

GCM Grosvenor Reports Second Quarter 2023 with Private Markets Fee-Paying AUM Increasing 12% From Q2 2022 and \$1.5 billion of Fundraising; Firm Increases Share Repurchase Plan to \$115 million

CHICAGO, August 9, 2023 – GCM Grosvenor (Nasdaq: GCMG), a leading global alternative asset management solutions provider, today reported results for the second quarter ended June 30, 2023.

"We are pleased with our solid results this quarter," said Michael Sacks, Chairman and Chief Executive Officer of GCM Grosvenor. "We saw some tangible improvement in the environment with fundraising increasing approximately 50% from the first quarter to \$1.5 billion. We remain confident in our growth trajectory and increased our share repurchase authorization to \$115 million."

Assets Under Management

- Assets Under Management ("AUM") increased 7% from June 30, 2022 (the "prior year") to \$76.0 billion as of June 30, 2023
- Fee-Paying Assets Under Management ("FPAUM") increased 5% from the prior year to \$60.6 billion as of June 30, 2023
 - Private Markets FPAUM increased 12% from the prior year as of June 30, 2023
 - Absolute Return Strategies FPAUM decreased 5% from the prior year as of June 30, 2023
- Contracted Not Yet FPAUM was generally in line with the prior year at \$6.7 billion as of June 30, 2023

Revenue¹ and Fee-Related Revenue

- Revenue increased 3% from the quarter ended June 30, 2022 ("prior year QTD") to \$107.6 million
- Fee-Related Revenue of \$90.8 million for the three months ended June 30, 2023 was generally in line with prior year QTD
 - Private Markets Management Fees increased 5% from prior year QTD to \$53.0 million
 - Absolute Return Strategies Management Fees decreased 8% from prior year QTD to \$36.8 million

Net Income (Loss) and Adjusted Net Income

- GAAP Net Income Attributable to GCM Grosvenor Inc. decreased 36% from prior year QTD to \$4.8 million
- Adjusted Net Income increased 3% from prior year QTD to \$22.7 million

Fee-Related Earnings

- Fee-Related Earnings of \$32.8 million was generally in line with prior year QTD

Adjusted EBITDA

- Adjusted EBITDA increased 2% from prior year QTD to \$36.0 million

¹ Includes fund reimbursement revenue of \$3.8 million and \$2.3 million for the three months ended June 30, 2023 and 2022, respectively.

Incentive Fees

- GCM Grosvenor's share of unrealized carried interest totaled \$361.2 million of net asset value as of June 30, 2023
- Run-rate annual performance fees² were \$28.0 million as of June 30, 2023

Dividend

- GCM Grosvenor's Board of Directors approved an \$0.11 per share dividend payable on September 15, 2023 to shareholders of record on September 1, 2023

Share Repurchase Plan

- GCM Grosvenor repurchased \$1.1 million of Class A common stock during the quarter
- \$21.6 million remained in GCM Grosvenor's approved share and warrant repurchase plan as of June 30, 2023
- In August 2023, GCM Grosvenor's Board of Directors increased the firm's existing share repurchase authorization by \$25 million, from \$90 million to \$115 million

Additional Information

GCM Grosvenor also issued a detailed presentation of its results and a presentation containing supplemental financial data, both of which are available on GCM Grosvenor's website at <https://www.gcmgrosvenor.com/shareholder-events>.

Management will host a webcast and conference call at 10:00 a.m. ET today to discuss the company's results. The conference call will also be available via public webcast from the Public Shareholders section of GCM Grosvenor's website at www.gcmgrosvenor.com/public-shareholders and a replay will be available on the website soon after the call's completion. To listen to the live broadcast, participants are encouraged to go to the site 15 minutes prior to the scheduled call time in order to register.

The call can also be accessed by dialing (888) 394-8218 / (646) 828-8193 and using the passcode: 7268153.

About GCM Grosvenor

GCM Grosvenor (Nasdaq: GCMG) is a global alternative asset management solutions provider with approximately \$76 billion in assets under management across private equity, infrastructure, real estate, credit, and absolute return investment strategies. The firm has specialized in alternatives for more than 50 years and is dedicated to delivering value for clients by leveraging its cross-asset class and flexible investment platform.

GCM Grosvenor's experienced team of approximately 530 professionals serves a global client base of institutional and high net worth investors. The firm is headquartered in Chicago, with offices in New York, Toronto, London, Frankfurt, Tokyo, Hong Kong, Seoul and Sydney. For more information, visit: www.gcmgrosvenor.com.

² Run-Rate Annual Performance Fees reflect the potential annual performance fees generated by performance fee-eligible AUM before any loss carryforwards, if applicable, at an 8% gross return for both multi-strategy and credit strategies, and a 10% gross return for specialized opportunity strategies, and before cash-based incentive fee related compensation.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the expected future performance of GCM Grosvenor's business and the expected benefits of our share repurchase plan. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would" and similar expressions. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this presentation, including without limitation, the historical performance of GCM Grosvenor's funds may not be indicative of GCM Grosvenor's future results; risks related to redemptions and termination of engagements; the variable nature of GCM Grosvenor's revenues; competition in GCM Grosvenor's industry; effects of government regulation or compliance failures; market, geopolitical and economic conditions; identification and availability of suitable investment opportunities; risks relating to our internal control over financial reporting; and risks related to the performance of GCM Grosvenor's investments. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" sections of the Annual Report on Form 10-K filed by GCM Grosvenor Inc. on February 23, 2023 and its other filings with the U.S. Securities and Exchange Commission. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and GCM Grosvenor assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Share Repurchase Plan Authorization

In August 2023, GCM Grosvenor's Board of Directors increased the firm's existing share repurchase authorization by \$25 million, from \$90 million to \$115 million. The share repurchase plan may be used to repurchase outstanding Class A common stock and warrants in open market transactions, in privately negotiated transactions including with employees or otherwise, as well as to retire (by cash settlement or the payment of tax withholding amounts upon net settlement) equity-based awards granted under the Company's 2020 Incentive Award Plan (and any successor equity plan thereto). The company is not obligated under the terms of the plan to repurchase any of its Class A common stock or warrants, and the size and timing of these repurchases will depend on legal requirements, price, market and economic conditions and other factors. The plan has no expiration date and the plan may be suspended or terminated by the company at any time without prior notice. Any outstanding shares of Class A common stock and any warrants repurchased as part of this plan will be canceled.

Use of Non-GAAP Financial Measures and Key Performance Indicators

This press release includes certain non-GAAP financial measures, including fee-related revenue, fee-related earnings, adjusted pre-tax income, adjusted net income, adjusted EBITDA and net incentive fees attributable to GCM Grosvenor. These non-GAAP measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP, and should not be considered as an alternative to revenue, net income, operating income or any other performance measures derived in accordance with GAAP. Reconciliations of historical non-GAAP measures to their most directly comparable GAAP counterparts are included in below.

GCM Grosvenor believes that these non-GAAP measures of financial results provide useful supplemental information to investors about GCM Grosvenor. GCM Grosvenor's management uses these non-GAAP measures to evaluate GCM's projected financial and operating performance. However, there are a number of limitations related to the use of these non-GAAP measures and their nearest GAAP equivalents. For example other companies may calculate non-GAAP measures differently, or may use other measures to calculate their financial performance, and therefore GCM Grosvenor's non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

Adjusted Net Income is a non-GAAP measure that we present on a pre-tax and after-tax basis to evaluate our profitability. Adjusted Pre-Tax Income represents net income attributable to GCM Grosvenor Inc. including (a) net income (loss) attributable to Grosvenor Capital Management Holdings, LLLP ("GCMH"), excluding (b) provision (benefit) for income taxes, (c) changes in fair value of derivatives and warrant liabilities, (d) amortization expense, (e) partnership interest-based and non-cash compensation, (f) equity-based compensation, including cash-settled equity awards (as we view the cash settlement as a separate capital transaction), (g) unrealized investment income, (h) changes in tax receivable agreement liability and (i) certain other items that we believe are not indicative of our core performance, including charges related to corporate transactions and employee severance. Adjusted Net Income represents Adjusted Pre-Tax Income fully taxed at each period's blended statutory tax rate.

Adjusted EBITDA is a non-GAAP measure which represents Adjusted Net Income excluding (a) adjusted income taxes, (b) depreciation and amortization expense and (c) interest expense on our outstanding debt.

We believe Adjusted Pre-Tax Income, Adjusted Net Income and Adjusted EBITDA are useful to investors because they provide additional insight into the operating profitability of our core business across reporting periods. These measures (1) present a view of the economics of the underlying business as if GCMH Equityholders converted their interests to shares of Class A common stock and (2) adjust for certain non-cash and other activity in order to provide more comparable results of the core business across reporting periods. These measures are used by management in budgeting, forecasting and evaluating operating results.

Fee-related earnings ("FRE") is a non-GAAP measure used to highlight earnings from recurring management fees and administrative fees. FRE represents Adjusted EBITDA further adjusted to exclude (a) incentive fees and related compensation and (b) other non-operating income, and to include depreciation expense. We believe FRE is useful to investors because it provides additional insights into the management fee driven operating profitability of our business.

Fee-Related Revenue ("FRR") is a non-GAAP measure used to highlight revenues from recurring management fees and administrative fees. FRR represents total operating revenues less (a) incentive fees and (b) fund reimbursement revenue. We believe FRR is useful to investors because it provides additional insight into our relatively stable management fee base separate from incentive fee revenues, which tend to have greater variability.

Net Incentive Fees Attributable to GCM Grosvenor is a non-GAAP measure used to highlight fees earned from incentive fees that are attributable to GCM Grosvenor. Net incentive fees represent incentive fees excluding (a) incentive fees contractually owed to others and (b) cash-based incentive fee related compensation. Net incentive fees provide investors useful information regarding the amount that such fees contribute to the Company's earnings and are used by management in making compensation and capital allocation decisions.

Fee-Paying Assets Under Management (“FPAUM”) is a key performance indicator we use to measure the assets from which we earn management fees. Our FPAUM comprises the assets in our customized separate accounts and specialized funds from which we derive management fees. We classify customized separate account revenue as management fees if the client is charged an asset-based fee, which includes the vast majority of our discretionary AUM accounts. The FPAUM for our private market strategies typically represents committed, invested or scheduled capital during the investment period and invested capital following the expiration or termination of the investment period. Substantially all of our private markets strategies funds earn fees based on commitments or net invested capital, which are not affected by market appreciation or depreciation. Our FPAUM for our absolute return strategy is based on net asset value.

Our calculations of FPAUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of FPAUM is not based on any definition that is set forth in the agreements governing the customized separate accounts or specialized funds that we manage.

Contracted, not yet fee-paying AUM (“CNYFPAUM”) represents limited partner commitments which are expected to be invested and begin charging fees over the ensuing five years.

GAAP Statements of Income

(in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues				
Management fees	\$ 93,564	\$ 92,830	\$ 185,809	\$ 184,940
Incentive fees	12,996	10,505	18,811	22,497
Other operating income	1,053	1,025	2,109	2,051
Total operating revenues	107,613	104,360	206,729	209,488
Expenses				
Employee compensation and benefits	114,868	61,429	201,092	127,334
General, administrative and other	28,726	23,093	54,505	44,351
Total operating expenses	143,594	84,522	255,597	171,685
Operating income (loss)	(35,981)	19,838	(48,868)	37,803
Investment income (loss)	2,109	(1,197)	8,433	9,663
Interest expense	(5,682)	(5,591)	(12,337)	(10,875)
Other income	458	—	1,172	1
Change in fair value of warrant liabilities	4,895	19,640	2,674	21,662
Net other income (expense)	1,780	12,852	(58)	20,451
Income (loss) before income taxes	(34,201)	32,690	(48,926)	58,254
Provision for income taxes	2,050	2,011	2,472	4,344
Net income (loss)	(36,251)	30,679	(51,398)	53,910
Less: Net income attributable to noncontrolling interests in subsidiaries	1,396	844	4,169	5,680
Less: Net income (loss) attributable to noncontrolling interests in GCMH	(42,495)	22,230	(59,185)	35,899
Net income attributable to GCM Grosvenor Inc.	\$ 4,848	\$ 7,605	\$ 3,618	\$ 12,331

Reconciliation of Non-GAAP Metrics

(in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net Incentive Fees Attributable to GCM Grosvenor				
Incentive fees				
Performance fees	\$ 269	\$ 317	\$ 513	\$ 1,318
Carried interest	12,727	10,188	18,298	21,179
Less incentive fees contractually owed to others:				
Cash carried interest compensation	(7,557)	(6,039)	(11,117)	(11,894)
Non-cash carried interest compensation	59	(53)	402	(389)
Carried interest attributable to other noncontrolling interest holders	(1,657)	(1,706)	(2,618)	(3,521)
Firm share of incentive fees¹	3,841	2,707	5,478	6,693
Less: Cash-based incentive fee related compensation	(1,728)	(1,219)	(2,465)	(2,813)
Net incentive fees attributable to GCM Grosvenor	\$ 2,113	\$ 1,488	\$ 3,013	\$ 3,880

¹ Firm share represents net of contractual obligations but before discretionary cash-based incentive compensation.

Reconciliation of Non-GAAP Metrics (cont'd)

(in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Adjusted Pre-Tax Income & Adjusted Net Income				
Net income attributable to GCM Grosvenor Inc.	\$ 4,848	\$ 7,605	\$ 3,618	\$ 12,331
Plus:				
Net income (loss) attributable to noncontrolling interests in GCMH	(42,495)	22,230	(59,185)	35,899
Provision for income taxes	2,050	2,011	2,472	4,344
Change in fair value of warrant liabilities	(4,895)	(19,640)	(2,674)	(21,662)
Amortization expense	329	579	657	1,158
Severance	199	268	4,762	781
Transaction expenses ¹	4,400	1,625	6,759	1,704
Changes in tax receivable agreement liability and other	468	—	468	127
Partnership interest-based compensation	63,127	7,027	74,224	14,142
Equity-based compensation	3,815	5,604	29,608	15,485
Other non-cash compensation	(50)	752	534	836
Less:				
Unrealized investment (income) loss, net of controlling interests	(1,884)	1,241	(5,785)	(4,023)
Non-cash carried interest compensation	59	(53)	402	(389)
Adjusted pre-tax income	29,971	29,249	55,860	60,733
Less:				
Adjusted income taxes ²	(7,252)	(7,166)	(13,518)	(14,880)
Adjusted net income	22,719	22,083	42,342	45,853
Adjusted EBITDA				
Adjusted net income	22,719	22,083	42,342	45,853
Plus:				
Adjusted income taxes ²	7,252	7,166	13,518	14,880
Depreciation expense	352	395	699	794
Interest expense	5,682	5,591	12,337	10,875
Adjusted EBITDA	36,005	35,235	\$ 68,896	\$ 72,402

¹ Represents 2023 and 2022 expenses related to contemplated corporate transactions.

² Reflects a corporate and blended statutory tax rate of 24.5% for the three and six months ended June 30, 2022 and of 24.2% for the three and six months ended June 30, 2023 applied to Adjusted Pre-Tax Income. The 24.5% and 24.2% are based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 3.5% and 3.2%, respectively.

Reconciliation of Non-GAAP Metrics (cont'd)

(in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Fee-Related Earnings				
Adjusted EBITDA	\$ 36,005	\$ 35,235	\$ 68,896	\$ 72,402
Less:				
Incentive fees	(12,996)	(10,505)	(18,811)	(22,497)
Depreciation expense	(352)	(395)	(699)	(794)
Other non-operating income	(460)	—	(1,172)	(1)
Realized investment income, net of amount attributable to noncontrolling interests in subsidiaries ¹	(284)	(793)	(839)	(3,457)
Plus:				
Incentive fee-related compensation	9,226	7,311	13,180	15,096
Carried interest attributable to other noncontrolling interest holders, net	1,657	1,706	2,618	3,521
Fee-related earnings	\$ 32,796	\$ 32,559	\$ 63,173	\$ 64,270

¹ Investment income or loss is generally realized when the Company redeems all or a portion of its investment or when the Company receives or is due cash, such as from dividends or distributions.

Source: GCM Grosvenor

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