PRESS RELEASE – FIRST QUARTER 2023 – FINANCIAL INFORMATION

9 May 2023

1st quarter 2023 – financial information

Resilient revenue despite challenging market conditions

- The regulatory approvals process related to Concordia's simplified tender offer for Rothschild & Co shares is on track with a target date for filing the offer of mid-2023, as announced in the press release dated 13 February 2023.
- First quarter revenue of €606.2 million, down 10% (Q1 2022: €675.3 million). First quarter revenue negatively impacted by currency translation effects of €4 million.

	First quarter			
(in € million)	**2023**	**2022**	**Var**	**% Var**
Global Advisory(1)	326.8	413.5	(86.7)	*(21)%*
Wealth and Asset Management(2)	196.5	163.3	33.2	*20%*
Merchant Banking	72.3	95.5	(23.2)	*(24)%*
Other businesses(3)	14.9	11.7	3.2	*27%*
TOTAL	**610.5**	**684.0**	**(73.5)**	***(11)%***
IFRS Reconciliation	(4.3)	(8.7)	4.4	*(51)%*
Total Group revenue	**606.2**	**675.3**	**(69.1)**	***(10)%***

- **Global Advisory**: first quarter revenue down 21% to €326.8 million[1] (Q1 2022: €413.5 million), reflecting lower levels of completion activity in the quarter.
- **Wealth and Asset Management:** Assets under Management (AuM) up 6% to €99.7 billion (31 December 2022: €94.2 billion) due to the combination of Net New Assets (NNA) of €1.5 billion and market performance (€4.0 billion). First quarter revenue up 20% to €196.5 million (Q1 2022: €163.3 million).
- **Merchant Banking**: first quarter revenue down 24% to €72.3 million (Q1 2022: €95.5 million). A significant increase in recurring revenue (+59%), driven by our fundraising activities, was offset by lower investment performance revenue, mainly in Corporate Private Equity.

[1] Including Redburn, which was treated as an associate until 30/11/2022 and fully consolidated from 01/12/2022
[2] Excluding Asset Management US ("AM US"), sold in April 2023
[3] AM US has been reclassified in "Other businesses" at Group level from 1 January 2023 following the completion of its disposal in April 2023. Comparatives have been restated

1. Business activities

1.1 Global Advisory

Our Global Advisory (GA) business focuses on providing advice in the areas of Strategic Advisory and M&A, and Financing Advisory. Financing Advisory encompasses Debt Advisory, Restructuring, and Equity Markets Solutions, which includes ECM Advisory, Private Capital, Investor Advisory and Redburn.

Revenue for the three months to March 2023 was €327 million, down 21%[1] compared to our record Q1 last year (Q1 2022: €413 million), reflecting lower levels of completion activity in the quarter. For the last twelve months to March 2023, we ranked 6th globally by financial advisory revenue[2].

Our **M&A** revenue for the three months to March 2023 was €219 million, down 29% (Q1 2022: €309 million) based on a solid performance across our main geographies and sector franchises compared to the M&A market as a whole, where completed Global M&A activity was down 50% by value and 40% by volume[3]. We ranked 2nd globally by number of completed transactions for the twelve months to March 2023[4]. In Europe, we continue to advise on more M&A transactions than any of our competitors, a position we have held for more than 15 years[4].

Financing Advisory revenue for the three months to March 2023 was €108 million, up 4% compared to Q1 2022 (€104 million), as a result of strong performances in our Debt Advisory and Restructuring, and Private Capital businesses partly offset by lower Equity Capital Market activity. We ranked 1st in Europe and 3rd globally by number of completed restructuring transactions for the twelve months to March 2023[4].

Redburn Atlantic

As part of our strategy to expand our equities capabilities, during the quarter Rothschild & Co took full ownership of Redburn (Europe) Limited ("Redburn"), the leading independent European equity research and agency execution broker. In addition during April, under the ownership of Rothschild & Co, Redburn and Atlantic Equities LLP ("Atlantic Equities") have agreed to merge their operations to form Redburn Atlantic, with completion expected to occur in the third quarter.

Redburn Atlantic will significantly enhance our equities capabilities in Europe and the USA, with a truly global approach, uniquely co-locating US and European research together and offering clients around the world a compelling combination of exceptional research along with an execution offering.

Global Advisory advised the following clients on significant assignments that completed in the quarter:

- **Lanxess** on the creation of an engineering materials joint venture with Advent (€6.2 billion, Germany)
- **Capital & Counties Properties** on its merger with Shaftesbury PLC (c.£5 billion, United Kingdom)
- **GOL** on its recapitalisation transaction with Abra Group (adviser to Ad Hoc Group of Bondholders - US$1.6 billion, Brazil and United States)
- **Meridian Bioscience** on its all-cash sale to SDB Biosensor and SJL Partners (US$1.5 billion, United Sates and South Korea)
- **CDPQ** on the disposal of its c.20% stake in Fluxys to a consortium led by Energy Infrastructure Partners (€800 million, Belgium)

In addition, we continue to work on some of the largest and most complex announced transactions globally, including acting as financial adviser to:

- **Vantage Towers** on the voluntary takeover offer and strategic partnership between Vodafone and a Consortium led by KKR and Global Infrastructure Partners (€16 billion, Germany and United Kingdom)
- **Americanas** on its debt restructuring (c.US$8 billion, Brazil)

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[1] down 25% excluding Redburn, which was treated as an associate until 30/11/2022 and fully consolidated from 01/12/2022
[2] Source: Company filings announced to 8 May 2023. Unannounced competitor results are based on twelve months to Dec 2022
[3] Source: Dealogic
[4] Source: Refinitiv

- **Eutelsat** on its combination with OneWeb (€7 billion, France and United Kingdom)
- **Melrose and Dowlais** on the demerger of Dowlais (£4.5 billion, United Kingdom)
- **A.S.R** on its combination with Aegon's activities in the Netherlands (€4.9 billion, Netherlands)

1.2 Wealth and Asset Management

Wealth and Asset Management (WAM) operates Wealth Management businesses in nine European countries (Belgium, France, Germany, Italy, Luxembourg, Monaco, Spain, Switzerland and the UK) and in Israel as well as an Asset Management business in Europe.

In Q1 2023, Rothschild & Co completed the sale of its North American Asset Management business to Wintrust Financial Corporation. Figures for WAM are now restated excluding this business.

As central banks sought to control inflation, interest rates have risen sharply, with the Bank of England hiking rates to 4.25%, the Fed taking the federal funds rate to 4.75 - 5% and the ECB increasing them to 3%. Such rapid increases in rates have exposed weaknesses in the financial system with the failure of certain banks, bringing fears of wider difficulties in the banking sector and recession. Despite all this, financial markets rose in the first quarter of 2023, marking a second quarter of increases since the fall of last year. A year after the start of the Russia-Ukraine war, European markets have almost fully recovered their previous valuations. Nonetheless, market volatility and uncertainty remain high.

In this environment, WAM delivered a strong quarter. **Assets under Management (AuM) increased by 6% (or by €5.6 billion) to €99.7 billion** as at 31 March 2023 (31 December 2022: €94.2 billion[1]) driven by Net New Assets of €1.5 billion and positive market performance of €4.0 billion. WAM continued to expand and attract new clients during the first quarter of 2023, recording positive NNA in all Wealth Management locations. The Asset Management business had strong NNA, notably driven by fixed income.

The table below presents the progress in AuM:

	Quarter ended		
(in € billion)	**31/03/2023**	**31/12/2022**	**31/03/2022**
AuM opening[(1)]	**94.2**	**98.6**	**103.9**
of which Wealth Management	*73.9*	*72.8*	*73.9*
of which AM	*20.3*	*18.4*	*21.1*
of which AM US	*n/a*	*7.4*	*8.9*
Net new assets	**1.5**	**(0.3)**	**1.1**
of which Wealth Management	*0.8*	*(0.3)*	*1.4*
of which AM	*0.7*	*0.2*	*0.2*
of which AM US	*n/a*	*(0.2)*	*(0.5)*
Market and exchange rate	**4.0**	**3.3**	**(2.2)**
AuM closing	**99.7**	**101.6**	**102.8**
of which Wealth Management	*76.6*	*73.9*	*73.8*
of which AM	*23.1*	*20.3*	*20.2*
of which AM US	*n/a*	*7.4*	*8.8*
% var / AuM opening	*6%*		

[1] Excluding Asset Management US, sold in April 2023

Revenue for the three months to March 2023 was €196.5 million, up 20% (Q1 2022: €163.3 million), primarily due to the improved interest rate environment. Net interest income was up 363% to €60 million compared to Q1 2022 (€13.0 million). Within fees and commissions revenue, management fees were slightly up (+2% at €108 million), as both transaction fees and performance fees declined (respectively by 34% at €14.6 million and 89% at €1.1 million). This compared to a first strong quarter in 2022 where we benefitted from an increase in transactional activity due to higher market volatility and performance fees linked to the strong investment performance in 2021.

1.3 Merchant Banking

Merchant Banking is the investment arm of Rothschild & Co which manages capital in private equity and private debt for the firm and third parties.

Revenue for the three months to March 2023 was €72.3 million, down 24% (Q1 2022: €95.5 million). When compared to the average first quarter revenue over the last three years, revenue was down 1%. The table below illustrates the progress in revenue.

(in € million)	Q1 2023	Q1 2022	Var	% Var
Recurring revenue	52.7	33.1	19.6	*59%*
Investment performance revenue	19.6	62.4	(42.8)	*(69)%*
of which carried interest	*2.4*	*23.8*	*(21.4)*	*(90)%*
of which realised and unrealised investments gains and dividends	*17.2*	*38.6*	*(21.4)*	*(55)%*
Total revenue	**72.3**	**95.5**	**(23.2)**	***(24)%***
% recurring / total revenue	*73%*	*35%*		

The revenue reduction reflects two opposing effects:

- a 59% increase in recurring revenue, following the growth trajectory of fee-earning AuM mainly driven by additional closings for the Corporate Private Equity and Multi Strategy funds that were launched during 2022; offset by:
- lower investment performance revenue of €19.6 million in Q1 2023 (Q1 2022: €62.4 million). This decrease should be put into context since it comes after two years of exceptional investment gains driven by successful exists and unrealised uplifts. The decrease reported in Q1 2023 was primarily due to lower unrealised valuation uplifts in our private equity funds. Our debt portfolios remained resilient in the quarter, generating investment performance revenue slightly higher than Q1 2022.

In the current macroeconomic environment, the close alignment of interests between the Group and our third-party investors represents an even stronger differentiator for Merchant Banking. As at 31 March 2023, the Rothschild & Co exposures to Merchant Banking assets totalled €942 million (of which €751 million was in private equity[1] and €191 million in private debt[2]). During Q1 2023, the Group invested €50 million in Merchant Banking assets (of which €36 million was in private equity[1] and €14 million in private debt[2]) and received distributions of €183 million (of which €179 million was from private equity[1] and €4 million from private debt[2]).

Merchant Banking's **AuM as at 31 March 2023 was €23.1 billion, 1% higher** than at 31 December 2022 (€22.9 billion). During Q1 2023, the positive contribution from our fundraising activities was significantly offset by large distributions from our Corporate Private Equity funds following the exits of A2Mac1 and The Binding Site agreed in Q4 2022. Rothschild & Co's share of Merchant Banking's AuM was €2.0 billion.

[1] Private equity includes Corporate Private Equity and Multi Strategies
[2] Private debt includes Direct Lending and Credit Management

We remain convinced that our investment approach, centred around three key sectors (Data & Software, Healthcare and Technology-Enabled Business Services) and a portfolio of carefully selected, high-quality assets, will continue to create value for our investors and offer them adequate downside protection in a market environment that remains uncertain.

For a detailed description of the investment activities and business development of Merchant Banking in Q1 2023, please refer to appendix A.

2. Outlook

In **Global Advisory**, in line with expectations we set out in our full year results release, we have seen a significantly weaker M&A market in Q1 2023. Macro-economic headwinds continue and have been exacerbated by recent volatility in the banking sector, which have combined to have a dampening effect on deal-making, with significant declines in announced transaction levels and transactions taking longer to complete. Deal activity for the rest of 2023 will be impacted by level of capital markets activity, availability of financing, valuation expectations and CEO confidence, and so there remains significant uncertainty for the remainder of the year. Notwithstanding this, our backlog of mandated business is encouraging, and we foresee meaningful levels of pent-up demand, should market conditions improve. We nevertheless remain cautious in assessing the outlook for the rest of the financial year.

In **Wealth and Asset Management**, the outlook remains positive for new assets resulting from our investments in the business in all locations. However, we remain cautious on the revenue outlook as the recent strength in markets is fragile. Moreover, the record high net interest income growth this quarter is likely to slow and then reverse as our cost of funding increases.

In **Merchant Banking**, we expect to continue to grow our recurring revenue on the back of current fundraising activities and capital deployment plans, albeit at a slower pace than that achieved in Q1 2023. We remain focused on investing according to our founding principles – centred around capital preservation and attractive risk-adjusted returns – and are confident that our investments will continue to fulfil their full value creation potential.

Subject to external events, we expect our core businesses to continue to perform well during 2023, albeit below levels of 2022. The clear long-term strategies of each business give us confidence for the future, but 2023 will be a more challenging year given the macroeconomic and geopolitical environment.

Financial calendar:

- 25 May 2023: Annual General Meeting
- 3 August 2023: Half-year results 2023

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A. Investment activities and business development of Merchant Banking in Q1 2023

A.1. Corporate Private Equity

- Five Arrows Long Term I (FALT I), our 1st generation private equity fund focused on the upper mid-market, secured additional commitments, taking the fund's total committed capital to more than €1.1 billion.
- Five Arrows Principal Investments IV (FAPI IV), our 4th generation mid-market private equity fund, secured further capital commitments and has now reached total commitments of more than €2.4 billion.
- FALT signed its inaugural investment, acquiring n2y, a trailblazer in special education with award-winning digital solutions to help students and teachers in schools across the US. This transaction was completed alongside FAPI IV.
- During Q1 2023, FAPI IV also invested in A2Mac1, the global leader in automotive and mobility technology benchmarking with a unique track record of product development and service innovations.

A.2. Multi strategies

- Five Arrows Secondary Opportunities V (FASO V), our fund focused on GP-led secondary investments, has now closed its investment period having completed 27 transactions in Europe and the US and committing 112% of its capital. The fund's successor fund – Five Arrows Secondary Opportunities VI (FASO VI) – has now been launched and it is actively fundraising.
- Five Arrows Private Equity Programme III (FAPEP III), our 3rd generation global multi-manager private equity platform, is currently fundraising and has secured capital commitments of c. €250 million to date. The fund has already committed capital to 14 transactions.
- Five Arrows Global Technology (FAGT), our 1st generation technology-focused multi-manager private equity fund, investing in third-party funds and co-investments across buyouts, growth equity and venture capital, has secured US$273 million of capital commitments to date. The fund has been active on the investment front, committing capital to 20 underlying funds and one co-investment to date.
- Five Arrows Sustainable Investments (FASI), our 1st impact fund, is currently fundraising and has secured c. €167 million of capital commitments to date. In Q1 2023 the fund completed its 1st transaction, acquiring an interest in SMRD-Harmonie, a leading player for building renovations, delivering positive environmental and social impacts.

A.3. Direct lending

- Five Arrows Debt Partners III (FADP III), our 3rd generation direct lending fund, completed three new investments during the quarter, providing debt financing packages for:
  - Alveo, a leading global provider of data management software to large banks and financial institutions
  - Ideagen, a leading global provider of regulatory and compliance software to customers typically operating in medium-to-high risk industries from a compliance and regulatory perspective, and
  - Sciforma, a pan-European provider of project portfolio management software provider.
- FADP III is now c.105% committed and, given its strong deployment momentum and attractive pipeline, the team has launched the fundraising for its successor vehicle, Five Arrows Debt Partners IV.

A.4. Credit Management

- The Credit Management business, investing in senior secured loans, high yield bonds and structured credit, had an active quarter:
  - in the US, Credit Management issued one new $400 million CLO vehicle (Ocean Trails XIV), and
  - in Europe the team launched Five Arrows European Loan Fund (FA ELF), an open-ended vehicle investing in senior secured loans.