1,236	\$13,537	\$27,358
Economic income (loss) <sup>2</sup>	\$53,258	\$329,381	\$143,858	\$51,149	\$43,496	\$76,022	\$314,519	\$36,297	\$104	\$37,033	\$73,431
Economic operating income (loss) <sup>2</sup>	\$73,661	\$352,036	\$147,041	\$54,488	\$47,044	\$80,094	\$328,661	\$41,682	\$5,205	\$42,205	\$89,088
<b>RETURN ON AVERAGE COMMON EQUITY</b>											
Annualized return on average common equity <sup>3</sup>	11.0 %	49.4 %	66.8 %	24.8 %	20.2 %	34.4 %	37.6 %	17.1 %	2.1 %	16.4 %	11.7 %
<b>PER COMMON SHARE INFORMATION</b>											
Economic income per share (basic)	\$1.80	\$11.85	\$5.26	\$1.90	\$1.51	\$2.74	\$11.24	\$1.28	\$0.00	\$1.32	\$2.62
Economic Income per share (diluted)	\$1.70	\$11.16	\$4.29	\$1.51	\$1.33	\$2.42	\$9.64	\$1.14	\$0.00	\$1.15	\$2.35
Economic operating income per share (basic)	\$2.49	\$12.67	\$5.37	\$2.03	\$1.63	\$2.89	\$11.75	\$1.47	\$0.19	\$1.50	\$3.18
Economic operating income per share (diluted)	\$2.35	\$11.93	\$4.38	\$1.61	\$1.44	\$2.55	\$10.07	\$1.31	\$0.17	\$1.31	\$2.86
<b>NON-INTEREST EXPENSES (EX. D&amp;A)</b>											
Compensation expenses	\$532,468	\$860,753	\$385,578	\$216,280	\$198,702	\$246,170	\$1,046,730	\$186,424	\$151,235	\$204,296	\$541,956
Non-compensation expenses	\$294,614	\$312,173	\$89,415	\$87,811	\$88,356	\$93,994	\$359,577	\$93,792	\$103,766	\$101,205	\$298,763
Fixed non-compensation expenses (ex. D&A) <sup>4</sup>	\$140,327	\$141,666	\$35,707	\$40,329	\$40,312	\$43,704	\$160,053	\$40,875	\$42,873	\$43,199	\$126,947
Variable non-compensation expenses <sup>4</sup>	\$154,287	\$170,507	\$53,707	\$47,482	\$48,044	\$50,290	\$199,524	\$52,917	\$60,893	\$58,006	\$171,816
Floor brokerage & trade execution costs	\$102,290	\$138,533	\$45,480	\$38,695	\$33,476	\$35,641	\$153,292	\$40,454	\$44,532	\$38,598	\$123,584
Client services & business development costs	\$41,214	\$15,418	\$2,691	\$3,399	\$5,222	\$7,179	\$18,491	\$5,608	\$10,289	\$8,886	\$24,783
Other variable non-compensation expenses	\$10,783	\$16,556	\$5,536	\$5,388	\$9,346	\$7,470	\$27,741	\$6,855	\$6,072	\$10,522	\$23,449
<b>DEPRECIATION &amp; AMORTIZATION</b>											
Depreciation	\$7,274	\$10,432	\$2,560	\$2,667	\$2,864	\$2,910	\$11,001	\$2,929	\$2,919	\$2,918	\$8,766
Amortization	\$13,129	\$12,223	\$1,789	\$1,894	\$1,927	\$2,372	\$7,982	\$4,250	\$4,071	\$4,071	\$12,392
<b>EXPENSE RATIOS</b>											
Compensation to revenue ratio	57.0 %	55.1 %	56.3 %	55.5 %	55.4 %	54.6 %	55.5 %	56.5 %	56.2 %	56.1 %	56.2 %
Non-compensation expenses to revenue ratio	31.6 %	20.0 %	13.0 %	22.5 %	24.6 %	20.8 %	19.1 %	28.4 %	38.6 %	27.8 %	31.0 %
Fixed non-comp expense to revenue ratio (ex. D&A)	15.0 %	9.1 %	5.2 %	10.4 %	11.2 %	9.7 %	8.5 %	12.4 %	15.9 %	11.9 %	13.2 %
Variable non-comp expense to revenue ratio	16.5 %	10.9 %	7.8 %	12.2 %	13.4 %	11.1 %	10.6 %	16.0 %	22.6 %	15.9 %	17.8 %

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

2) Economic Income (Loss) is calculated net of associated taxes. The Company has utilized all available federal net operating losses not subject to limitation during 2020.

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

4) Starting in Q321, a portion of our legal fees which are directly associated with revenues are now being presented as variable non-compensation expenses rather than fixed non-compensation expenses. As a result, variable expenses increased from what was previously reported by \$6.0 million, \$4.6 million and \$3.8 million for the nine months ended September 30, 2021, FY2020 and FY2019, respectively, while fixed non-compensation expenses were reduced by the same amounts.

### 3. ASSET CO

# Revenue Metrics (Non-GAAP Unaudited) - Asset Co

<i>\$ thousands</i>	2019	2020	2021					2022			
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
<b>MANAGEMENT FEE</b>	\$1,976	\$946	\$316	\$299	\$295	\$289	\$1,200	\$266	\$242	\$193	\$700
Monthly run rate for period	\$165	\$79	\$105	\$100	\$98	\$96	\$200	\$89	\$81	\$64	\$78
<b>INCENTIVE INCOME</b>	\$1,132	\$1,927	\$(1,214)	\$514	\$(447)	\$(6)	\$(1,153)	\$(215)	\$(990)	\$(10,428)	\$(11,632)
<b>INVESTMENT INCOME</b>	\$3,111	\$(8,564)	\$3,090	\$(117)	\$391	\$2,650	\$6,014	\$1,407	\$203	\$(13,155)	\$(11,545)
<b>OTHER REVENUE</b>	\$58	\$5	(\$1)	\$0	(\$1)	(\$1)	(\$2)	(\$61)	\$62	\$0	\$1
<b>TOTAL REVENUE</b>	\$6,277	\$(5,686)	\$2,191	\$696	\$238	\$2,932	\$6,059	\$1,397	\$(483)	\$(23,390)	\$(22,476)



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

\$ thousands	2019	2020	2021					2022			
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
<b>SUMMARY ECONOMIC INCOME DATA</b>											
Economic proceeds	\$6,277	\$(5,686)	\$2,191	\$696	\$238	\$2,932	\$6,059	\$1,397	\$(483)	\$(23,390)	\$(22,476)
Pre-tax economic income (loss) <sup>1</sup>	\$(8,202)	\$(14,948)	\$(1,643)	\$(4,668)	\$(4,812)	\$9,319	\$(1,800)	\$1,851	\$(1,683)	\$(23,786)	\$(23,616)
Economic income tax expense	\$0	\$0	\$(440)	\$(1,251)	\$(1,256)	\$2,489	\$(460)	\$463	\$(419)	\$(6,184)	\$(6,140)
Economic income (loss) <sup>2</sup>	\$(9,560)	\$(16,136)	\$(1,474)	\$(3,655)	\$(3,777)	\$6,609	\$(2,291)	\$1,150	\$(1,485)	\$(17,806)	\$(18,138)
Economic operating income (loss) <sup>2</sup>	\$(9,523)	\$(16,114)	\$(1,471)	\$(3,652)	\$(3,772)	\$6,614	\$(2,275)	\$1,155	\$(1,481)	\$(17,802)	\$(18,125)
<b>RETURN ON AVERAGE COMMON EQUITY</b>											
Annualized return on average common equity <sup>3</sup>	(22.3)%	(26.2)%	(10.2)%	(25.8)%	(27.3)%	38.5 %	(3.3)%	8.4 %	(11.3)%	(412.5)%	(140.0)%
<b>PER COMMON SHARE INFORMATION</b>											
Economic income per share (basic)	\$(0.32)	\$(0.58)	\$(0.05)	\$(0.14)	\$(0.13)	\$0.24	\$(0.08)	\$0.04	\$(0.05)	\$(0.63)	\$(0.65)
Economic Income per share (diluted)	\$(0.31)	\$(0.55)	\$(0.04)	\$(0.11)	\$(0.12)	\$0.21	\$(0.07)	\$0.04	\$(0.05)	\$(0.55)	\$(0.58)
Economic operating income per share (basic)	\$(0.32)	\$(0.58)	\$(0.05)	\$(0.14)	\$(0.13)	\$0.24	\$(0.08)	\$0.04	\$(0.05)	\$(0.63)	\$(0.65)
Economic operating income per share (diluted)	\$(0.30)	\$(0.55)	\$(0.04)	\$(0.11)	\$(0.12)	\$0.21	\$(0.07)	\$0.04	\$(0.05)	\$(0.55)	\$(0.58)
<b>NON-INTEREST EXPENSES (EX. D&amp;A)</b>											
Compensation expenses	\$5,070	\$3,767	\$2,819	\$4,133	\$4,186	\$(7,266)	\$3,871	\$951	\$545	\$508	\$2,003
Non-compensation expenses	\$3,924	\$350	\$(79)	\$55	\$38	\$174	\$187	\$6	\$30	\$74	\$110
Fixed non-compensation expenses (ex. D&A)	\$2,537	\$328	\$(84)	\$47	\$32	\$169	\$162	\$(1)	\$23	\$65	\$87
Variable non-compensation expenses	\$1,387	\$22	\$5	\$8	\$6	\$5	\$25	\$7	\$7	\$9	\$23
Floor brokerage & trade execution expenses	\$47	\$1	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$1
Client services & business development expenses	\$91	\$18	\$3	\$5	\$4	\$5	\$17	\$4	\$4	\$4	\$11
Other variable non-compensation expenses	\$1,249	\$4	\$2	\$3	\$2	\$0	\$7	\$3	\$3	\$5	\$11
<b>DEPRECIATION &amp; AMORTIZATION</b>											
Depreciation	\$35	\$20	\$4	\$4	\$6	\$7	\$21	\$6	\$7	\$5	\$18
Amortization	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>EXPENSE RATIOS</b>											
Compensation to revenue ratio	80.8 %	N/A	128.7 %	593.8 %	1,758.8 %	N/A	63.9 %	68.1 %	N/A	N/A	N/A
Non-compensation expenses to revenue ratio	62.5 %	N/A	N/A	7.9 %	16.0 %	5.9 %	3.1 %	0.4 %	N/A	N/A	N/A
Fixed non-comp expense to revenue ratio (ex. D&A)	40.4 %	N/A	N/A	6.8 %	13.4 %	5.8 %	2.7 %	N/A	N/A	N/A	N/A
Variable non-comp expense to revenue ratio	22.1 %	N/A	0.2 %	1.1 %	2.5 %	0.2 %	0.4 %	0.5 %	N/A	N/A	N/A

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 provide 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 stock 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.