Rothschild & Co

PRESS RELEASE - HALF YEAR 2023 RESULTS

Paris, 3 August 2023

Half-year results 2023: robust performance in a more challenging environment

- **Business performance**
  - **Global Advisory:** first half revenue down 21%[1] to €676 million (H1 2022: €857 million), reflecting lower levels of completion activity in the first half of the year. Profit before tax (PBT) of €80 million for the period (H1 2022: €163 million), represented an operating margin of 12%[1]
  - **Wealth and Asset Management[2]:** solid first half-year performance helped by market conditions and interest rates, with revenue up 24% to €403 million (H1 2022: €324 million) and PBT of €111 million, up 56% (H1 2022: €71 million). Assets under Management (AuM) increased to €102.4 billion (+9% versus December 2022) due to strong Net New Assets (NNA) of €2.9 billion coupled with positive market performance (€5.3 billion)
  - **Merchant Banking**: first-half revenue down 25% to €141 million (H1 2022: €188 million). A significant increase in recurring revenue (+31%), mainly driven by our successful fundraising efforts, was offset by lower investment performance revenue. This led to a PBT of €68 million (H1 2022: €121 million). AuM continued to grow, reaching €24.0 billion, up 5% (31/12/2022: €22.9 billion), of which the Group share was €2.1 billion
- **Revenue:** €1,241 million, down 10% (H1 2022: €1,375 million)
- **Net income - Group share:** €128 million, down 49% (H1 2022: €249 million)
  - **Net income - Group share excluding exceptional items [3]**: €149 million, down 40% (H1 2022: €249 million)
- **Earnings per share (EPS):** €1.74, down 49% (H1 2022: €3.43)
  - **EPS excluding exceptional items[3]:** €2.03, down 41% (H1 2022: €3.43)
- Foreign exchange translation effects decreased revenue by €9 million with no effect on Net income – Group share

Alexandre de Rothschild, Executive Chairman, commented:

"After two record years in 2021 and 2022, the first half of 2023 has shown signs of slowdown. The more challenging market environment has impacted our Global Advisory and Merchant Banking businesses, whereas our Wealth and Asset Management business has benefited fully from the rise in interest rates and growth in AuM. Although the outlook is challenging, we remain confident that our Group will continue to perform well in 2023."

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[1] Excluding our strategic investment in Redburn, revenue was down 25% with an operating margin of 14%. Redburn was treated as an associate until 30/11/2022 and fully consolidated from 01/12/2022.
[2] Asset Management US has been reclassified in "Other businesses" at Group level from 1 January 2022 following the completion of its disposal in April 2023.
[3] Exceptional items are presented in Appendix B

1. Summary Consolidated income statement

The Rothschild & Co Supervisory Board met on 3 August 2023 and reviewed the half-year summary consolidated financial statements[1] for the period from 1 January to 30 June 2023.

(in € million)	Page	H1 2023	H1 2022	Var	Var %
Revenue	**3-7**	**1,241**	**1,375**	***(134)***	***(10)%***
Staff costs	7	(766)	(763)	*(3)*	*0%*
Administrative expenses	8	(191)	(160)	*(31)*	*19%*
Depreciation and amortisation	8	(46)	(41)	*(5)*	*12%*
Cost of risk	8	3	3	*0*	-
Operating income		**241**	**414**	***(173)***	***(42)%***
Other income / (expense) (net)	8	6	0	*6*	*n/a*
Profit before tax		**247**	**414**	***(167)***	***(40)%***
Income tax	8	(51)	(82)	*31*	*(38)%*
Net income		**196**	**332**	***(136)***	***(41)%***
Non-controlling interests	8	(68)	(83)	*15*	*(18)%*
Net income - Group share		**128**	**249**	***(121)***	***(49)%***
Adjustments for exceptionals (charges)	12	(21)	0	*(21)*	*n/a*
Net income - Group share excl. exceptionals		**149**	**249**	***(100)***	***(40)%***
Earnings per share*		***€1.74***	***€3.43***	***(€1.68)***	***(49)%***
EPS excl. exceptionals		***€2.03***	***€3.43***	***(€1.40)***	***(41)%***
Return On Tangible Equity (ROTE)		***8.2%***	***17.9%***		
ROTE excl. exceptionals		***9.5%***	***17.9%***		

* *Diluted EPS is €1.71 (H1 2022: €3.37)*

Exceptional items are shown in Appendix B.

A presentation of Alternative Performance Measures is shown in Appendix H.

[1] These financial statements are unaudited. The audit procedures by the statutory auditors are ongoing. Figures have been rounded. Rounding differences may exist, including for percentages.

2. Business activities

2.1 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 H1 2023 was €676 million, down 21%[1] compared to our record H1 last year (€857 million), reflecting lower levels of completion activity in the first half of the year. For the last twelve months to June 2023, we ranked 6th globally by revenue[2].

Profit before tax for H1 2023 was €80 million, down 51%[1] (H1 2022: €163 million). Total costs were down 14%[1] following a reduction in variable compensation, partially offset by inflationary increases in non-personnel costs. This represents an operating margin of 12% (H1 2022: 19%). Excluding Redburn, where we continue to invest strategically, our operating margin was 14%[1].

Our **M&A revenue for H1 2023** was €448 million***,*** down 30% (H1 2022: €642 million), based on relatively strong performances across the majority of our geographies and sector franchises compared to the M&A market as a whole, where completed Global M&A activity was down 49% by deal value and 33% by number of transactions[3]. We ranked 2nd globally by number of completed transactions for the first half of 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[5].

Financing Advisory revenue for H1 2023 was €228 million, up 6% (H1 2022: €215 million), when including Redburn fully consolidated this year, but down 8% excluding Redburn[1]. Notwithstanding the more challenging market backdrop in H1 2023, our Debt Advisory and Restructuring business performed well, where we ranked 1st in Europe by number of completed restructuring transactions. This was offset by lower Equity Capital Market activity, where we have performed well relative to the market advising on the two largest European IPOs in H1 2023[5]. During the period, Global Advisory was also active in advising clients on innovative sustainability-linked financing transactions and continued its leading role in raising financing for renewable energy projects.

Global Advisory advised the following clients on significant selected assignments that completed in H1 2023:

- **Ministry of Finance of Ukraine** on its 4-year IMF program, the design of financing assurances, and the official sector debt restructuring of Paris Club bilateral creditors (US$15.6 billion, Ukraine)
- **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)
- **Talen Energy** on its restructuring (adviser to Unsecured Noteholders - US$4.8 billion, United States)
- **EDP & EDPR** on its capital raise via concurrent ABBs by EDP and listed subsidiary EDPR, with cornerstones (€2 billion, Portugal)

For further examples of Global Advisory assignments completed during H1 2023, please refer to Appendix F.

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[1] Excluding our strategic investment in Redburn, revenue was down 25%, profits were down 45%, total costs were down 20%, with an operating margin of 14%. Redburn was treated as an associate until 30/11/2022 and fully consolidated from 01/12/2022.
[2] Source: Company filings
[3] Source: Dealogic (6m 2023 versus 6m 2022)
[4] Source : Refinitiv
[5] Source: Dealogic

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

- **Orpea** on its debt restructuring and new money raise (€9.7 billion and €2.2 billion respectively, France)
- **Americanas** on its debt restructuring (c.US$8 billion, Brazil)
- **Infranity & MEAG**, together with DigitalBridge Group on its acquisition of a portfolio of European sites from Vantage Data Centres (€2.5 billion, France, Germany and United States)
- **Asda** on its acquisition of EG UK&I (£2.27 billion, United Kingdom)
- **Fondul Proprietea** on the IPO of Hidroelectrica on the Bucharest Stock Exchange (c.US$2 billion, Romania)[1]
- **Talanx** on its acquisition of Liberty Mutual's Latin American operations (US$1.5 billion, Germany, Brazil, Chile, Colombia and Ecuador)

2.2 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.

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

As central banks sought to control inflation, interest rates have continued to rise, albeit the pace of increase slowed in the second quarter compared to previous quarters. The Bank of England hiked rates to 5.00%, the Fed took the federal funds rate to 5.00 – 5.25% and the ECB increased to 3.5%. In the first quarter of the year, the rapid rates move exposed some weaknesses in the financial system. However, fears of wider difficulties in the banking sector and of recession have not been realised yet and economic growth surprised positively. Financial markets rose in the first half of 2023, marking a third quarter of increases since the fall of last year. More than a year after the start of the Russia-Ukraine war, European markets have fully recovered their previous valuations. Nonetheless, market volatility and uncertainty remain high.

In this environment, WAM delivered a strong first half 2023. AuM increased by 9% (or by €8.2 billion) to €102.4 billion as at 30 June 2023 (31 December 2022: €94.2 billion[2]) driven by NNA of €2.9 billion and positive market performance of €5.3 billion. WAM continued to expand and attract new clients, recording positive NNA in all Wealth Management locations (+€1.6 billion in Wealth Management). The Asset Management business had strong NNA, notably driven by fixed income (+€1.3 billion).

This performance confirms the strength of our business model as well as the quality of our offerings, services and teams, which continue to attract new clients.

All investment business lines continue to further integrate ESG considerations into their investment framework and day-to-day organisation. This work included the deployment of training, significant effort to implement ESG regulations and upgrade existing process, and the publication of additional responsible investment disclosures.

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

The table below presents the progress in AuM:

In € billion	Quarter ended 30/06/2023	Quarter ended 31/03/2023	Quarter ended 30/06/2022	6 months to June 2023	6 months to June 2022
AuM opening	**99.7**	**94.2**	**102.8**	**94.2**	**103.9**
of which Wealth Management	*76.6*	*73.9*	*73.8*	*73.9*	*73.9*
of which AM Europe	*23.1*	*20.3*	*20.2*	*20.3*	*21.1*
of which AM US	*n/a*	*n/a*	*8.8*	*n/a*	*8.9*
Acquisition of French IFA	**-**	**-**	**3.0**	**-**	**3.0**
Net new assets	**1.4**	**1.5**	**0.7**	**2.9**	**1.8**
of which Wealth Management	*0.8*	*0.8*	*1.2*	*1.6*	*2.6*
of which AM Europe	*0.6*	*0.7*	*-*	*1.3*	*0.2*
of which AM US	*n/a*	*n/a*	*(0.5)*	*n/a*	*(1.0)*
Market and exchange rate	**1.3**	**4.0**	**(6.9)**	**5.3**	**(9.1)**
AuM closing	**102.4**	**99.7**	**99.6**	**102.4**	**99.6**
of which Wealth Management	*78.4*	*76.6*	*73.4*	*78.4*	*73.4*
of which AM Europe	*24.0*	*23.1*	*18.6*	*24.0*	*18.6*
of which AM US	*n/a*	*n/a*	*7.6*	*n/a*	*7.6*
% var / AuM opening	*3%*			*9%*	

Revenue for H1 2023 was €403 million, up 24% (H1 2022: €324 million), primarily due to the improved interest rate environment. Net interest income was up 263% to €117 million (H1 2022: €32 million). Within fees and commissions revenue, management fees were slightly up (+4% at €221 million), as both transaction fees and performance fees declined (respectively by 26% at €29 million and 88% at €1 million). This is a normalisation compared to H1 2022, when we benefitted from an increase in transactional activity due to higher market volatility and performance fees linked to the strong investment performance in 2021. The strong net interest income will likely reduce in the coming months as central banks slow down their rate increases.

Profit before tax for H1 2023 was €111 million, up 56% (H1 2022: €71 million), representing an operating margin of 27.6% compared to 22.0% in H1 2022. This level of operating margin may not be maintained for the full year, as investment in the business continues, such as recruiting new teams and investing in new technology.

2.3 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 H1 2023 was €141 million, down 25% (H1 2022: €188 million). When compared to the average first half-year revenue over the last three years, revenue was down 11%. The table below further analyses the breakdown in revenue.

(in € million)	H1 2023	H1 2022	Var	% Var
Recurring revenue	97	74	23	*31%*
Investment performance revenue	44	114	(70)	*(61)%*
of which carried interest	*13*	*38*	*(25)*	*(66)%*
of which realised and unrealised investments gains and dividends	*31*	*76*	*(45)*	*(59)%*
Total revenue	**141**	**188**	**(47)**	***(25)%***
% recurring / total revenue	*69%*	*39%*		

The reduction in revenue reflects two opposing effects:

- An increase of 31% of recurring revenue, following the growth trajectory of fee-earning AuM mainly driven by additional closings of new Corporate Private Equity and Multi Strategies funds that were launched in 2022 and 2023; offset by:
- investment performance revenue of €44 million, lower than in H1 2022 (€114 million). This decrease comes after two years of exceptional investment gains driven by successful exits and unrealised valuation uplifts. In H1 2023 we did not complete any new exits in our Corporate Private Equity funds and the unrealised valuation uplifts were lower than in previous years. Our Debt portfolios remained resilient, generating investment performance revenue higher than during H1 2022.

Lower revenue generation in H1 2023 led to a contraction in **Profit before tax, which stood at €68 million** (H1 2022: €121 million). Operating margin was 48%, less than in the same period of last year (H1 2022: 64%). Despite the lower overall profitability level, the profitability margin of the fund management activities (which excludes investment performance revenue) reached 25% in H1 2023 (H1 2022: 10% and FY 2022: 15%). The increase was mainly driven by the ramp-up effect of new fund launches on management fee levels, including a catch-up effect on new fund closings launched in 2022.

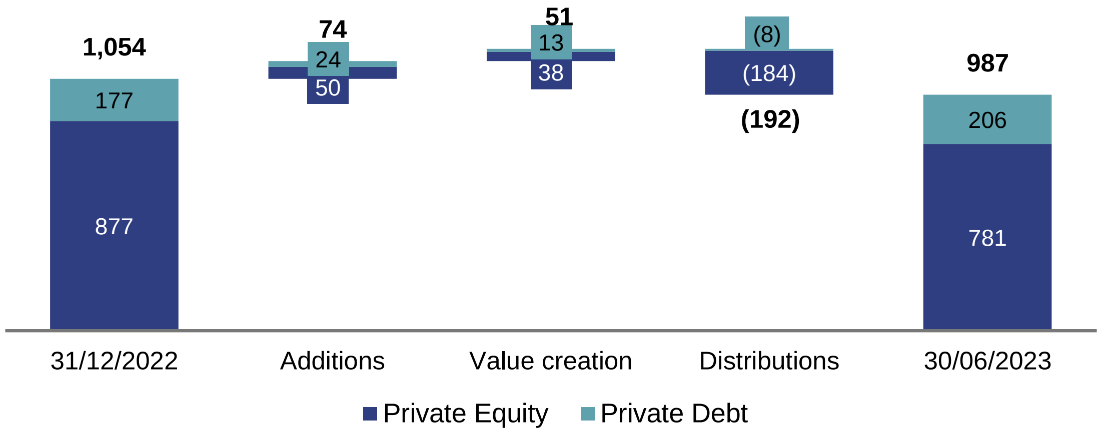
A critical indicator used to measure the performance of Merchant Banking across the investment cycle is Return On Risk Adjusted Capital ("RORAC"), a ratio comparing the adjusted profit before tax and an internal measure of risk capital invested in the business, on a rolling three-year basis. As at 30 June 2023, RORAC was 34% (30 June 2022: 30%), and well above the division's stated target ("above 15% over the cycle"). The use of a three-year rolling average to calculate this metric has reduced the impact of the profit variance over the last three years, providing a fairer representation of the underlying performance of the business.

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 an uncertain market environment.

As market conditions remain challenging, the close alignment of interests between the Group and our third-party investors is crucial. As at 30 June 2023, Rothschild & Co exposure to Merchant Banking assets totalled €987 million (of which €781 million was in private equity[1] and €206 million in private debt[2]). During H1 2023, the Group invested €74 million in Merchant Banking assets (of which €50 million was in private equity[1] and €24 million in private debt[2]) and received distributions of €192 million (of which €184 million was from private equity[1] and €8 million from private debt[2]).

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

Evolution in net asset value of the Group's investments (in € million)



The Merchant Banking's AuM as at 30 June 2023 was €24.0 billion, 5% higher than 31 December 2022 (€22.9 billion). In H1 2023, the positive contribution from our fundraising activities was offset by large distributions from our Corporate Private Equity funds following the exits of A2Mac1 and The Binding Site which had been agreed in Q4 2022. Rothschild & Co's share of the Merchant Banking's AuM was €2.1 billion.

For a detailed description of the investment activities and business development of Merchant Banking in H1 2023, please refer to appendix G.

3. Consolidated IFRS financial results

3.1 Revenue[1]

Revenue for H1 2023 was €1,241 million (H1 2022: €1,375 million), representing a decrease of €134 million or 10%. The translation effect of exchange rate fluctuations decreased revenue by €9 million.

3.2 Operating expenses

(a) Staff costs

Overall Group headcount as at 30 June 2023 was 4,883, up 8% versus 31 December 2022 (4,508) and up 14% versus 30 June 2022 (4,281). This increase is due partly to the integration of Redburn (+231 employees included since 01/12/2022), and partly to support the development of our three businesses and the strengthening of all support functions.

Staff costs for H1 2023 were €766 million, flat versus H1 2022 (€763 million). The translation impact of exchange rate fluctuations resulted in a decrease in staff costs of €8 million.

The adjusted compensation ratio, as defined in Appendix H on Alternative Performance Measures, was 67.9% as at 30 June 2023 (H1 2022: 66.0%).

The accounting effect of deferred bonus compensation plans is included in the statutory accounts. In H1 2022, this resulted in a net credit of €14 million. In H1 2023, this resulted in a net charge of €61 million of which €20 million is due to the acceleration of the accounting for deferred bonuses as

[1] Net Banking Income under IFRS

certain partners of the Group will utilise their future deferred bonus pools to invest in Rothschild & Co Partners.

The compensation ratio, if adjusted for the deferred bonus effect, would be 62.8% (H1 2022: 67.1%).

(b) Administrative expenses

Administrative expenses for H1 2023 were €191 million (H1 2022: €160 million), an increase of €31 million as a result of the full consolidation of Redburn, advisor costs related to the current Offer, headcount increase and related costs (recruitment, IT and market data), the normalisation of travel and entertainment, as well as inflationary effects. The translation impact of exchange rate fluctuations resulted in a decrease in administrative expenses of €1 million.

(c) Depreciation and amortisation

Depreciation and amortisation for H1 2023 were €46 million (H1 2022: €41 million), due to the full consolidation of Redburn and increases in amortisation of software alongside amortisation of intangible assets following WAM acquisitions.

(d) Cost of risk

Cost of risk for H1 2023 was a credit of €3 million (H1 2022: credit of €3 million) reflecting the reversal of previous impairment provisions.

3.3 Other income / (expenses)

Other income and expenses for H1 2023 were a credit of €6 million (H1 2022: nil) mainly due to a gain on the sale of the Asset Management business in the US.

3.4 Income tax

The income tax charge for H1 2023 was €51 million (H1 2022: €82 million) comprising a current tax charge of €52 million and a deferred tax credit of €1 million, giving an effective tax rate of 20.7% (H1 2022: 19.8%).

3.5 Non-controlling interests

The charge for non-controlling interests for H1 2023 was €68 million (H1 2022: €83 million). This mainly comprises profit share (*préciput*) payable to French partners and interest on perpetual subordinated debt.

4. Financial structure

Rothschild & Co, as a financial holding company (*compagnie financière holding*), is supervised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on a consolidated basis. The Group has a solid balance sheet with Group shareholder's equity – Group share as at 30 June 2023 of €3.03 billion (31/12/2022: €3.57 billion) after providing for the exceptional distribution of reserves of €0.6 billion.

The Common Equity Tier 1 (CET 1) ratio was 23.6%[1] pre-exceptional distribution of reserves and 18.7% post exceptional distribution of reserves as at 30 June 2023 (31/12/2022: 22.3%). The CET 1 capital is calculated in accordance with applicable CRR/CRD rules. The solvency ratios are presented including current profits[2], net of dividends, for the current financial year, unless specified otherwise.

	30/06/2023 pre-exceptional distribution of reserves	30/06/2023 post exceptional distribution of reserves	31/12/2022	Full Basel 3 minimum with CBR (Combined Buffer Requirements)
Common Equity Tier 1 ratio (CET 1)	23.6%	18.7%	22.3%	7.5%
Global solvency ratio	23.6%	18.7%	22.3%	11.0%

High levels of liquidity are maintained with cash and treasury assets accounting for 52% of the total assets of €17.8 billion (31/12/2022: 51%). Lending remains conservatively funded by customer deposits with a loan to deposit ratio of 42% as at 30 June 2023 (31/12/2022: 48%).

Operating cash flow[3] (OCF) is normally negative in the first half of the financial year reflecting the payment of variable remuneration in respect of the previous year, although strongly positive on a full year basis. For H1 2023, the OCF was an outflow of €356 million (H1 2022: outflow of €245 million).

Net book value per share was €41.92 post exceptional distribution of reserves and €49.92 before exceptional distribution of reserves (31/12/2022: €49.73). Net tangible book value per share was €35.46 post exceptional distribution of reserves and €43.46 before exceptional distribution of reserves (31/12/2022: €43.21).

5. Corporate Sustainability

The Group continues to pursue its long-term ambition to use its influence and expertise to support the sustainability transition of the global economy. A common set of strategic ESG priorities provides our Group with a long-term roadmap for integration of sustainability considerations across the Group's business model.

In 2022, our investment businesses adopted a new Responsible Investment Roadmap with a focus on climate action and inclusive growth, supporting business lines' strategies and contributing to the Group's long-term sustainability ambition. Our Global Advisory business continued to take a leading advisory role on transactions relating to innovative energy and climate transition technology and energy management. In 2023, we remain focused on these initiatives, as well as group-wide commitments to ensure a diverse and inclusive people culture and a balanced working environment, and our commitment to reduce operational GHG emissions on a trajectory aligned with the goals of the Paris Agreement.

[1] Subject to permission from the ACPR to include profits in Common Equity Tier 1 capital (CET1)
[2] Subject to the provisions of article 26.2 of Regulation (EU) No 575/2013
[3] Alternative Performance Measure, please refer to Appendix H

6. Simplified tender Offer by Rothschild & Co Concordia for the Rothschild & Co shares

The simplified tender offer for Rothschild & Co shares, announced by Concordia on 6 and 13 February 2023, was filed on 8 June 2023.

On 18 July 2023, the *Autorité des marchés financiers* ("AMF") cleared the Offer, and on the same day issued its visa for Concordia's Offer Document and Rothschild & Co's Response Document, under numbers 23-316 and 23-317 respectively.

Following the detachment of the exceptional distribution of reserves of 8.00 euros per share on 20 July 2023, the Offer was opened on 24 July 2023 at a price of 38.60 euros per Rothschild & Co share (ordinary dividend of €1.40 and exceptional distribution of reserves of €8.00 detached) for a period of 35 business days, i.e. until 8 September (inclusive).

It should also be noted that on 4 July 2023, the Supervisory Board of Rothschild & Co issued a unanimous favourable reasoned opinion on the Offer, considering that it is in the interest of Rothschild & Co, its shareholders and its employees, and recommended that Rothschild & Co shareholders tender their shares to the Offer. This decision followed consideration of the work of the *ad hoc* committee and the findings of Finexsi, acting in the capacity of independent expert, whose report concluded that the terms of the Offer are fair to Rothschild & Co shareholders.

Concordia has stated its intention to implement a mandatory de-listing in the event that, following the Offer, the minority shareholders hold less than 10% of the capital and voting rights.

7. Outlook

In **Global Advisory**, we have seen a significantly weaker M&A market in H1 2023. Macro-economic headwinds continue, resulting in significant declines in announced transaction levels and transactions taking longer to complete. Deal activity for the rest of 2023 will be impacted by the level of capital markets activity, availability of financing, valuation expectations and CEO confidence, and so there remains uncertainty for the remainder of the year. Notwithstanding this, our pipeline of 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**, after a solid first half of 2023, we are cautious for the rest of the year on the revenue outlook as the recent strength in markets is fragile. Moreover, the record high net interest income growth is likely to slow as central banks will likely reduce the pace of the hiking cycle. The outlook remains positive for new assets resulting from our investments in the business in all locations.

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 H1 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 over time.

As announced on 19 June 2023, notwithstanding the intrinsic volatility that characterises each of our three businesses, the Group's best estimates for the full year 2023, which reflect the more challenging market environment in Global Advisory and Merchant Banking partially offset by a strong performance in Wealth and Asset Management, are an operating income[1] for the Group's three businesses of around €540 million and a Net Income - Group share of around €280 million.

Financial calendar:

- 7 November 2023: Q3 2023

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About Rothschild & Co

Rothschild & Co is a family-controlled and independent group and has been at the centre of the world's financial markets for over 200 years. With a team of c.4,200 talented financial services specialists on the ground in over 40 countries, Rothschild & Co's integrated global network of trusted professionals provides in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth and Asset Management, and Merchant Banking.

Rothschild & Co is a French partnership limited by shares (société en commandite par actions) listed on Euronext in Paris, Compartment A with a share capital of €154,205,332. Paris trade and companies registry number 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.

[1] Operating income excludes Other income / expense, Corporate centre and IFRS adjustments (i.e. profit share (*préciput*) paid to French partners, deferred bonuses, and other statutory adjustments).

A. Summary consolidated balance sheet

(in € billion)	30/06/2023	31/12/2022	*Var*
Cash and amounts due from central banks	5.1	2.5	*2.6*
Loans and advances to banks	1.7	1.9	*(0.2)*
Loans and advances to customers	4.8	5.0	*(0.2)*
of which private client lending	*4.4*	*4.6*	*(0.2)*
Debt and equity securities	3.7	5.8	*(2.1)*
Other assets	2.5	2.2	*0.3*
Total assets	**17.8**	**17.4**	***0.4***
Due to customers	11.3	10.4	*0.9*
Other liabilities	3.1	2.9	*0.2*
Shareholders' equity - Group share (before exceptional distribution of reserves)	3.6	3.6	*0.0*
Exceptional distribution of reserves	(0.6)	0.0	*(0.6)*
Non-controlling interests	0.4	0.5	*(0.1)*
Total capital and liabilities	**17.8**	**17.4**	***0.4***

The foreign exchange translation effect between 30 June 2023 and 30 June 2022 had no significant impact.

B. Exceptional income and expenses

(in €m)	H1 2023			H1 2022		
	PBT	PATMI	*EPS*	PBT	PATMI	*EPS*
As reported	**247**	**128**	***1.74 €***	**414**	**249**	***3.43 €***
- Offer-related costs	(8)	(6)	*(0.08) €*	-	-	- €
- Deferred bonus acceleration	(20)	(15)	*(0.21) €*	-	-	- €
				-	-	- €
Total exceptional (charges) / profits	**(28)**	**(21)**	***(0.29) €***	**0**	**0**	**- €**
Excluding exceptional	**275**	**149**	***2.03 €***	**414**	**249**	***3.43 €***

There were no exceptional items in H1 2022.

Offer-related costs are mainly professional advisor costs.

Deferred bonus acceleration relates to the acceleration of the accounting for deferred bonuses as certain partners of the Group will utilise their future deferred bonus pools to invest in Rothschild & Co Partners.

C. Performance by business

(in € million)	GA	WAM	MB	Total businesses	Other businesses and Corporate centre	IFRS reconciliation[1]	H1 2023
Revenue	**676**	**403**	**141**	**1,220**	**25**	**(4)**	**1,241**
Operating expenses	(596)	(293)	(73)	(962)	(31)	(10)	(1,003)
Cost of risk	-	1	-	1	-	2	3
Operating income	**80**	**111**	**68**	**259**	**(6)**	**(12)**	**241**
Other income / (expense)	-	-	-	-	-	6	6
Profit before tax	**80**	**111**	**68**	**259**	**(6)**	**(6)**	**247**
Operating margin %	*12%*	*28%*	*48%*	*21%*			*20%*

(in € million)	GA	WAM	MB	Total businesses	Other businesses and Corporate centre	IFRS reconciliation[1]	H1 2022
Revenue	**857**	**324**	**188**	**1,369**	**21**	**(15)**	**1,375**
Operating expenses	(694)	(254)	(67)	(1,015)	(40)	91	(964)
Cost of risk	-	1	-	1	-	2	3
Operating income	**163**	**71**	**121**	**355**	**(19)**	**78**	**414**
Other income / (expense)	-	-	-	-	-	-	-
Profit before tax	**163**	**71**	**121**	**355**	**(19)**	**78**	**414**
Operating margin %	*19%*	*22%*	*64%*	*26%*			*30%*

[1] IFRS reconciliation mainly reflects: the treatment of profit share (préciput) paid to French partners as non-controlling interests; accounting for normal and special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked; excluding from 2023 management accounts the costs of the Offer; the application of IAS 19 for defined benefit pension schemes; adding back non-operating items and administrative expenses excluded from the management accounts; and reallocating impairments and certain operating income and expenses for presentational purposes.

D. FX rates

P&L

Rates	H1 2023	H1 2022	*Var*
€ / GBP	0.8721	0.8447	*3%*
€ / CHF	0.9865	1.0248	*(4)%*
€ / USD	1.0825	1.0878	*(0)%*

Balance sheet

Rates	30/06/2023	31/12/2022	*Var*
€ / GBP	0.8589	0.8869	*(3)%*
€ / CHF	0.9766	0.9880	*(1)%*
€ / USD	1.0915	1.0683	*2%*

P&L rates are illustrative, and P&L is actually translated at the rates of the month in which P&L is booked.

E. Quarterly progression of revenue

In € million		2023	2022	Var
Global Advisory	1st quarter	326.8	413.5	*(21)%*
	2nd quarter	349.2	443.1	*(21)%*
	Total	**676.0**	**856.6**	***(21)%***
Wealth & Asset Management	1st quarter	196.5	163.3	*20%*
	2nd quarter	206.9	161.3	*28%*
	Total	**403.4**	**324.6**	***24%***
Merchant Banking	1st quarter	72.3	95.5	*(24)%*
	2nd quarter	68.9	92.4	*(25)%*
	Total	**141.2**	**187.9**	***(25)%***
Other business and corporate centre	1st quarter	14.9	11.7	*27%*
	2nd quarter	10.0	9.4	*6%*
	Total	**24.9**	**21.1**	***18%***
IFRS reconciliation	1st quarter	(4.3)	(8.7)	*n/a*
	2nd quarter	(0.4)	(6.9)	*n/a*
	Total	**(4.7)**	**(15.6)**	***n/a***
Total Group Revenue	1st quarter	606.2	675.3	*(10)%*
	2nd quarter	634.6	699.3	*(9)%*
	Total	**1,240.8**	**1,374.6**	***(10)%***

F. Global Advisory track record

Global Advisory advised the following clients on notable transactions completed in H1 2023.

F.1. M&A and strategic advisory

- **Lanxess**, a specialty chemicals company, on the creation of an engineering materials joint venture with Advent (€6.2 billion, Germany)
- **Capital & Counties Properties**, a property investment and development company, on its merger with Shaftesbury PLC (c.£5 billion, United Kingdom)
- **Société Générale**, on its listed subsidiary ALD Automotive's acquisition of LeasePlan, a fleet management and operational car leasing company (€4.9 billion, France and Netherlands)
- **Melrose** and **Dowlais**, a specialist in the acquisition and performance improvement of manufacturing businesses and an engineering group focused on the automotive sector, on the demerger of GKN Automotive and Dowlais (£4.5 billion, United Kingdom)
- **Capricorn**, an oil and gas exploration and development company, on its special dividend and reverse takeover by NewMed Energy (c.£3 billion, United Kingdom and Israel)
- **Credit Suisse**, a global investment bank, on its merger with UBS (CHF3 billion, Switzerland)
- **CVC**, on its disposal of APRIL Group, the leading French insurance broker with operations across 18 countries, to KKR (€2.3 billion, France)
- **Nethys**, an industrial group specialising in the energy and telecommunications sector, on its disposal of a majority stake in VOO to Orange Belgium (€1.8 billion, Belgium)
- **Meridian Bioscience**, an integrated life science company, on its all-cash sale to SDB Biosensor and SJL Partners (US$1.5 billion, United Sates and South Korea)
- **Merieux** and **Siparex Group**, on its acquisition of a majority stake and financing of Piercan, a leading family owned producer of containment gloves (€190 million, France)
- **Silicon Valley Bank UK**, a subsidiary of Silicon Valley Bank, on its sale to HSBC UK (United Kingdom)

F.2. Financing Advisory

- **Ministry of Finance of Ukraine** on its 4-year IMF program, the design of financing assurances, and the official sector debt restructuring of Paris Club bilateral creditors (US$15.6 billion, Ukraine)
- **Talen Energy**, a leading competitive power generation and infrastructure company, on its restructuring (adviser to Unsecured Noteholders - US$4.8 billion, United States)
- **EDP & EDPR**, global leaders in electrical utilities and renewable energy, on its capital raise via concurrent ABBs by EDP and listed subsidiary EDPR, with cornerstones (€2 billion, Portugal)
- **GOL and Abra**, on the recapitalisation transaction and formation of Abra, a Latin American air transportation group (US$1.6 billion, Brazil and United States)
- **Delivery Hero**, a multinational online food delivery service, on its convertible bond issuance and repurchase of outstanding convertible bonds (€1 billion, United Kingdom and Germany)
- **West Marine**, a boating supply and fishing retailer, on its out-of-court restructuring including new capital financing (US$760 million, United Sates)
- **Brambles**, a supply-chain logistics company operating in more than 60 countries, on its debut green bond (€500 million, Australia)
- **Electricity North West**, an electricity distribution network operator, on its debut green bond and associated hedging (£425 million, United Kingdom)
- **Land Securities**, a leading real estate development and investment company, on its inaugural green bond (£400 million, United Kingdom)
- **Republic of San Marino**, on its liability management exercise and Eurobond issuance (€350 million, Republic of San Marino)
- **Femto Technologies**, on its acquisition of a 59.1% stake in Prima Industrie, a manufacturer and supplier of home heating related products, triggering the launch of a mandatory PTO on remaining shares (€338 million, Italy)
- **Verdane and Polytech**, on its sale of a significant minority in Polytech, a global leader in wind turbine blade protection and enhancements, to FSN Capital and on the amendment and extension of its debt (€135 million, Denmark)

G. Investment activities and business development of Merchant Banking in H1 2023

G.1. Corporate Private Equity

- We plan to hold the final closing for Five Arrows Principal Investments IV (FAPI IV), our 4th generation mid-market private equity fund, during Q3 at c. €2.5 billion. Additionally, we have secured commitments of more than €1.1 billion for Five Arrows Long Term (FALT), our private equity fund focused on the upper mid-market.
- During Q2, FALT and FAPI IV completed their investment in n2y (a trailblazer in special education with award-winning digital solutions to help students and teachers in schools across the US).
- During H1 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.

G.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 29 transactions in Europe and the US and committed 115% of its capital.
- Its successor fund, Five Arrows Secondary Opportunities VI (FASO VI), is currently fundraising and has secured capital commitments of c. €860 million to date.
- 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. €290 million to date. The fund has already committed capital to 16 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$275 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 2023 the fund completed its 1st transaction, acquiring an interest in SMRD-Harmonie, a leading player in building renovations, delivering positive environmental and social impacts.

G.3. Direct Lending

- Five Arrows Debt Partners III (FADP III), our 3rd generation direct lending fund, completed five new investments during the first half of the year, providing tailor-made 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;
  - Sciforma, a pan-European provider of project portfolio management software;
  - Roole, the leading French provider of vehicle and driver protection services; and
  - Moore Kingston Smith, a top 20 provider of audit, tax and accounting services in the UK.
- Additional facilities were also provided to several of the fund's existing portfolio companies in order to support their growth ambitions.
- FADP III is now c.114% committed. Given its strong deployment momentum and attractive opportunity pipeline, the team has now launched the fundraising for its successor vehicle, Five Arrows Debt Partners IV.

G.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 CLO vehicle of US$400 million (Ocean Trails XIV);
  - in Europe, the team issued one new CLO vehicle of €370 million (Contego XI); and
  - in Europe the team launched Five Arrows European Loan Fund (FA ELF), an open-ended vehicle investing in senior secured loans.
- Five Arrows Global Loan Investments II (GLI II), the 2nd generation vehicle predominantly investing in equity tranches of CLOs managed by Credit Management, is currently fundraising and has secured c. €157 million of capital commitments to date.

H. Alternative performance measures (APM) - Article 223-1 of the AMF's General Regulation

APM	Definition	Reason for use	Reconciliation
Net income – Group share excluding exceptionals	Net income attributable to holders of ordinary equity excluding exceptional items	To measure Net income Group share excluding exceptional items of a significant amount	In the Press release, please refer to Appendix B.
EPS excluding exceptionals	EPS excluding exceptional items	To measure Earnings per share excluding exceptional items of a significant amount	In the Press release, please refer to Appendix B.
Adjusted compensation ratio	Ratio between adjusted staff costs divided by consolidated Revenue of Rothschild & Co excluding MB investment performance revenue (carried interest and investment gains). Adjusted staff costs represent: 1. staff costs accounted in the income statement (which include the effects of accounting for deferred bonuses over the period in which they are earned as opposed to the awarded basis), 2. to which must be added the amount of profit share paid to the French partners (*Associés gérants*), 3. from which must be deducted redundancy costs, revaluation of share-based employee liabilities and business acquisition costs treated as employee compensation under IFRS, - **which gives total staff costs in calculating the basic compensation ratio** 4. the amount of adjusted staff costs and revenue are restated by the exchange rate effect to offset the exchange rate fluctuations from one year to the next one, - **which gives the adjusted staff costs for compensation ratio.**	To measure the proportion of revenue granted to all employees Key indicator for competitor listed investment banks Rothschild & Co calculates this ratio with adjustments to give the fairest and closest calculation to the one used by other comparable listed companies	Please refer: in the Press release to § 3.2 Operating expenses / Staff costs and in the Investor presentation to slide 37
Businesses' PBT margin	Each business PBT margin is calculated by dividing Profit before tax by Revenue, business by business.	To measure business' profitability	Please refer in the Press release to § 2
Return on Tangible Equity (ROTE) excluding exceptional items	Ratio between Net income - Group share excluding exceptional items and average tangible equity Group share over the period. Tangible equity corresponds to total equity Group share less intangible assets (net of tax) and goodwill. Average tangible equity over the period equal to the average between tangible equity as at 31 December 2022 and 30 June 2023.	To measure the overall profitability of Rothschild & Co excluding exceptional items on the Group share of tangible equity capital in the business	In the Investor presentation release, please refer to slide 48
Return on Risk Adjusted Capital (RORAC)	Ratio of an adjusted Profit before tax divided by an internal measure of risk adjusted capital (RAC) deployed in the business on a rolling 3-year basis. The estimated amount of capital and debt which management believes would be reasonable to fund the Group's investments in Merchant Banking products is consistent with its cautious approach to risk management. Based on the mix of its investment portfolio as of the reporting dates, management believes that this risk-adjusted capital (RAC) amounts to c.70% of the Group's investments net asset value and that the remainder could be funded by debt. This percentage broadly represents the weighted average of 80% for equity exposures, 50% for junior credit exposures, 40% for CLO exposures in vertical strips and 33% for senior credit exposures. To calculate the RORAC, Merchant Banking Profit before tax is adjusted by a notional 2.5% cost of debt, computed as per the above (i.e. 30% of the Group's investments NAV), divided by the RAC. Disclosed RORAC is calculated on a 3-year rolling period average to account for the inevitable volatility in the financial results of the business, primarily relating to investment income and carried interest recognition.	To measure the performance of the Merchant Banking business	In the Investor presentation release, please refer to slide 48
Operating Cash Flow (OCF)	Amount of cash generated by the Group's normal business operations in the current financial year. The calculation is done via the indirect method, from the profit before tax.	To measure the amount of cash generated by the Group's normal business operations	In the Investor presentation release, please refer to slide 49