

First Quarter 2023
Earnings Presentation
May 5, 2023

Forward Looking Statements

This presentation may contain “forward-looking” statements that are based on our beliefs and assumptions and on information currently available to us. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, competitive position and potential organic and inorganic growth opportunities. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “could,” “seek,” “estimate,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our beliefs and assumptions only as of the date of this presentation. Please review our press release and SEC filings for additional information on risk factors. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Victory Capital uses non-GAAP financial measures referred to as Adjusted EBITDA and Adjusted Net Income to measure the operating profitability of the business. These measures eliminate the impact of one-time acquisition, restructuring and integration costs and demonstrate the ongoing operating earnings metrics of the business. The Company has included these non-GAAP measures to provide investors with the same financial metrics used by management to assess the operating performance of the Company. Reconciliations of non-GAAP metrics to their closest comparable GAAP metrics can be found in the Appendix that accompanies this presentation.

Agenda

Quarterly Business Overview

Investment Performance

First-Quarter Financial Results

Appendix

Quarterly Business Overview

Business Overview

Q1 2023 OPERATING & FINANCIAL HIGHLIGHTS

- First-quarter long-term net flows of -$1.2Bn
- Adjusted EBITDA margin of 49.3%
- Adjusted Net Income with tax benefit per diluted share of $1.08
- First-quarter share repurchases totaled 1.4 MM shares, or $44MM
- Total capital returned to shareholders of $66MM

STRATEGIC INVESTMENTS

- Ongoing investments in the business to support growth
  - Launched VictoryCapital inVest our new marketplace brokerage platform
  - Expansion of data & analytics platform
  - Technology and automation projects
  - Marketing and distribution initiatives
  - Continuing to hire in strategic areas

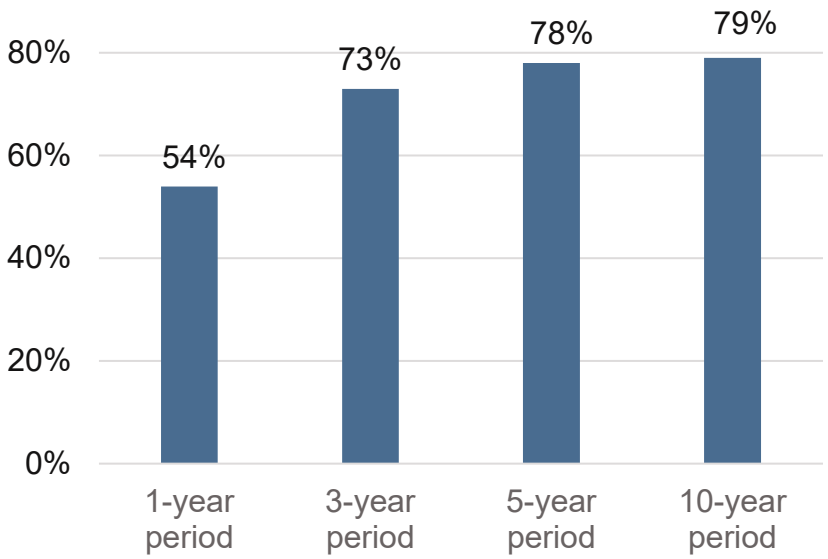
Investment Performance

Commitment to Long-Term Investment Performance

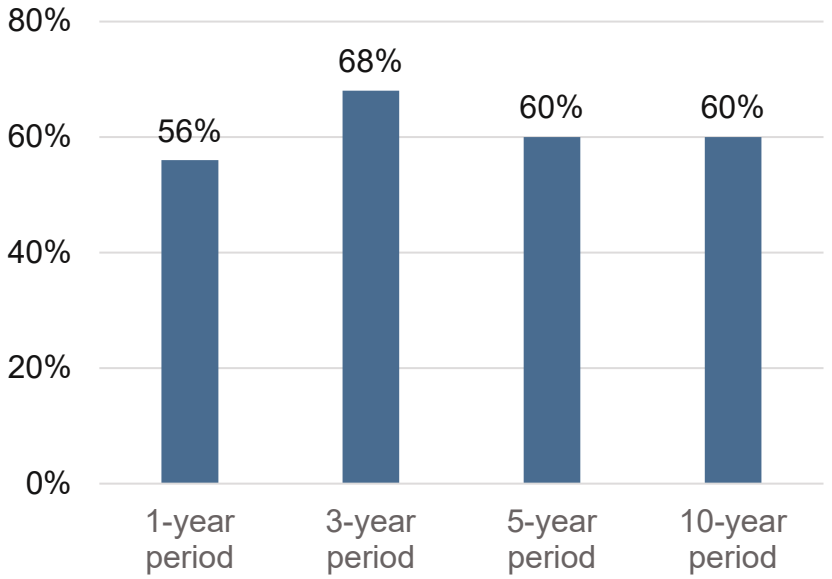
44 *Total Mutual Funds and ETFs with 4- or 5-Star overall ratings*

66% *Total Mutual Funds and ETFs AUM with 4- or 5-Star overall ratings*

% of AUM outperforming benchmarks

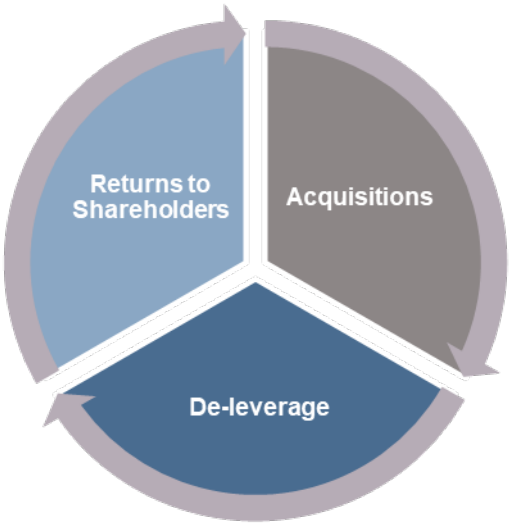


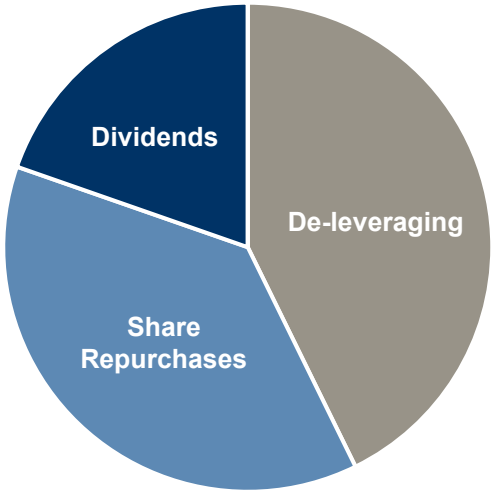
% of strategies outperforming benchmarks



All figures as of March 31, 2023. Past performance is no guarantee of future results.

Long-term Growth & Capital Allocation Strategy





Enhancing Shareholder Value by:

- Improving platform with every strategic acquisition
- Evolving product set to drive organic growth
- Gaining efficiency from integrated platform
- Evaluating numerous acquisition opportunities
- Being acquirer of choice for many asset managers
- Commitment to de-levering for balance sheet flexibility

Maintaining Balance Sheet Flexibility with:

- Capital allocation policy that supports growth strategy
- Strong free cash flow generation
- Capacity to do additional deals
- Opportunistic share repurchases
- Ancillary cash dividend
- Minimal cap ex, due to operating model

First-Quarter 2023 Financial Results

First-Quarter 2023 Financial Results

FIRST QUARTER FINANCIAL RESULTS

- AUM of $158.6Bn as of March 31, 2023
- Revenue of $201.3MM
- GAAP operating income of $74.6MM
- Adjusted EBITDA of $99.2MM, 49.3% margin
- GAAP Net Income of $49.3MM, or $0.71 per diluted share
- Adjusted Net Income with tax benefit of $75.2MM, or $1.08 per diluted share

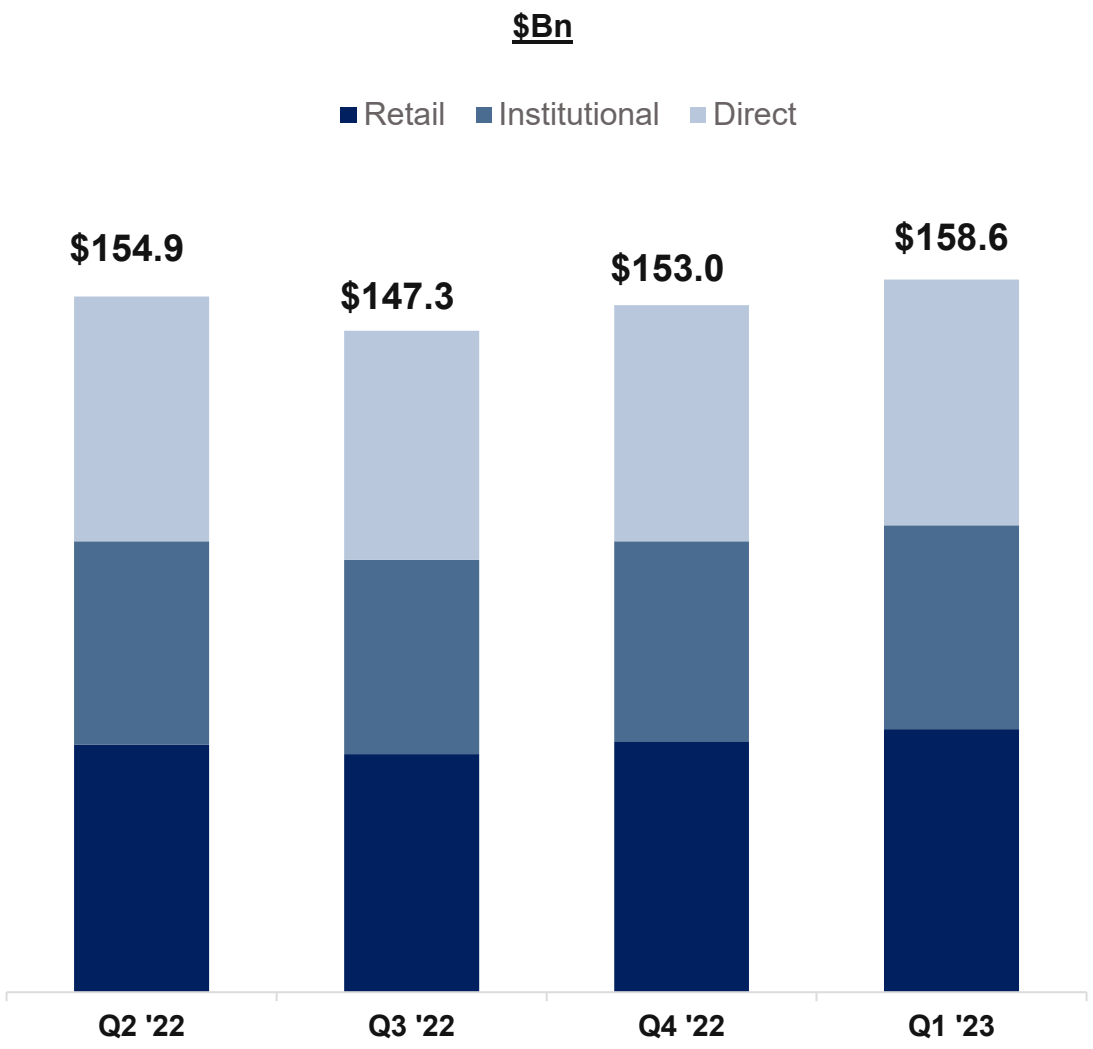
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CAPITAL MANAGEMENT

- Returned total of $66.5MM to shareholders in Q1
  - ➢ Share repurchases totaled 1.4 MM shares, or $44.4MM
  - ➢ Cash dividends of $22.1 MM
- Declared quarterly cash dividend of $0.32 per share

Assets Under Management

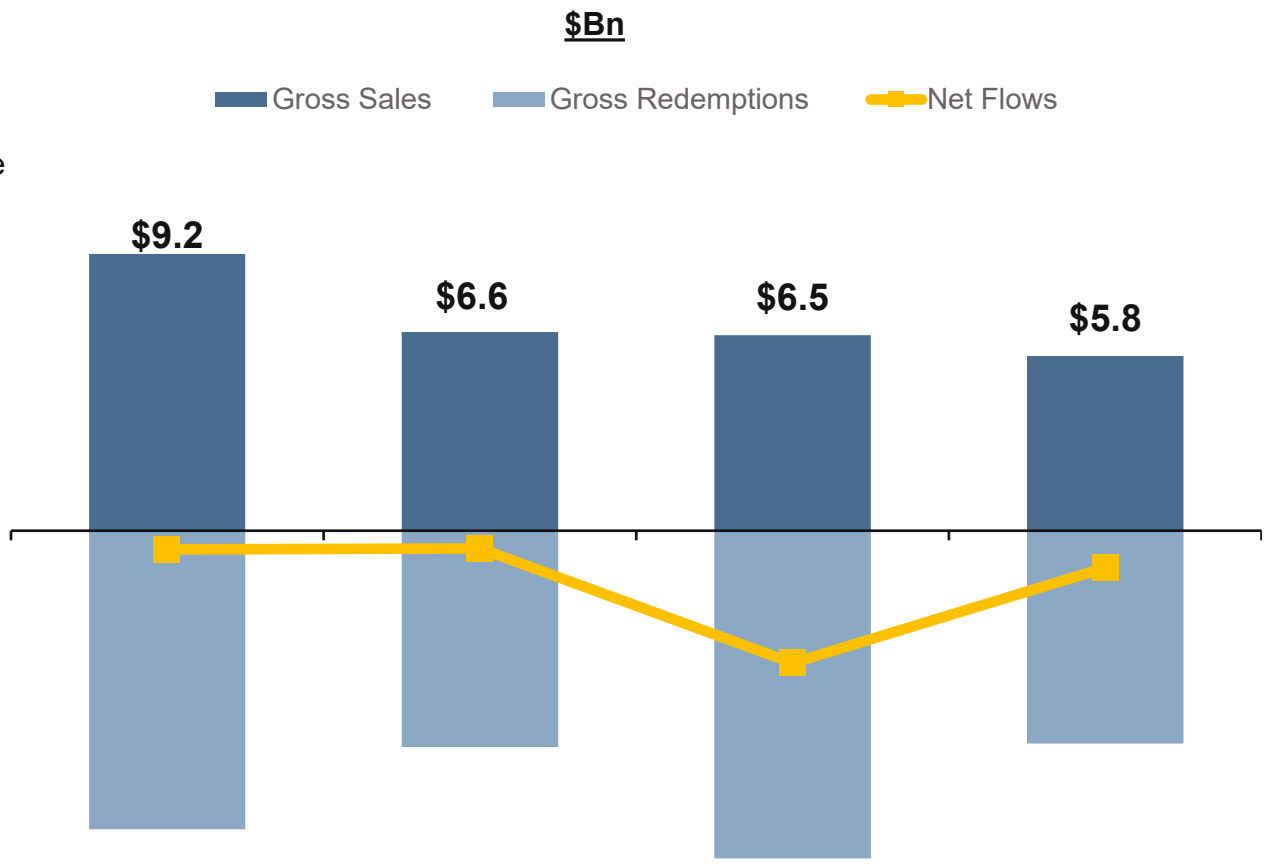
- Well-diversified distribution channels and client base
  - Retail
  - Institutional
  - Direct



Assets under management are as of the end of the respective periods shown.

Long-Term Asset Flows

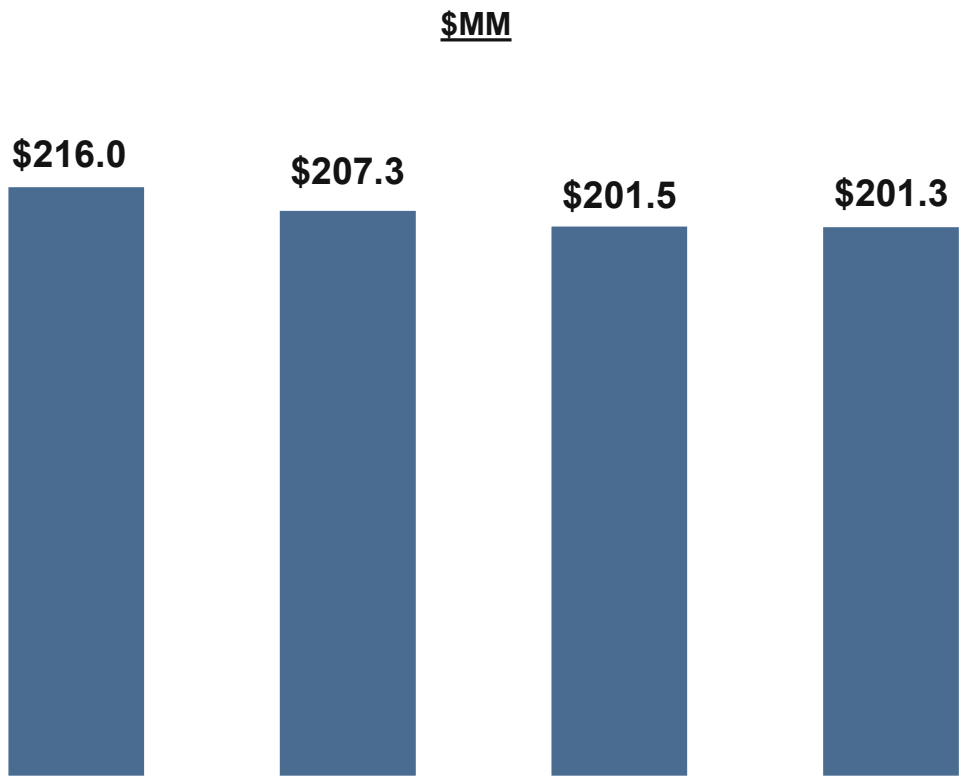
- Multiple franchises generated positive long-term net flows for the quarter:
  - RS Global
  - Sophus
  - Sycamore
- Positive Q1 long-term net flows in active equity strategies:
  - U.S. Small Cap
  - U.S. Mid Cap



Operating Metrics	Q2 '22	Q3 '22	Q4 '22	Q1 '23
Net long-term flows ($MM)	-$630	-$553	-$4,405	**-$1,235**

Revenues

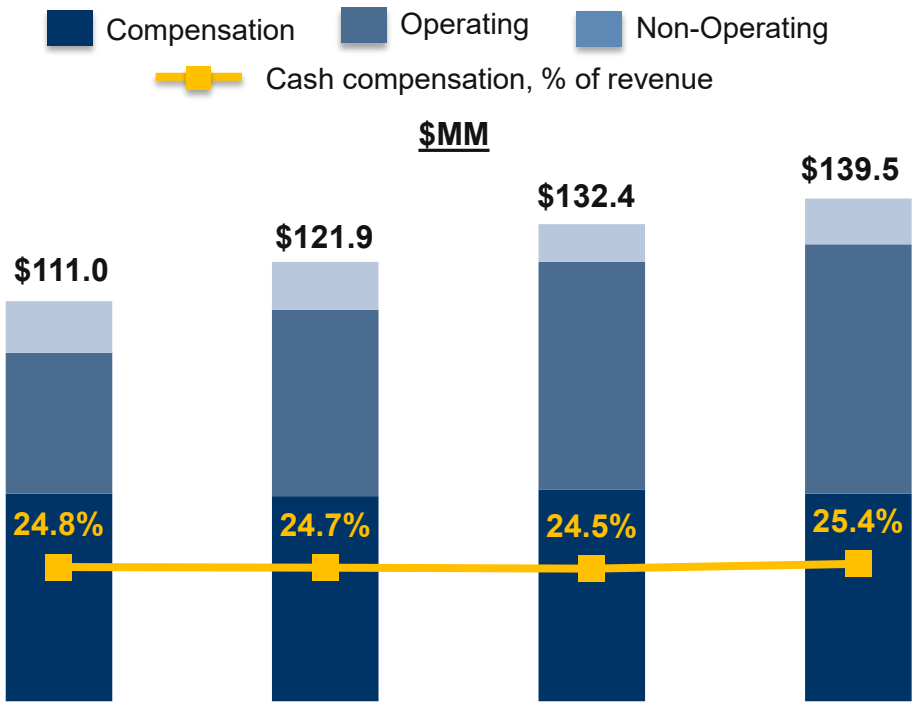
- Average fee rate unchanged from Q4
- Revenue change from Q4 is attributable to higher average net assets, offset by fewer days in Q1



Operating Metrics	Q2 '22	Q3 '22	Q4 '22	Q1 '23
Average AUM ($Bn)	$165.7	$158.9	$154.6	**$157.8**
Average Fee Rate (bps)	52.3	51.8	51.7	**51.7**

Expenses

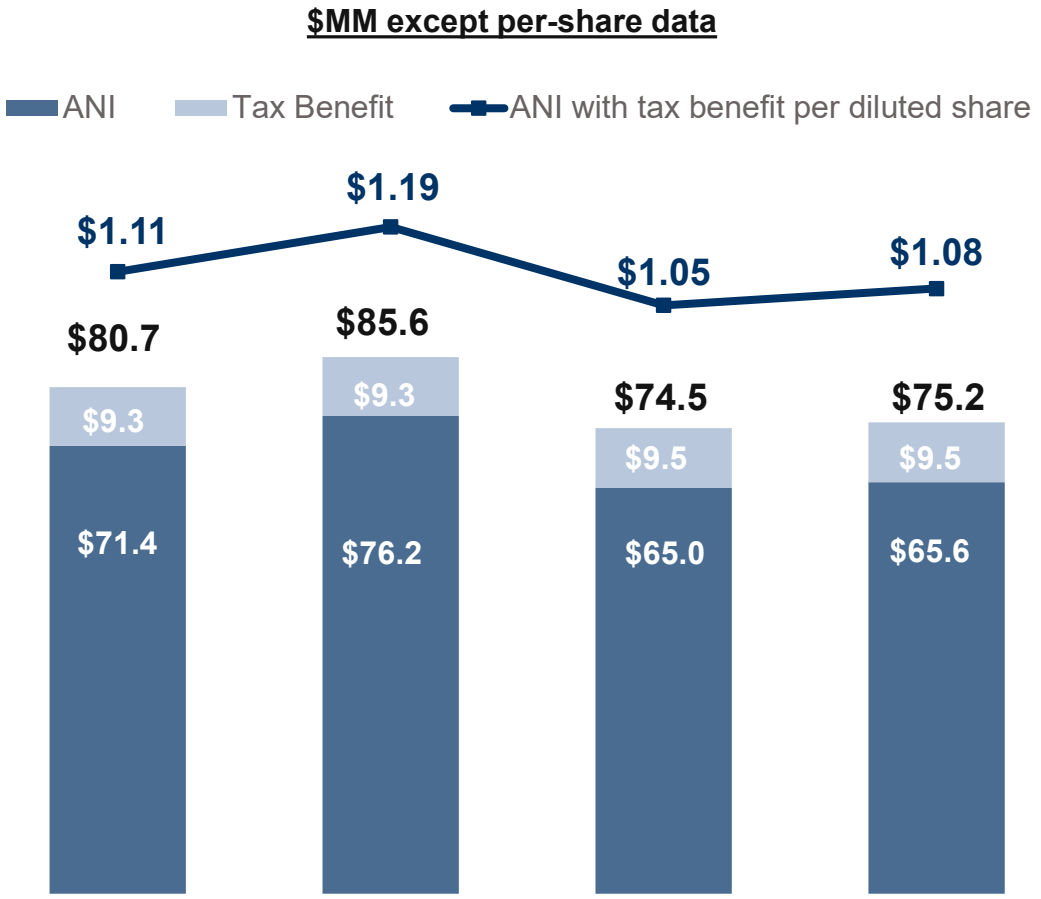
- Q1 2023 total GAAP operating expenses increased $4.9MM vs Q4 2022, due entirely to non-cash expenses
  - Change in valuation of contingent consideration increased Q1 GAAP operating expense by $7.4MM versus Q4
  - Elevated cash compensation expense for Q1 due to annual reset of certain payroll tax and benefit expenses



($MM)	Q2 '22	Q3 '22	Q4 '22	Q1 '23
Cash compensation and payroll taxes	$ 53.6	$ 51.2	$ 49.3	**$ 51.1**
Acquisition / Transaction related compensation	2.4	2.4	3.1	**1.6**
Equity compensation (non-cash)	5.0	4.4	4.6	**4.3**
Deferred compensation MTM (non-cash)	(3.4)	(1.1)	1.8	**0.7**
Total Compensation Expenses	57.6	56.9	58.8	**57.6**
Acquisition, restructuring, and integration expenses (income)	(26.4)	(10.3)	0.9	**0.0**
All other non-personnel operating expenses	65.5	62.0	62.2	**69.2**
Total Operating Expenses	96.7	108.6	121.9	**126.8**
Unrealized gain/(loss) on deferred comp plan - offset	*(3.4)*	*(1.1)*	*1.8*	***0.7***
Total Non-Operating Exp. (inclusive of def comp g/l)	14.3	13.3	10.5	**12.7**
Total Expenses	$ 111.0	$ 121.9	$ 132.4	**$ 139.5**

Non-GAAP Metrics

- Margin strength continued with 11th consecutive quarter of greater than 49% Adjusted EBITDA margin
- Margins are inclusive of ongoing strategic investments:
  - Launched VictoryCapital inVest our new marketplace brokerage platform
  - Expansion of data & analytics platform
  - Technology and automation projects
  - Marketing and distribution initiatives
  - Continuing to hire in strategic areas



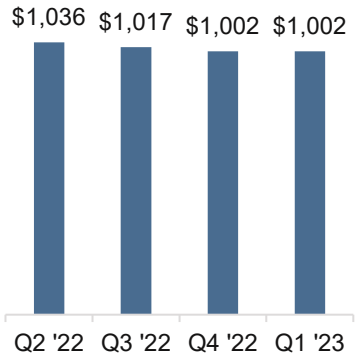
Operating Metrics	Q2 '22	Q3 '22	Q4 '22	Q1 '23
Adjusted EBITDA ($MM)	$106.2	$103.6	$101.1	**$99.2**
Adjusted EBITDA margin	49.2%	50.0%	49.7%	**49.3%**

Adjusted measures are non-GAAP financial measures. Reconciliations and explanations of these non-GAAP financial measures are provided at the end of this presentation.

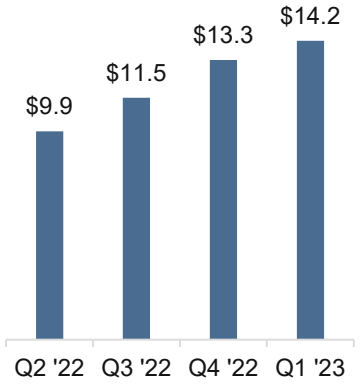
Capital Management

Selected Balance Sheet Items ($MM)	3/31/2023
Cash / Cash Equivalents	$38.3
Debt	$1,002
Stockholders' Equity	$1,049
Diluted Shares Outstanding (MM)	69.7
Net Debt / Adjusted EBITDA	2.4

Debt ($MM)



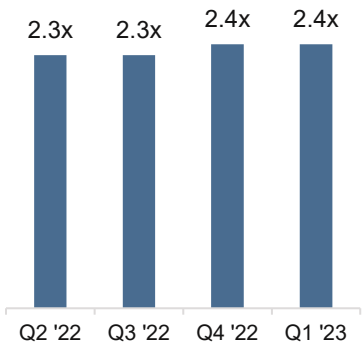
Interest Expense and Other Financing Costs ($MM)



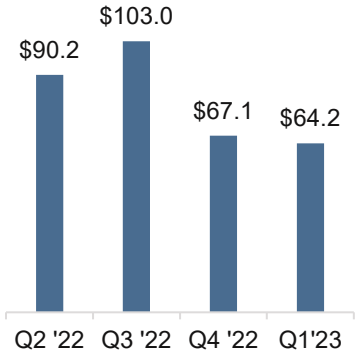
Highlights

- Average interest rate in Q1 of 5.2%
- $450MM of debt hedged at 3.15% through July 2026
- $100MM revolver remains undrawn

Leverage Ratio



GAAP Operating Cash Flow ($MM)

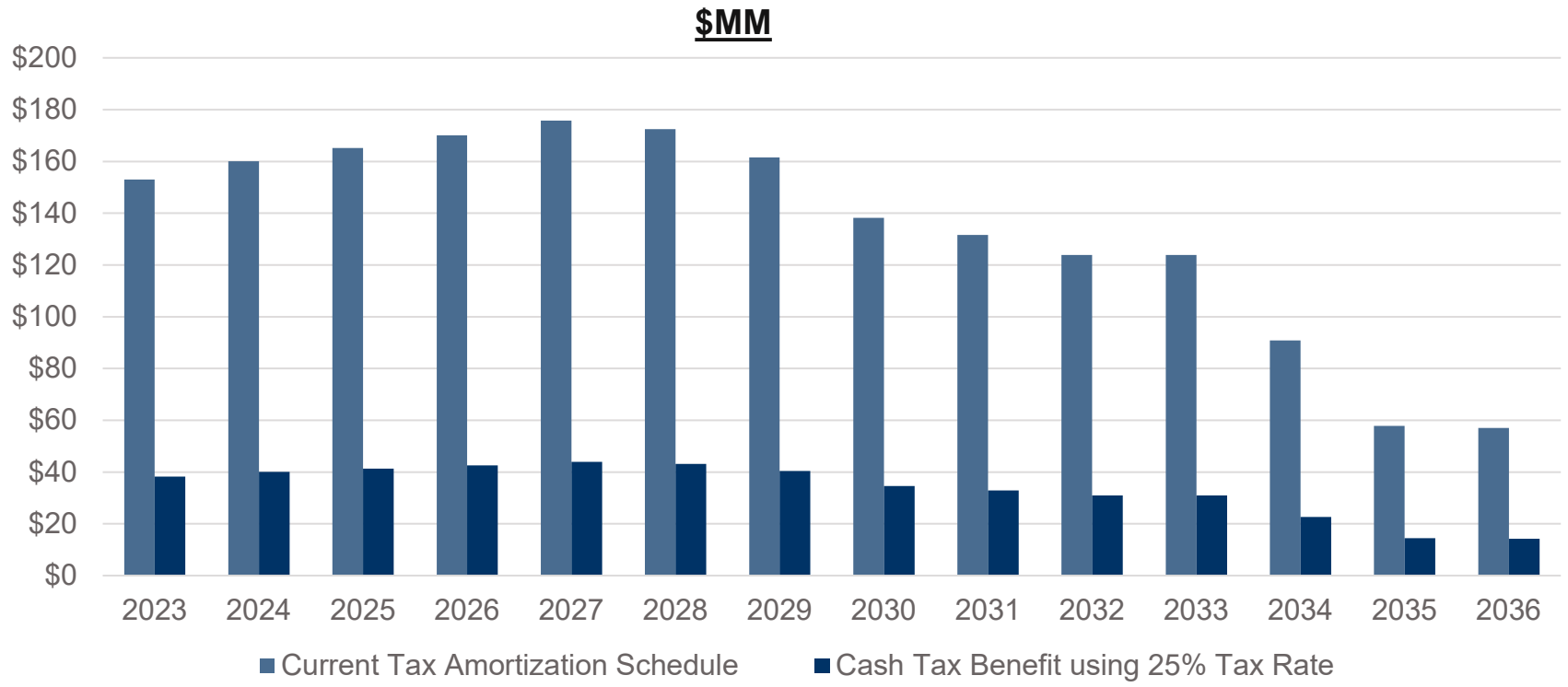


Appendix

Ongoing and Future Cash-Tax Benefits

Section 338(h)(10) Election

- Stepped up cost basis of acquired indefinite lived intangible assets is deductible for corporate income tax purposes over 15 years
  - $1.9 billion in total future tax amortization
  - **$470MM** in future cash tax savings, assuming 25% tax rate
  - **NPV $296MM, conservatively discounted at 8%, or >$4.30 per share**



Notes and Disclosures

Information Regarding Non-GAAP Financial Measures

Victory Capital uses non-GAAP financial measures referred to as Adjusted EBITDA and Adjusted Net Income to measure the operating profitability of the Company. These measures eliminate the impact of one-time acquisition, restructuring and integration costs and demonstrate the ongoing operating earnings metrics of the Company. The Company has included these non-GAAP measures to provide investors with the same financial metrics used by management to assess the operating performance of the Company. Due to rounding, numbers presented in the following tables may not add up to precisely the totals provided.

Adjusted EBITDA

Adjustments made to GAAP Net Income to calculate Adjusted EBITDA, as applicable, are:

- Adding back income tax expense;
- Adding back interest paid on debt and other financing costs net of interest income;
- Adding back depreciation on property and equipment;
- Adding back other business taxes;
- Adding back amortization expense on acquisition-related intangible assets;
- Adding back stock-based compensation expense associated with equity awards issued from pools created in connection with the management-led buyout and various acquisitions and as a result of equity grants related to the IPO;
- Adding back direct incremental costs of acquisitions, including restructuring costs;
- Adding back debt issuance costs; and
- Adjusting for earnings/losses on equity method investments.

Information Regarding Non-GAAP Financial Measures (cont.)

Adjusted Net Income

Adjustments made to GAAP Net Income to calculate Adjusted Net Income, as applicable, are:

- Adding back other business taxes;
- Adding back amortization expense on acquisition-related intangible assets;
- Adding back stock-based compensation expense associated with equity awards issued from pools created in connection with the management-led buyout and various acquisitions and as a result of any equity grants related to the IPO;
- Adding back direct incremental costs of acquisitions, including restructuring costs;
- Adding back debt issuance costs; and
- Subtracting an estimate of income tax expense applied to the sum of the adjustments above.

Tax Benefit of Goodwill and Acquired Intangible Assets

Due to Victory Capital's acquisitive nature, tax deductions allowed on acquired intangible assets and goodwill provide it with additional significant supplemental economic benefit. The tax benefit of goodwill and intangible assets represent the tax benefits associated with deductions allowed for intangible assets and goodwill generated from prior acquisitions in which the Company received a step-up in basis for tax purposes. Acquired intangible assets and goodwill may be amortized for tax purposes, generally over a 15-year period. The tax benefit from amortization on these assets is included to show the full economic benefit of deductions for all acquired intangible assets with a step-up in tax basis.

Consolidated Reconciliations of Adjusted EBITDA

	For the three months ended,				
	(in thousands)				
	3/31/2022	**6/30/2022**	**9/30/2022**	**12/31/2022**	**3/31/2023**
GAAP Net income	**$ 71,273**	**$ 79,205**	**$ 72,764**	**$ 52,269**	**$ 49,273**
GAAP Income tax expense	(19,271)	(25,790)	(12,582)	(16,879)	(12,597)
GAAP income before taxes	**90,544**	**104,995**	**85,346**	**69,148**	**61,870**
Interest expense	8,724	9,499	10,795	12,006	13,482
Depreciation	1,954	2,102	2,030	1,959	1,971
Other business taxes	590	541	539	448	384
GAAP amortization of acquisition-related intangibles	8,656	8,656	8,657	9,191	9,709
Stock-based compensation	2,633	2,860	2,230	2,420	2,004
Acquisition, restructuring and exit costs	(844)	(24,033)	(7,842)	3,997	8,984
Debt issuance costs	2,061	1,560	1,064	935	748
Losses from equity method investments	57	9	759	-	-
Adjusted EBITDA	**$ 114,375**	**$ 106,189**	**$ 103,578**	**$ 100,104**	**$ 99,152**
Revenue (in thousands)	$ 230,019	$ 216,006	$ 207,260	$ 201,515	$ 201,320
Adjusted EBITDA Margin	**49.7%**	**49.2%**	**50.0%**	**49.7%**	**49.3%**

Consolidated Reconciliations of Adjusted Net Income

	For the three months ended,				
	(in thousands, except per-share data)				
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023
GAAP Net Income	**$ 71,273**	**$ 79,205**	**$ 72,764**	**$ 52,269**	**$ 49,273**
Other business taxes	590	541	539	448	384
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Stock-based compensation	2,633	2,860	2,230	2,420	2,004
Acquisition, restructuring and exit costs	(844)	(24,033)	(7,842)	3,997	8,984
Debt issuance costs	2,061	1,560	1,064	935	748
Tax effect of above adjustments	(3,274)	2,604	(1,163)	(4,247)	(5,457)
Adjusted Net Income	81,095	71,393	76,249	65,013	65,645
Tax benefit of goodwill and acquired intangibles	9,322	9,327	9,328	9,513	9,524
Adjusted Net Income with Tax Benefit	**$ 90,417**	**$ 80,720**	**$ 85,577**	**$ 74,526**	**$ 75,169**
Weighted average shares outstanding – diluted	73,652	72,867	71,877	70,685	69,727
Adjusted Net income with Tax Benefit Per Diluted Share	**$ 1.23**	**$ 1.11**	**$ 1.19**	**$ 1.05**	**$ 1.08**

Detailed Reconciliation of Q1 '23 Adjusted Net Income

(in thousands, except per-share amounts)		Adjustments								
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 156,836						$ –	$ 156,836		
Fund administration and distribution fees	44,484						-	44,484		
Total revenue	**201,320**	-	-	-	-	-	-	**201,320**		
Expenses										
Personnel compensation and benefits (1)	57,602			(2,004)	(1,553)		(3,557)	54,045		
Distribution and other asset-based expenses (2)	37,654						-	37,654		
General and administrative (2)	12,388	(384)					(384)	12,004		
Depreciation and amortization (2)	11,680		(9,709)				(9,709)	1,971		
Change in value of consideration payable for acquisition of business (2)	7,400				(7,400)		(7,400)	-		
Acquisition-related costs (2)	2				(2)		(2)	-		
Restructuring and integration costs (2)	29				(29)		(29)	-		
Total operating expenses	**126,755**	**(384)**	**(9,709)**	**(2,004)**	**(8,984)**	**–**	**(21,081)**	**105,674**		
Income/(loss) from operations	**74,565**	**384**	**9,709**	**2,004**	**8,984**	**–**	**21,081**	**95,646**		
Other income (expense)										
Interest income and other income/(expense) (3)	1,544						-	1,544		
Interest expense and other financing costs (3)	(14,239)					748	748	(13,491)		
Loss on debt extinguishment (3)	-					-	-	-		
Total other income (expense), net	**(12,695)**	**–**	**–**	**–**	**–**	**748**	**748**	**(11,947)**		
Income/(loss) before income taxes	**61,870**	**384**	**9,709**	**2,004**	**8,984**	**748**	**21,829**	**83,699**		
Income tax (expense)/benefit	(12,597)	(96)	(2,427)	(500)	(2,246)	(188)	(5,457)	(18,054)	9,524	
Net income/(loss)	**$ 49,273**	**$ 288**	**$ 7,282**	**$ 1,504**	**$ 6,738**	**$ 560**	**$ 16,372**	**$ 65,645**	**+ $ 9,524**	**= $ 75,169**
Earnings per share—basic	$ 0.73							$ 0.98	$ 0.14	
Earnings per share—diluted	$ 0.71							**$ 0.94**	**+ $ 0.14**	**= $ 1.08**
Weighted average shares outstanding—basic	67,288							67,288	67,288	
Weighted average shares outstanding—diluted	69,727							69,727	69,727	
Memo: Expenses										
Personnel (1)	57,602							54,045		
Operating (2)	69,153							51,629		
Non-Operating (3)	12,695							11,947		

Detailed Reconciliation of Q4 '22 Adjusted Net Income

(in thousands, except per-share amounts)		Adjustments								
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 156,346						$ –	$ 156,346		
Fund administration and distribution fees	45,169						-	45,169		
Total revenue	**201,515**	**-**	**-**	**-**	**-**	**-**	**-**	**201,515**		
Expenses										
Personnel compensation and benefits (1)	58,846	-	-	(2,420)	(3,104)	-	(5,524)	53,322		
Distribution and other asset-based expenses (2)	37,634	-	-	-	-	-	-	37,634		
General and administrative (2)	13,389	(448)	-	-	-	-	(448)	12,941		
Depreciation and amortization (2)	11,150	-	(9,191)	-	-	-	(9,191)	1,959		
Change in value of consideration payable for acquisition of business (2)	-	-	-	-	-	-	-	-		
Acquisition-related costs (2)	85	-	-	-	(85)	-	(85)	-		
Restructuring and integration costs (2)	808	-	-	-	(808)	-	(808)	-		
Total operating expenses	**121,912**	**(448)**	**(9,191)**	**(2,420)**	**(3,997)**	**–**	**(16,056)**	**105,856**		
Income/(loss) from operations	**79,603**	**448**	**9,191**	**2,420**	**3,997**	**–**	**16,056**	**95,659**		
Other income (expense)										
Interest income and other income/(expense) (3)	2,633						-	2,633		
Interest expense and other financing costs (3)	(13,327)					771	771	(12,556)		
Loss on debt extinguishment (3)	239					164	164	403		
Total other income (expense), net	**(10,455)**	**–**	**–**	**–**	**–**	**935**	**935**	**(9,520)**		
Income/(loss) before income taxes	**69,148**	**448**	**9,191**	**2,420**	**3,997**	**935**	**16,991**	**86,139**		
Income tax (expense)/benefit	(16,879)	(112)	(2,298)	(605)	(999)	(233)	(4,247)	(21,126)	9,513	
Net income/(loss)	**$ 52,269**	**$ 336**	**$ 6,893**	**$ 1,815**	**$ 2,998**	**$ 702**	**$ 12,744**	**$ 65,013**	**+ $ 9,513**	**= $ 74,526**
Earnings per share—basic	$ 0.77							$ 0.96	$ 0.14	
Earnings per share—diluted	$ 0.74							**$ 0.92**	**+ $ 0.13**	**= $ 1.05**
Weighted average shares outstanding—basic	68,054							68,054	68,054	
Weighted average shares outstanding—diluted	70,685							70,685	70,685	
Memo: Expenses										
Personnel (1)	58,846							53,322		
Operating (2)	63,066							52,534		
Non-Operating (3)	10,455							9,520		

Detailed Reconciliation of Q3 '22 Adjusted Net Income

(in thousands, except per-share amounts)

		Adjustments								
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 160,770						$ –	$ 160,770		
Fund administration and distribution fees	46,490						-	46,490		
Total revenue	**207,260**	**-**	**-**	**-**	**-**	**-**	**-**	**207,260**		
Expenses										
Personnel compensation and benefits (1)	56,869	-	-	(2,230)	(2,413)	-	(4,643)	52,226		
Distribution and other asset-based expenses (2)	39,019	-	-	-	-	-	-	39,019		
General and administrative (2)	12,301	(539)	-	-	-	-	(539)	11,762		
Depreciation and amortization (2)	10,686	-	(8,657)	-	-	-	(8,657)	2,029		
Change in value of consideration payable for acquisition of business (2)	(10,500)	-	-	-	10,500	-	10,500	-		
Acquisition-related costs (2)	189	-	-	-	(189)	-	(189)	-		
Restructuring and integration costs (2)	56	-	-	-	(56)	-	(56)	-		
Total operating expenses	**108,620**	**(539)**	**(8,657)**	**(2,230)**	**7,842**	**–**	**(3,584)**	**105,036**		
Income/(loss) from operations	**98,640**	**539**	**8,657**	**2,230**	**(7,842)**	**–**	**3,584**	**102,224**		
Other income (expense)										
Interest income and other income/(expense) (3)	(1,446)						-	(1,446)		
Interest expense and other financing costs (3)	(11,479)					785	785	(10,694)		
Loss on debt extinguishment (3)	(369)					279	279	(90)		
Total other income (expense), net	**(13,294)**	**–**	**–**	**–**	**–**	**1,064**	**1,064**	**(12,230)**		
Income/(loss) before income taxes	**85,346**	**539**	**8,657**	**2,230**	**(7,842)**	**1,064**	**4,648**	**89,994**		
Income tax (expense)/benefit	(12,582)	(135)	(2,164)	(558)	1,960	(266)	(1,163)	(13,745)	9,328	
Net income/(loss)	**$ 72,764**	**$ 404**	**$ 6,493**	**$ 1,672**	**$ (5,882)**	**$ 798**	**$ 3,485**	**$ 76,249**	**+ $ 9,328**	**= $ 85,577**
Earnings per share—basic	$ 1.06							$ 1.11	$ 0.14	
Earnings per share—diluted	$ 1.01							**$ 1.06**	**+ $ 0.13**	**= $ 1.19**
Weighted average shares outstanding—basic	68,609							68,609	68,609	
Weighted average shares outstanding—diluted	71,877							71,877	71,877	
Memo: Expenses										
Personnel (1)	56,869							52,226		
Operating (2)	51,751							52,810		
Non-Operating (3)	13,294							12,230		

Detailed Reconciliation of Q2 '22 Adjusted Net Income

(in thousands, except per-share amounts)

		Adjustments							
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles
Revenue									
Investment management fees	$ 168,129						$ –	$ 168,129	
Fund administration and distribution fees	47,877						-	47,877	
Total revenue	**216,006**	**-**	**-**	**-**	**-**	**-**	**-**	**216,006**	
Expenses									
Personnel compensation and benefits (1)	57,582	-	-	(2,860)	(2,416)	-	(5,276)	52,306	
Distribution and other asset-based expenses (2)	40,868	-	-	-	-	-	-	40,868	
General and administrative (2)	13,921	(541)	-	-	-	-	(541)	13,380	
Depreciation and amortization (2)	10,758	-	(8,656)	-	-	-	(8,656)	2,102	
Change in value of consideration payable for acquisition of business (2)	(26,600)	-	-	-	26,600	-	26,600	-	
Acquisition-related costs (2)	143	-	-	-	(143)	-	(143)	-	
Restructuring and integration costs (2)	8	-	-	-	(8)	-	(8)	-	
Total operating expenses	**96,680**	**(541)**	**(8,656)**	**(2,860)**	**24,033**	**–**	**11,976**	**108,656**	
Income/(loss) from operations	**119,326**	**541**	**8,656**	**2,860**	**(24,033)**	**–**	**(11,976)**	**107,350**	
Other income (expense)									
Interest income and other income/(expense) (3)	(3,443)						-	(3,443)	
Interest expense and other financing costs (3)	(9,925)					806	806	(9,119)	
Loss on debt extinguishment (3)	(963)					754	754	(209)	
Total other income (expense), net	**(14,331)**	**–**	**–**	**–**	**–**	**1,560**	**1,560**	**(12,771)**	
Income/(loss) before income taxes	**104,995**	**541**	**8,656**	**2,860**	**(24,033)**	**1,560**	**(10,416)**	**94,579**	
Income tax (expense)/benefit	(25,790)	(135)	(2,164)	(715)	6,008	(390)	2,604	(23,186)	9,327
Net income/(loss)	**$ 79,205**	**$ 406**	**$ 6,492**	**$ 2,145**	**$ (18,025)**	**$ 1,170**	**$ (7,812)**	**$ 71,393**	**+ $ 9,327 = $ 80,720**
Earnings per share—basic	$ 1.16							$ 1.04	$ 0.14
Earnings per share—diluted	$ 1.09							**$ 0.98**	**+ $ 0.13 = $ 1.11**
Weighted average shares outstanding—basic	68,521							68,521	68,521
Weighted average shares outstanding—diluted	72,867							72,867	72,867
Memo: Expenses									
Personnel (1)	57,582							52,306	
Operating (2)	39,098							56,350	
Non-Operating (3)	14,331							12,771	

Detailed Reconciliation of Q1 '22 Adjusted Net Income

(in thousands, except per-share amounts)

		Adjustments								
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 179,465						$ –	$ 179,465		
Fund administration and distribution fees	50,554						-	50,554		
Total revenue	**230,019**	**-**	**-**	**-**	**-**	**-**	**-**	**230,019**		
Expenses										
Personnel compensation and benefits (1)	64,901			(2,633)	(2,530)		(5,163)	59,738		
Distribution and other asset-based expenses (2)	43,584						-	43,584		
General and administrative (2)	12,762	(590)					(590)	12,172		
Depreciation and amortization (2)	10,607		(8,656)				(8,656)	1,951		
Change in value of consideration payable for acquisition of business (2)	(3,500)				3,500		3,500	-		
Acquisition-related costs (2)	117				(117)		(117)	-		
Restructuring and integration costs (2)	9				(9)		(9)	-		
Total operating expenses	**128,480**	**(590)**	**(8,656)**	**(2,633)**	**844**	**–**	**(11,035)**	**117,445**		
Income/(loss) from operations	**101,539**	**590**	**8,656**	**2,633**	**(844)**	**–**	**11,035**	**112,574**		
Other income (expense)										
Interest income and other income/(expense) (3)	(207)						-	(207)		
Interest expense and other financing costs (3)	(9,233)					844	844	(8,389)		
Loss on debt extinguishment (3)	(1,555)					1,217	1,217	(338)		
Total other income (expense), net	**(10,995)**	**–**	**–**	**–**	**–**	**2,061**	**2,061**	**(8,934)**		
Income/(loss) before income taxes	**90,544**	**590**	**8,656**	**2,633**	**(844)**	**2,061**	**13,096**	**103,640**		
Income tax (expense)/benefit	(19,271)	(148)	(2,164)	(657)	211	(516)	(3,274)	(22,545)	9,322	
Net income/(loss)	**$ 71,273**	**$ 442**	**$ 6,492**	**$ 1,976**	**$ (633)**	**$ 1,545**	**$ 9,822**	**$ 81,095**	**+ $ 9,322**	**= $ 90,417**
Earnings per share—basic	$ 1.04							$ 1.18	$ 0.14	
Earnings per share—diluted	$ 0.97							**$ 1.10**	**+ $ 0.13**	**= $ 1.23**
Weighted average shares outstanding—basic	68,747							68,747	68,747	
Weighted average shares outstanding—diluted	73,652							73,652	73,652	
Memo: Expenses										
Personnel (1)	64,901							59,738		
Operating (2)	63,579							57,707		
Non-Operating (3)	10,995							8,934		

Notes and Disclosures

Investing involves risk, including the potential loss of principal. There are no assurances that any fund will achieve its stated objective. All data in this presentation, unless otherwise noted, is as of March 31, 2023.

Past performance does not guarantee future results. A fund's most recent performance can be found at vcm.com. 72 mutual funds and ETFs did not have 4- or 5- star overall ratings or are not rated. 34% of AUM in mutual funds and ETFs did not receive overall rating of 4 or 5 stars or are not rated. Internal analysis by Victory Capital was used to calculate relative performance. Not all asset classes considered are available to the general public and not all strategies included have a history to be included in each time period. The returns used for this comparison are gross of fees and do not reflect the returns an investor would receive. Visit www.vcm.com for more information.

The Morningstar Rating for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and ten-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36–59 months of total returns, 60% five-year rating/40% three-year rating for 60–119 months of total returns, and 50% ten-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the ten-year overall star rating formula seems to give the most weight to the ten-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings may reflect fee waivers in effect; in their absence, ratings may have been lower.

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