



T. Rowe Price

NEWS RELEASE

T. ROWE PRICE GROUP REPORTS FIRST QUARTER 2025 RESULTS

BALTIMORE (May 2, 2025) - T. Rowe Price Group, Inc. (NASDAQ-GS: TROW) today reported its results for the first quarter of 2025.

- **Quarter-end assets under management (AUM) of \$1.57 trillion**
- **Net client outflows of \$8.6 billion**
- **Diluted earnings per common share (EPS) of \$2.15**
- **Adjusted diluted EPS of \$2.23**
- **Returned \$506 million to stockholders from the recurring quarterly dividend and stock repurchases**

Rob Sharps, chair, CEO, and president, commented, “We are making important progress and are extending our reach—leveraging our world class investment platform, our leadership position in retirement, and the strength of our brand. As of March 31, we had \$1.57 trillion in AUM and net outflows of \$8.6 billion in the quarter. We are well positioned to navigate periods of uncertainty and to help our clients to do the same.”

Financial Highlights

(in millions, except per-share data)	Three months ended				
	3/31/2025	3/31/2024	Change ⁽¹⁾	12/31/2024	Change ⁽¹⁾
U.S. GAAP basis					
Investment advisory fees	\$ 1,598.4	\$ 1,536.4	4.0 %	\$ 1,667.2	(4.1)%
Performance-based advisory fees ⁽²⁾	\$ 10.4	\$ 17.6	(40.9)%	\$ 19.3	(46.1)%
Capital allocation-based income ⁽³⁾	\$ (1.2)	\$ 47.1	n/m	\$ (5.2)	n/m
Net revenues	\$ 1,763.9	\$ 1,750.2	0.8 %	\$ 1,824.5	(3.3)%
Operating expenses	\$ 1,167.6	\$ 1,163.6	0.3 %	\$ 1,256.1	(7.0)%
Net operating income	\$ 596.3	\$ 586.6	1.7 %	\$ 568.4	4.9 %
Non-operating income (loss)	\$ 70.7	\$ 188.9	n/m	\$ 4.6	n/m
Net income - T. Rowe Price Group, Inc.	\$ 490.5	\$ 573.8	(14.5)%	\$ 439.9	11.5 %
Diluted earnings per common share	\$ 2.15	\$ 2.49	(13.7)%	\$ 1.92	12.0 %
Adjusted basis⁽⁴⁾					
Operating expenses	\$ 1,135.1	\$ 1,071.4	5.9 %	\$ 1,222.6	(7.2)%
Operating expenses, excluding accrued carried interest related compensation	\$ 1,131.2	\$ 1,052.9	7.4 %	\$ 1,218.7	(7.2)%
Net operating income	\$ 640.6	\$ 692.4	(7.5)%	\$ 620.2	3.3 %
Non-operating income (loss)	\$ 35.5	\$ 28.5	24.6 %	\$ 34.3	3.5 %
Net income - T. Rowe Price Group, Inc.	\$ 509.3	\$ 548.5	(7.1)%	\$ 484.8	5.1 %
Diluted earnings per common share	\$ 2.23	\$ 2.38	(6.3)%	\$ 2.12	5.2 %
Assets under management (in billions)					
Average assets under management	\$ 1,620.3	\$ 1,484.4	9.2 %	\$ 1,638.6	(1.1)%
Ending assets under management	\$ 1,566.3	\$ 1,542.2	1.6 %	\$ 1,606.6	(2.5)%
Investment advisory annualized effective fee rate (EFR) (in bps)					
EFR without performance-based fees	40.0	41.6	(1.6)	40.5	(0.5)
EFR with performance-based fees	40.3	42.1	(1.8)	40.9	(0.6)

⁽¹⁾ n/m - the percentage change is not meaningful. ⁽²⁾ In Q1 2024, performance-based advisory fees were included in the investment advisory fees ⁽³⁾ Capital allocation-based income represents the change in accrued carried interest. ⁽⁴⁾ See the reconciliation to the comparable U.S. GAAP measures at the end of this earnings release.

Assets Under Management

During Q1 2025, assets under management (AUM) decreased \$40.3 billion to \$1.57 trillion. The components of the change in AUM, by asset class, are shown in the table below.

(in billions)	Three months ended 3/31/2025				
	Equity	Fixed income, including money market	Multi-asset ⁽¹⁾	Alternatives ⁽²⁾	Total
Assets under management at beginning of period	\$ 829.7	\$ 188.1	\$ 536.0	\$ 52.8	\$ 1,606.6
Net cash flows prior to manager-driven distributions	(19.2)	5.4	5.5	0.4	(7.9)
Manager-driven distributions	—	—	—	(0.7)	(0.7)
Net cash flows	(19.2)	5.4	5.5	(0.3)	(8.6)
Net market appreciation (depreciation) and income ⁽³⁾	(37.1)	2.2	2.9	0.3	(31.7)
Change during the period	(56.3)	7.6	8.4	—	(40.3)
Assets under management at March 31, 2025	\$ 773.4	\$ 195.7	\$ 544.4	\$ 52.8	\$ 1,566.3

⁽¹⁾ The underlying AUM of the multi-asset portfolios have been aggregated and presented in this category and not reported in the equity and fixed income columns.

⁽²⁾ The alternatives asset class includes strategies authorized to invest more than 50% of its holdings in private credit, leveraged loans, mezzanine, real assets/CRE, structured products, stressed/distressed, non-investment grade CLOs, special situations, business development companies, or that have absolute return as its investment objective. Generally, only those strategies with longer than daily liquidity are included. Unfunded capital commitments were \$17.1 billion at March 31, 2025 and \$16.2 billion as of December 31, 2024, and are not reflected in fee basis AUM above.

⁽³⁾ Includes net distributions not reinvested of \$0.5 billion.

Investors domiciled outside the United States accounted for 8.7% of the firm's AUM at March 31, 2025, and 8.8% at December 31, 2024.

The firm provides participant accounting and plan administration for retirement plans that primarily invest in the firm's U.S. mutual funds, collective investment trusts, and funds managed outside of the firm's complex. As of March 31, 2025, the firm's assets under administration were \$280 billion, of which \$158 billion were assets we manage.

The firm offers non-discretionary advisory services through model delivery and multi-asset solutions for providers to implement. The firm records the revenue earned on these services in administrative, distribution, services and other fees. The assets under advisement in these portfolios, predominantly in the United States, were \$16.4 billion at March 31, 2025.

Financial Results Highlights

Net Revenues

(in millions)	Three months ended				
	3/31/2025	3/31/2024	Change	12/31/2024	Change
Investment advisory fees					
Equity	\$ 959.2	\$ 932.5	2.9 %	\$ 1,006.2	(4.7)%
Fixed income, including money market	103.6	100.2	3.4 %	106.2	(2.4)%
Multi-asset	454.7	429.7	5.8 %	473.8	(4.0)%
Alternatives	80.9	74.0	9.3 %	81.0	(0.1)%
Total investment advisory fees	1,598.4	1,536.4	4.0 %	1,667.2	(4.1)%
Performance-based advisory fees ⁽¹⁾	10.4	17.6	(40.9)%	19.3	(46.1)%
Capital allocation-based income ⁽²⁾	(1.2)	47.1	n/m	(5.2)	n/m
Administrative, distribution, services, and other fees	156.3	149.1	4.8 %	143.2	9.1 %
Net revenues	\$ 1,763.9	\$ 1,750.2	0.8 %	\$ 1,824.5	(3.3)%
Average AUM (in billions):					
Equity	\$ 826.3	\$ 770.4	7.3 %	\$ 842.7	(1.9)%
Fixed income, including money market	191.6	169.5	13.0 %	186.9	2.5 %
Multi-asset	549.7	497.0	10.6 %	556.3	(1.2)%
Alternatives	52.7	47.5	10.9 %	52.7	— %
Average AUM	\$ 1,620.3	\$ 1,484.4	9.2 %	\$ 1,638.6	(1.1)%
Investment advisory annualized effective fee rate (bps)	40.0	41.6	(1.6)	40.5	(0.5)
Investment advisory annualized effective fee rate, including performance-based fees (bps)	40.3	42.1	(1.8)	40.9	(0.6)

⁽¹⁾ In Q1 2024, performance-based advisory fees were included in the investment advisory fees.

⁽²⁾ Capital allocation-based income represents the change in accrued carried interest. The percentage change is not meaningful (n/m).

Net revenues in Q1 2025 were \$1.8 billion, an increase of 0.8% from Q1 2024 and a decrease of 3.3% from Q4 2024. Performance-based fees earned in Q1 2025 were in equity and alternatives strategies, while Q1 2024 was primarily equity and Q4 2024 was mostly alternatives.

- The investment advisory annualized effective fee rate, excluding performance-based fees, was 40.0 basis points in Q1 2025 which is down from 41.6 basis points in Q1 2024 and 40.5 basis points in Q4 2024. The declines were a result of client flows and transfers, which resulted in a mix shift in assets under management toward lower fee asset classes and products.
- Capital allocation-based income in Q1 2025 reduced net revenues by \$1.2 million, with \$9.2 million in additional accrued carried interest offset by \$10.4 million in acquisition-related, non-cash amortization. In Q1 2024, the \$47.1 million increase in net revenues included \$59.5 million in additional accrued carried interest, partially offset by \$12.4 million in acquisition-related, non-cash amortization and impairments. The decrease from Q1 2024 was primarily related to lower market returns.

A portion of the capital allocation-based income is passed through as compensation, with unpaid amounts reported as non-controlling interest on the consolidated balance sheet. For detail on the quarterly changes in accrued carried interest, which is reported as part of investments on the consolidated balance sheet, and related non-controlling interest, refer to the tables at the end of this release.

Operating Expenses

(in millions)	Three months ended				
	3/31/2025	3/31/2024	Change ⁽¹⁾	12/31/2024	Change ⁽¹⁾
Compensation, benefits, and related costs	\$ 657.9	\$ 629.3	4.5 %	\$ 705.4	(6.7)%
Acquisition-related retention agreements	14.2	13.5	5.2 %	14.2	— %
Capital allocation-based income compensation ⁽²⁾	(0.4)	13.2	n/m	(3.4)	n/m
Market-related change in deferred compensation liabilities	(7.2)	53.0	n/m	(6.7)	n/m
Total compensation and related costs	664.5	709.0	(6.3)%	709.5	(6.3)%
Distribution and servicing	93.6	81.9	14.3 %	92.9	0.8 %
Advertising and promotion	26.1	25.3	3.2 %	50.2	(48.0)%
Product and recordkeeping related costs	83.8	75.0	11.7 %	74.5	12.5 %
Technology, occupancy, and facility costs	167.6	149.9	11.8 %	169.3	(1.0)%
General, administrative, and other	103.3	92.6	11.6 %	128.3	(19.5)%
Acquisition-related amortization and impairment costs	28.7	29.9	(4.0)%	31.4	(8.6)%
Total operating expenses	\$ 1,167.6	\$ 1,163.6	0.3 %	\$ 1,256.1	(7.0)%
Total adjusted operating expenses⁽³⁾	\$ 1,135.1	\$ 1,071.4	5.9 %	\$ 1,222.6	(7.2)%

⁽¹⁾ n/m - the percentage change is not meaningful.

⁽²⁾ Capital allocation-based income compensation represents the change in accrued carried interest compensation along with acquisition-related, non-cash amortization and impairments.

⁽³⁾ See the reconciliation to the comparable U.S. GAAP measures at the end of this earnings release.

Operating expenses in Q1 2025 were \$1,167.6 million, an increase of 0.3% from Q1 2024, and a decrease of 7.0% from Q4 2024. On a non-GAAP basis, **adjusted operating expenses** in Q1 2025 were \$1,135.1 million, an increase of 5.9% from Q1 2024 and a decrease of 7.2% from Q4 2024.

- Compensation, benefits, and related costs in Q1 2025 of \$657.9 million increased \$28.6 million from Q1 2024 due primarily to higher salaries, employee benefits, and a higher interim bonus accrual. Compared to Q4 2024, costs decreased by \$47.5 million, mainly due to lower compensation costs related to the firm's annual long-term incentive grant. The firm employed 8,084 associates at March 31, 2025, an increase of 2.6% from 7,878 associates at March 31, 2024, and a decrease of 0.9% from 8,158 associates at December 31, 2024.
- Distribution and servicing costs in Q1 2025 of \$93.6 million increased \$11.7 million from Q1 2024 and \$0.7 million from Q4 2024. The increase from Q1 2024 was primarily driven by higher average assets under management distributed through third-party intermediaries.

- Advertising and promotion expenses in Q1 2025 of \$26.1 million increased \$0.8 million from Q1 2024 and decreased \$24.1 million from Q4 2024. The decrease from Q4 2024 was primarily due to higher seasonal media spend in the fourth quarter.
- Product and recordkeeping related costs in Q1 2025 of \$83.8 million increased \$8.8 million from Q1 2024 and \$9.3 million from Q4 2024. The increases from prior periods were primarily due to higher reimbursable costs associated with the firm's U.S. mutual funds, which are offset by the expected reimbursement recognized in administrative, distribution, services, and other fee revenue.
- Technology, occupancy, and facility costs in Q1 2025 of \$167.6 million increased \$17.7 million from Q1 2024 and decreased \$1.7 million from Q4 2024. The increase from Q1 2024 was primarily due to higher costs from the firm's ongoing investment in its technology capabilities, primarily hosted solutions and depreciation. Additionally, Q1 2024 included a non-recurring cost benefit related to the firm's UK facility. The firm began occupying its new corporate headquarters in mid-March.
- General, administrative, and other costs in Q1 2025 of \$103.3 million increased \$10.7 million from Q1 2024 due to higher professional fees and information services. Compared to Q4 2024, costs decreased by \$25.0 million, primarily due to the seasonal timing of professional fee spend.

Non-operating income (loss)

(in millions)	Three months ended		
	3/31/2025	3/31/2024	12/31/2024
Net gains (losses) from non-consolidated investment products			
Cash and discretionary investments			
Dividend income	\$ 30.4	\$ 27.8	\$ 39.8
Market-related gains (losses) and equity in earnings (losses)	4.2	0.2	(1.4)
Total net gains (losses) from cash and discretionary investments	34.6	28.0	38.4
Seed capital investments			
Dividend income	0.2	—	1.6
Market-related gains (losses) and equity in earnings (losses)	(11.3)	23.5	1.9
Net gains (losses) recognized upon deconsolidation	—	—	0.2
Investments used to hedge deferred compensation liabilities	(10.7)	49.7	(9.2)
Total net gains (losses) from non-consolidated investment products	12.8	101.2	32.9
Other investment income (loss)	19.1	20.3	11.8
Net gains (losses) on investments	31.9	121.5	44.7
Net gains (losses) on consolidated investment products	31.9	72.3	(36.4)
Other gains (losses), including foreign currency gains (losses)	6.9	(4.9)	(3.7)
Non-operating income (loss)	\$ 70.7	\$ 188.9	\$ 4.6
Adjusted non-operating income (loss)⁽¹⁾	\$ 35.5	\$ 28.5	\$ 34.3

⁽¹⁾ See the reconciliation to the comparable U.S. GAAP measures at the end of this earnings release.

On an adjusted basis, non-operating income (loss) consists of investment gains/losses generated from the firm's cash and discretionary investment portfolio.

Income taxes

The following reconciles the statutory federal income tax rate to the firm's effective tax rate for the first quarter of 2025 and 2024:

	Three months ended	
	3/31/2025	3/31/2024
Statutory U.S. federal income tax rate	21.0 %	21.0 %
State income taxes for current year, net of federal income tax benefits ⁽¹⁾	2.8	2.5
Net (income) losses attributable to redeemable non-controlling interests ⁽²⁾	(0.5)	(0.5)
Net excess tax losses (benefits) from stock-based compensation plans activity	(0.3)	(0.3)
Valuation allowances	0.4	0.5
Other items	0.9	0.3
Effective income tax rate	24.3 %	23.5 %
Adjusted effective income tax rate	24.7 %	23.9 %

⁽¹⁾ State income tax benefits are reflected in the total benefits for net income attributable to redeemable non-controlling interests and stock-based compensation plans activity.

⁽²⁾ Net income attributable to redeemable non-controlling interest represents the portion of earnings held in the firm's consolidated investment products, which are not taxable to the firm despite being included in pre-tax income.

The increase in the firm's effective tax rate is primarily due to higher state taxes in Q1 2025.

The firm estimates that its effective tax rate for the full year 2025 will be in the range of 23.5% to 27.5% on a U.S. GAAP basis, and 24.0% to 27.0% on an adjusted basis.

Other Matters

The financial results presented in this release are unaudited. The firm expects that it will file its Form 10-Q Quarterly Report for the first quarter of 2025 with the U.S. Securities and Exchange Commission later today. The Form 10-Q will include additional information on the firm's unaudited financial results at March 31, 2025.

Certain statements in this earnings release may represent "forward-looking information," including information relating to anticipated changes in revenues, our operations, expenses, earnings, liquidity, cash flows and capital expenditures, industry or market conditions, amount or composition of assets under management, flows into our investment funds, regulatory developments, changes in our effective fee rate, demand for and pricing of our products, new products and services, effective tax rates, net income and earnings per common share, future transactions, our strategic initiatives, dividends, stock repurchases, U.S. and international trade policies, and general economic and other market conditions. For a discussion concerning risks and other factors that could affect future results, see the firm's 2024 Annual Report on Form 10-K.

Founded in 1937, T. Rowe Price (NASDAQ – GS: TROW) helps individuals and institutions around the world achieve their long-term investment goals. As a large global asset management company known for investment excellence, retirement leadership, and independent proprietary research, the firm is built on a culture of integrity that puts client interests first. Clients rely on the award-winning firm for its retirement expertise and active management of equity, fixed income, alternatives, and multi-asset investment capabilities. T. Rowe Price serves millions of clients globally and manages \$1.57 trillion in assets under management as of March 31, 2025. About two-thirds of the assets under management are retirement-related. News and other updates can be found on **Facebook**, **Instagram**, **LinkedIn**, **X**, **YouTube**, and **troweprice.com/newsroom**.

Webcast Information

Chair, Chief Executive Officer, and President Rob Sharps and Chief Financial Officer Jen Dardis will provide an update on business performance, review financial results, and answer questions on a webcast to be held on Friday, May 2, 2025 from 8:00 – 8:45 AM ET. Eric Veiel, Head of Global Investments, will join for the Q&A portion. To access the webcast or to obtain dial-in instructions to ask a question, please visit: investors.troweprice.com.

Supplemental materials will be available on the company's investor relations website shortly before the start of the call. A replay of the webcast will be available on the company's investor relations website shortly after the event.

CONTACTS:

Public Relations

Lauren Dear

410-577-5009

lauren.dear@troweprice.com

Investor Relations

Linsley Carruth

410-345-3717

linsley.carruth@troweprice.com

Unaudited Consolidated Statements of Income
(in millions, except per-share amounts)

	Three months ended		
	3/31/2025	3/31/2024	12/31/2024
Revenues			
Investment advisory fees	\$ 1,598.4	\$ 1,536.4	\$ 1,667.2
Performance-based advisory fees ⁽¹⁾	10.4	17.6	19.3
Capital allocation-based income	(1.2)	47.1	(5.2)
Administrative, distribution, services, and other fees	156.3	149.1	143.2
Net revenues	1,763.9	1,750.2	1,824.5
Operating expenses			
Compensation, benefits, and related costs	657.9	629.3	705.4
Acquisition-related retention agreements	14.2	13.5	14.2
Capital allocation-based income compensation	(0.4)	13.2	(3.4)
Market-related change in deferred compensation liabilities	(7.2)	53.0	(6.7)
Total compensation and related costs	664.5	709.0	709.5
Distribution and servicing	93.6	81.9	92.9
Advertising and promotion	26.1	25.3	50.2
Product and recordkeeping related costs	83.8	75.0	74.5
Technology, occupancy, and facility costs	167.6	149.9	169.3
General, administrative, and other	103.3	92.6	128.3
Acquisition-related amortization and impairment costs	28.7	29.9	31.4
Total operating expenses	1,167.6	1,163.6	1,256.1
Net operating income	596.3	586.6	568.4
Non-operating income (loss)			
Net gains (losses) on investments	31.9	121.5	44.7
Net gains (losses) on consolidated investment products	31.9	72.3	(36.4)
Other gains (losses), including foreign currency gains (losses)	6.9	(4.9)	(3.7)
Total non-operating income (loss)	70.7	188.9	4.6
Income before income taxes	667.0	775.5	573.0
Provision for income taxes	161.9	182.1	156.3
Net income	505.1	593.4	416.7
Less: net income (loss) attributable to redeemable non-controlling interests	14.6	19.6	(23.2)
Net income attributable to T. Rowe Price Group, Inc.	490.5	573.8	439.9
Less: net income allocated to outstanding restricted stock and stock unit holders	12.4	15.8	11.6
Net income allocated to T. Rowe Price common stockholders	\$ 478.1	\$ 558.0	\$ 428.3
Earnings per share			
Basic	\$ 2.15	\$ 2.50	\$ 1.93
Diluted	\$ 2.15	\$ 2.49	\$ 1.92
Weighted-average common shares			
Outstanding	222.3	223.6	222.4
Outstanding assuming dilution	222.6	224.2	222.8
Summary of Adjusted Basis⁽²⁾			
(in millions, except per-share data)			
	3/31/2025	3/31/2024	12/31/2024
Operating expenses	\$ 1,135.1	\$ 1,071.4	\$ 1,222.6
Operating expenses, excluding accrued carried interest related compensation	\$ 1,131.2	\$ 1,052.9	\$ 1,218.7
Net operating income	\$ 640.6	\$ 692.4	\$ 620.2
Non-operating income (loss)	\$ 35.5	\$ 28.5	\$ 34.3
Net income attributable to T. Rowe Price	\$ 509.3	\$ 548.5	\$ 484.8
Diluted earnings per common share	\$ 2.23	\$ 2.38	\$ 2.12

⁽¹⁾ In Q1 2024, performance-based advisory fees were included in investment advisory fees.

⁽²⁾ See the reconciliation to the comparable U.S. GAAP measures at the end of this earnings release.

The following table summarizes the cash flows for the three months ended 2025 that are attributable to T. Rowe Price, our consolidated investment products, and the related eliminations required.

	Three months ended			
	3/31/2025			
(in millions)	Cash flow attributable to T. Rowe Price	Cash flow attributable to consolidated investment products	Elims	As reported
Cash flows from operating activities				
Net income (loss)	\$ 490.5	\$ 29.4	\$ (14.8)	\$ 505.1
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation, amortization and impairments of property, equipment and software	63.6	—	—	63.6
Amortization and impairment of acquisition-related assets and retention agreements	49.0	—	—	49.0
Stock-based compensation expense	50.3	—	—	50.3
Net (gains) losses recognized on investments	(23.1)	—	14.8	(8.3)
Net investments in investment products used to economically hedge deferred compensation liabilities	45.9	—	—	45.9
Net change in trading securities held by consolidated investment products	—	(163.0)	—	(163.0)
Other changes	95.7	(3.5)	(1.9)	90.3
Net cash provided by (used in) operating activities	771.9	(137.1)	(1.9)	632.9
Net cash provided by (used in) investing activities	(95.6)	3.7	44.1	(47.8)
Net cash provided by (used in) financing activities	(489.4)	120.2	(42.2)	(411.4)
Effect of exchange rate changes on cash and cash equivalents of consolidated investment products	—	0.9	—	0.9
Net change in cash and cash equivalents during the period	186.9	(12.3)	—	174.6
Cash and cash equivalents at beginning of the year	2,649.8	63.1	—	2,712.9
Cash and cash equivalents at end of the period	<u>\$ 2,836.7</u>	<u>\$ 50.8</u>	<u>\$ —</u>	<u>\$ 2,887.5</u>

Unaudited Condensed Consolidated Balance Sheet Information

(in millions)	As of	
	3/31/2025	12/31/2024
Cash and cash equivalents	\$ 2,836.7	\$ 2,649.8
Accounts receivable and accrued revenue	934.6	877.4
Investments	3,240.3	3,000.5
Assets of consolidated investment products	1,794.4	2,044.0
Operating lease assets	421.3	226.8
Property, equipment and software, net	995.5	977.0
Goodwill and intangible assets	2,986.5	3,010.9
Other assets	784.4	685.6
Total assets	13,993.7	13,472.0
Deferred compensation liabilities	976.9	1,020.7
Total other liabilities, includes \$42.0 at March 31, 2025, and \$62.1 at December 31, 2024, from consolidated investment products	1,484.5	1,001.2
Non-controlling interests*	1,137.6	1,104.7
Stockholders' equity attributable to T. Rowe Price Group, Inc., 221.1 common shares outstanding at March 31, 2025 and 223.0 common shares outstanding at December 31, 2024	<u>\$ 10,394.7</u>	<u>\$ 10,345.4</u>

* This includes both redeemable and non-redeemable non-controlling interest in consolidated entities.

The following tables detail changes in our investments in affiliated private investment funds - carried interest and non-controlling interest in consolidated entities.

Investments in affiliated private investment funds - carried interest (in millions)	Three months ended		
	3/31/2025	3/31/2024	12/31/2024
Balance at beginning of period	\$ 426.9	\$ 519.9	\$ 499.7
Capital allocation-based income:			
Change in accrued carried interest	9.2	59.5	12.5
Acquisition-related amortization and impairments	(10.4)	(12.4)	(17.7)
Net distributions	(43.1)	(52.7)	(67.6)
Balance at end of period	<u>\$ 382.6</u>	<u>\$ 514.3</u>	<u>\$ 426.9</u>

Non-controlling interests (NCI) in consolidated entities (in millions)	Three months ended		
	3/31/2025	3/31/2024	12/31/2024
Balance at beginning of period	\$ 160.7	\$ 192.0	\$ 203.4
Capital allocation-based income compensation:			
Change in accrued carried interest compensation	3.9	18.5	3.9
Acquisition-related amortization and impairments	(4.3)	(5.3)	(7.3)
Net contributions (distributions)	0.1	0.2	(39.3)
Balance at end of period	<u>\$ 160.4</u>	<u>\$ 205.4</u>	<u>\$ 160.7</u>

Non-GAAP Information and Reconciliation

The firm believes the non-GAAP financial measures below provide relevant and meaningful information to investors about its core operating results. These measures have been established in order to increase transparency for the purpose of evaluating the firm's core business, for comparing current results with prior period results, and to enable more appropriate comparison with industry peers. However, non-GAAP financial measures should not be considered as a substitute for financial measures calculated in accordance with U.S. GAAP and may be calculated differently by other companies.

The following schedules reconcile U.S. GAAP financial measures to non-GAAP financial measures for the three months ended March 31, 2025 and 2024, and December 31, 2024.

Three months ended 3/31/2025						
	Operating expenses	Net operating income	Non-operating income (loss)	Provision (benefit) for income taxes ⁽⁵⁾	Net income attributable to T. Rowe Price Group, Inc.	Diluted earnings per share ⁽⁶⁾
U.S. GAAP Basis (FS line item)	\$ 1,167.6	\$ 596.3	\$ 70.7	\$ 161.9	\$ 490.5	\$ 2.15
Non-GAAP adjustments:						
Acquisition-related:						
Investment and NCI amortization and impairments ⁽¹⁾ (Capital allocation-based income and Compensation and related costs)	4.3	6.1	—	1.2	4.9	0.02
Acquisition-related retention arrangements ⁽¹⁾ (Compensation and related costs)	(14.2)	14.2	—	3.0	11.2	0.05
Intangible assets amortization and impairments ⁽¹⁾	(28.7)	28.7	—	5.9	22.8	0.10
Total acquisition-related	(38.6)	49.0	—	10.1	38.9	0.17
Deferred compensation liabilities ⁽²⁾ (Compensation and related costs)	7.2	(7.2)	10.7	0.7	2.8	0.01
Consolidated investment products ⁽³⁾	(1.1)	2.5	(31.9)	(3.1)	(11.7)	(0.05)
Other non-operating income ⁽⁴⁾	—	—	(14.0)	(2.8)	(11.2)	(0.05)
Adjusted Non-GAAP Basis	\$ 1,135.1	\$ 640.6	\$ 35.5	\$ 166.8	\$ 509.3	\$ 2.23
Three months ended 3/31/2024						
	Operating expenses	Net operating income	Non-operating income (loss)	Provision (benefit) for income taxes ⁽⁵⁾	Net income attributable to T. Rowe Price Group, Inc.	Diluted earnings per share ⁽⁶⁾
U.S. GAAP Basis (FS line item)	\$ 1,163.6	\$ 586.6	\$ 188.9	\$ 182.1	\$ 573.8	\$ 2.49
Non-GAAP adjustments:						
Acquisition-related:						
Investment and NCI amortization and impairments ⁽¹⁾ (Capital allocation-based income and Compensation and related costs)	5.3	7.1	—	2.0	5.1	0.02
Acquisition-related retention arrangements ⁽¹⁾ (Compensation and related costs)	(13.5)	13.5	—	3.8	9.7	0.04
Intangible assets amortization and impairments ⁽¹⁾	(29.9)	29.9	—	8.3	21.6	0.10
Total acquisition-related	(38.1)	50.5	—	14.1	36.4	0.16
Deferred compensation liabilities ⁽²⁾ (Compensation and related costs)	(53.0)	53.0	(49.7)	0.9	2.4	0.01
Consolidated investment products ⁽³⁾	(1.1)	2.3	(72.3)	(14.0)	(36.4)	(0.16)
Other non-operating income ⁽⁴⁾	—	—	(38.4)	(10.7)	(27.7)	(0.12)
Adjusted Non-GAAP Basis	\$ 1,071.4	\$ 692.4	\$ 28.5	\$ 172.4	\$ 548.5	\$ 2.38

Three months ended 12/31/2024						
	Operating expenses	Net operating income	Non-operating income (loss)	Provision (benefit) for income taxes ⁽⁵⁾	Net income attributable to T. Rowe Price Group, Inc.	Diluted earnings per share ⁽⁶⁾
U.S. GAAP Basis (FS line item)	\$ 1,256.1	\$ 568.4	\$ 4.6	\$ 156.3	\$ 439.9	\$ 1.92
Non-GAAP adjustments:						
Acquisition-related:						
Investment and NCI amortization and impairments ⁽¹⁾ (Capital allocation-based income and Compensation and related costs)	7.3	10.4	—	2.4	8.0	0.04
Acquisition-related retention arrangements ⁽¹⁾ (Compensation and related costs)	(14.2)	14.2	—	3.3	10.9	0.04
Intangible assets amortization and impairments ⁽¹⁾	(31.4)	31.4	—	7.2	24.2	0.11
Total acquisition-related	(38.3)	56.0	—	12.9	43.1	0.19
Deferred compensation liabilities ⁽²⁾ (Compensation and related costs)	6.7	(6.7)	9.2	0.6	1.9	0.01
Consolidated investment products ⁽³⁾	(1.9)	2.5	36.4	3.6	12.1	0.05
Other non-operating income ⁽⁴⁾	—	—	(15.9)	(3.7)	(12.2)	(0.05)
Adjusted Non-GAAP Basis	\$ 1,222.6	\$ 620.2	\$ 34.3	\$ 169.7	\$ 484.8	\$ 2.12

- (1) These non-GAAP adjustments remove the impact of acquisition-related amortization and costs, including amortization of intangible assets, the recurring fair value remeasurements of the contingent consideration liability, if any, amortization of acquired investment and non-controlling interest basis differences and amortization of compensation-related arrangements. We believe adjusting for these charges helps the reader's ability to understand our core operating results and increases comparability period to period.
- (2) This non-GAAP adjustment eliminates the compensation expense impact from market valuation changes in deferred compensation liabilities, including the supplemental savings plan and, starting in Q4 2024, restricted fund units, and the related net gains (losses) on investments used as economic hedges against the related liabilities. The liabilities are adjusted based on the performance of hypothetical investments selected by participants. We use investment products to economically hedge the market risk associated with the supplemental savings plan liability and the expected settlement value of unvested restricted fund units. We believe it is useful to offset the non-operating investment income (loss) of the hedges against the related compensation expense and remove the net impact to help the reader's ability to understand the firm's core operating results and to increase comparability period to period.
- (3) This non-GAAP adjustment removes the impact of the consolidated investment products by adding back their operating expenses and subtracting their investment income. The operating expense adjustment represents their operating expenses net of related investment advisory and administrative fees. The adjustment to net income attributable to T. Rowe Price Group, Inc. represents the consolidated investment products' net income, net of redeemable non-controlling interests. We believe this adjustment helps the reader's ability to understand our core operating results and increases comparability period to period.
- (4) This non-GAAP adjustment removes non-operating income (loss) earned on those investments that are not economic hedges for the deferred compensation liabilities and are not part of the cash and discretionary investment portfolio. We retain gains from cash and discretionary investments in our non-GAAP measures, as they are considered part of our core operations. We believe adjusting for the remaining non-operating income (loss) helps the reader's ability to understand the firm's core operating results and increases comparability period to period. Additionally, we do not emphasize this portion of non-operating income (loss) when assessing the firm's performance.
- (5) The income tax impacts were calculated in order to achieve an overall non-GAAP effective tax rate for the three months ended March 31, 2025 and 2024 was 24.7% and 23.9%, respectively.

- (6) This non-GAAP measure was calculated by applying the two-class method to adjusted net income attributable to T. Rowe Price Group and dividing by the weighted-average common shares outstanding assuming dilution. The calculation of adjusted net income allocated to common stockholders is as follows:

	Three months ended		
	3/31/2025	3/31/2024	12/31/2024
Adjusted net income attributable to T. Rowe Price	\$ 509.3	\$ 548.5	\$ 484.8
Less: adjusted net income allocated to outstanding restricted stock and stock unit holders	12.9	15.2	12.7
Adjusted net income allocated to common stockholders	<u>\$ 496.4</u>	<u>\$ 533.3</u>	<u>\$ 472.1</u>