

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-39510

STEPSTONE GROUP INC.

(Exact name of Registrant as specified in its charter)

Delaware

84-3868757

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

277 Park Avenue , 45th Floor

New York , NY

10172

(Address of principal executive offices)

(Zip Code)

(212) 351-6100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.001 par value per share	STEP	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of February 4, 2025, there were 75,849,734 shares of the registrant's Class A common stock, par value \$0.001, and 40,127,254 shares of the registrant's Class B common stock, par value \$0.001, outstanding.

Table of Contents

	Page
PART I - FINANCIAL INFORMATION	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets as of December 31, 2024 and March 31, 2024</u>	<u>6</u>
<u>Condensed Consolidated Statements of Income (Loss) for the Three and Nine Months Ended December 31, 2024 and 2023</u>	<u>8</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Nine Months Ended December 31, 2024 and 2023</u>	<u>9</u>
<u>Condensed Consolidated Statements of Stockholders' Equity for the Three and Nine Months Ended December 31, 2024 and 2023</u>	<u>10</u>
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended December 31, 2024 and 2023</u>	<u>12</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>14</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>49</u>
<u>Item 3. Qualitative and Quantitative Disclosures about Market Risk</u>	<u>87</u>
<u>Item 4. Controls and Procedures</u>	<u>89</u>
PART II - OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	<u>90</u>
<u>Item 1A. Risk Factors</u>	<u>90</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>93</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>93</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>93</u>
<u>Item 5. Other Information</u>	<u>93</u>
<u>Item 6. Exhibits</u>	<u>94</u>
<u>Signatures</u>	<u>95</u>

This quarterly report on Form 10-Q ("Form 10-Q") includes certain information regarding the historical investment performance of our focused commingled funds and separately managed accounts. An investment in shares of our Class A common stock is not an investment in any StepStone Fund (as defined below). The StepStone Funds are separate, distinct legal entities that are not our subsidiaries. In the event of our bankruptcy or liquidation, you will have no claim against the StepStone Funds. In considering the performance information relating to the StepStone Funds contained herein, current and prospective Class A common stockholders should bear in mind that the performance of the StepStone Funds is not indicative of the possible performance of shares of our Class A common stock and also is not necessarily indicative of the future results of the StepStone Funds, even if fund investments were in fact liquidated on the dates indicated, and we cannot assure you that the StepStone Funds will continue to achieve, or that future StepStone Funds will achieve, comparable results.

Unless otherwise indicated or the context otherwise requires:

- "**StepStone Group Inc.**" or "**SSG**" refers solely to StepStone Group Inc., a Delaware corporation, and not to any of its subsidiaries;
- the "**Partnership**" refers solely to StepStone Group LP, a Delaware limited partnership, and not to any of its subsidiaries;
- "**General Partner**" refers to StepStone Group Holdings LLC, a Delaware limited liability company, and the sole general partner of the Partnership;
- "**we**," "**us**," "**our**," the "**Company**," "**our company**," "**StepStone**" and similar terms refer to SSG and its consolidated subsidiaries, including the Partnership;
- "**StepStone Funds**" or "**our funds**" refer to our focused commingled funds and our separately managed accounts for which we act as both investment adviser and general partner or managing member;
- references to the "**Greenspring acquisition**" refer to the acquisition of Greenspring Associates, Inc. and certain of its affiliates ("**Greenspring**") that was completed on September 20, 2021;
- references to "**FY**," "**fiscal**" or "**fiscal year**" are to the fiscal year ended March 31 of the applicable year;
- references to the "**Reorganization**" refer to the series of transactions immediately before the Company's initial public offering ("**IPO**"), which was completed on September 18, 2020;
- references to "**private markets allocations**" or "**total capital responsibility**" refer to the aggregate amount of our assets under management ("**AUM**") and our assets under advisement ("**AUA**");
- references to "**high-net-worth**" individuals refer to individuals with net worth of over \$5 million, excluding primary residence;
- references to "**mass affluent**" individuals refer to individuals with annual income over \$200,000 or net worth between \$1 million and \$5 million, excluding primary residence;
- references to "**Consolidated Funds**" refer to the StepStone Funds that we are required to consolidate as of the applicable reporting period; and
- references to "**SRA**" refer to StepStone Group Real Assets LP, references to "**SRE**" refer to StepStone Group Real Estate LP, references to "**SPD**" refer to StepStone Group Private Debt AG, and references to "**SPW**" refer to StepStone Group Private Wealth LLC.

TRADEMARKS, SERVICE MARKS AND TRADE NAMES

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are owned by us or licensed by us. We also own or have the rights to copyrights that protect the content of our solutions. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this Form 10-Q are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, trade names and copyrights.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position made in this Form 10-Q are forward-looking. We use words such as "anticipate," "believe," "continue," "estimate," "expect," "future," "intend," "may," "plan" and "will" and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current plans, estimates and expectations and are inherently uncertain. The inclusion of any forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated will be achieved. Forward-looking statements are subject to various risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, global and domestic market and business conditions, our successful execution of business and growth strategies, the favorability of the private markets fundraising environment, successful integration of acquired businesses and regulatory factors relevant to our business, as well as assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity and the risks and uncertainties described in greater detail under "Risk Factors" in Part I, Item 1A of our annual report on Form 10-K for the fiscal year ended March 31, 2024 and in our subsequent reports filed from time to time with the U.S. Securities and Exchange Commission ("SEC"), which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Form 10-Q and in our other periodic filings. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

StepStone Group Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(in thousands, except share and per share amounts)

	As of	
	December 31, 2024	March 31, 2024
Assets		
Cash and cash equivalents	\$ 223,103	\$ 143,430
Restricted cash	720	718
Fees and accounts receivable	63,521	56,769
Due from affiliates	96,590	67,531
Investments:		
Investments in funds	172,748	135,043
Accrued carried interest allocations	1,474,543	1,354,051
Legacy Greenspring investments in funds and accrued carried interest allocations ⁽¹⁾	572,459	631,197
Deferred income tax assets	356,122	184,512
Lease right-of-use assets, net	90,567	97,763
Other assets and receivables	66,114	60,611
Intangibles, net	274,122	304,873
Goodwill	580,542	580,542
Assets of Consolidated Funds:		
Cash and cash equivalents	55,681	38,164
Investments, at fair value	320,482	131,858
Other assets	2,333	1,745
Total assets	<hr/> \$ 4,349,647	<hr/> \$ 3,788,807
Liabilities and stockholders' equity		
Accounts payable, accrued expenses and other liabilities	\$ 139,068	\$ 127,417
Accrued compensation and benefits	690,321	101,481
Accrued carried interest-related compensation	730,218	719,497
Legacy Greenspring accrued carried interest-related compensation ⁽¹⁾	439,898	484,154
Due to affiliates	315,739	212,918
Lease liabilities	112,175	119,739
Debt obligations	168,942	148,822
Liabilities of Consolidated Funds:		
Other liabilities	9,860	1,645
Total liabilities	<hr/> 2,606,221	<hr/> 1,915,673
Commitments and contingencies (Note 14)		
Redeemable non-controlling interests in Consolidated Funds	286,822	102,623
Redeemable non-controlling interests in subsidiaries	6,552	115,920
Stockholders' equity:		
Class A common stock, \$ 0.001 par value, 650,000,000 authorized; 75,841,118 and 65,614,902 issued and outstanding as of December 31, 2024 and March 31, 2024, respectively	76	66
Class B common stock, \$ 0.001 par value, 125,000,000 authorized; 40,127,254 and 45,030,959 issued and outstanding as of December 31, 2024 and March 31, 2024, respectively	40	45
Additional paid-in capital	415,059	310,293
Retained earnings (accumulated deficit)	(205,674)	13,768
Accumulated other comprehensive income	341	304
Total StepStone Group Inc. stockholders' equity	209,842	324,476
Non-controlling interests in subsidiaries	1,051,919	974,559
Non-controlling interests in legacy Greenspring entities ⁽⁴⁾	132,561	147,042
Non-controlling interests in the Partnership	55,730	208,514
Total stockholders' equity	<hr/> 1,450,052	<hr/> 1,654,591
Total liabilities and stockholders' equity	<hr/> \$ 4,349,647	<hr/> \$ 3,788,807

(1) Reflects amounts attributable to consolidated VIEs for which the Company did not acquire any direct economic interests. See note 5 for more information.

See accompanying notes to condensed consolidated financial statements.

StepStone Group Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(in thousands)

The following presents the portion of the condensed consolidated balances presented above attributable to consolidated variable interest entities.

	As of	
	December 31, 2024	March 31, 2024
Assets		
Cash and cash equivalents	\$ 82,410	\$ 46,859
Restricted cash	720	718
Fees and accounts receivable	56,868	52,566
Due from affiliates	58,839	23,986
Investments in funds	47,079	39,590
Legacy Greenspring investments in funds and accrued carried interest allocations	572,459	631,197
Deferred income tax assets	582	349
Lease right-of-use assets, net	15,042	16,665
Other assets and receivables	11,050	11,491
<i>Assets of Consolidated Funds:</i>		
Cash and cash equivalents	55,681	38,164
Investments, at fair value	320,482	131,858
Other assets	2,333	1,745
Total assets	<hr/> 1,223,545	<hr/> 995,188
	<hr/> \$	<hr/> \$
Liabilities		
Accounts payable, accrued expenses and other liabilities	\$ 29,030	\$ 27,155
Accrued compensation and benefits	599,578	57,487
Legacy Greenspring accrued carried interest-related compensation	439,898	484,154
Due to affiliates	7,875	5,845
Lease liabilities	15,605	17,415
<i>Liabilities of Consolidated Funds:</i>		
Other liabilities	9,860	1,645
Total liabilities	<hr/> \$ 1,101,846	<hr/> \$ 593,701
	<hr/> \$	<hr/> \$

See accompanying notes to condensed consolidated financial statements.

StepStone Group Inc.
Condensed Consolidated Statements of Income (Loss) (Unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Revenues				
Management and advisory fees, net	\$ 190,840	\$ 151,492	\$ 553,613	\$ 431,730
Performance fees:				
Incentive fees	22,369	17,891	26,365	22,843
Carried interest allocations:				
Realized	24,282	15,289	83,718	31,347
Unrealized	93,325	(129,584)	120,370	(24,849)
Total carried interest allocations	117,607	(114,295)	204,088	6,498
Legacy Greenspring carried interest allocations ⁽¹⁾	8,207	(69,700)	13,035	(106,250)
Total performance fees	148,183	(166,104)	243,488	(76,909)
Total revenues	339,023	(14,612)	797,101	354,821
Expenses				
Compensation and benefits:				
Cash-based compensation	85,203	73,619	246,298	218,551
Equity-based compensation	486,418	14,032	542,929	28,420
Performance fee-related compensation:				
Realized	25,477	15,444	55,092	26,266
Unrealized	49,670	(62,243)	66,495	(9,320)
Total performance fee-related compensation	75,147	(46,799)	121,587	16,946
Legacy Greenspring performance fee-related compensation ⁽¹⁾	8,207	(69,700)	13,035	(106,250)
Total compensation and benefits	654,975	(28,848)	923,849	157,667
General, administrative and other	43,130	48,001	134,202	113,007
Total expenses	698,105	19,153	1,058,051	270,674
Other income (expense)				
Investment income (loss)	1,064	(2,051)	5,710	4,115
Legacy Greenspring investment income (loss) ⁽¹⁾	1,167	(2,222)	(4,119)	(9,054)
Investment income of Consolidated Funds	15,037	11,223	30,878	22,357
Interest income	2,559	827	7,632	2,235
Interest expense	(3,008)	(2,562)	(9,510)	(6,682)
Other income (loss)	(2,452)	4,408	(1,626)	3,763
Total other income	14,367	9,623	28,965	16,734
Income (loss) before income tax	(344,715)	(24,142)	(231,985)	100,881
Income tax expense (benefit)	(57,552)	(723)	(46,005)	15,603
Net income (loss)	(287,163)	(23,419)	(185,980)	85,278
Less: Net income attributable to non-controlling interests in subsidiaries	27,226	13,552	62,966	32,797
Less: Net income (loss) attributable to non-controlling interests in legacy Greenspring entities ⁽¹⁾	1,167	(2,222)	(4,119)	(9,054)
Less: Net income (loss) attributable to non-controlling interests in the Partnership	(134,760)	(20,111)	(107,856)	22,677
Less: Net income attributable to redeemable non-controlling interests in Consolidated Funds	10,905	5,588	23,101	11,590
Less: Net income attributable to redeemable non-controlling interests in subsidiaries	314	—	983	—
Net income (loss) attributable to StepStone Group Inc.	\$ (192,015)	\$ (20,226)	\$ (161,055)	\$ 27,268
Net income (loss) per share of Class A common stock:				
Basic	\$ (2.61)	\$ (0.32)	\$ (2.32)	\$ 0.43
Diluted	\$ (2.61)	\$ (0.32)	\$ (2.32)	\$ 0.43
Weighted-average shares of Class A common stock:				
Basic	73,687,289	64,068,952	69,561,254	63,255,604
Diluted	73,687,289	64,068,952	69,561,254	66,299,982

(1) Reflects amounts attributable to consolidated VIEs for which the Company did not acquire any direct economic interests. See notes 3 and 5 for more information.

StepStone Group Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(in thousands)

	Three Months Ended December		Nine Months Ended December	
	31,		31,	
	2024	2023	2024	2023
Net income (loss)	\$ (287,163)	\$ (23,419)	\$ (185,980)	\$ 85,278
Other comprehensive income (loss):				
Foreign currency translation adjustment	210	(545)	3	(990)
Total other comprehensive income (loss)	210	(545)	3	(990)
Comprehensive income (loss) before non-controlling interests	(286,953)	(23,964)	(185,977)	84,288
Less: Comprehensive income attributable to non-controlling interests in subsidiaries	27,268	13,274	62,913	32,309
Less: Comprehensive income (loss) attributable to non-controlling interests in legacy Greenspring entities	1,167	(2,222)	(4,119)	(9,054)
Less: Comprehensive income (loss) attributable to non-controlling interests in the Partnership	(134,697)	(20,226)	(107,837)	22,459
Less: Comprehensive income attributable to redeemable non-controlling interests in Consolidated Funds	10,905	5,588	23,101	11,590
Less: Comprehensive income attributable to redeemable non-controlling interests in subsidiaries	314	—	983	—
Comprehensive income (loss) attributable to StepStone Group Inc.	<u>\$ (191,910)</u>	<u>\$ (20,378)</u>	<u>\$ (161,018)</u>	<u>\$ 26,984</u>

See accompanying notes to condensed consolidated financial statements.

StepStone Group Inc.
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(in thousands)

	Non-Controlling									
	Retained				Interests in					
	Class A		Class B		Paid-in Capital	(Accumulated Deficit)	Earnings	Accumulated Other	Non-Controlling	Total
	Common Stock	Common Stock	Common Stock	Common Stock			Income	Comprehensive	Interests in Subsidiaries	Stockholders' Equity
Balance at September 30, 2024	\$ 73	\$ 43	\$ 393,115	\$ 3,992	\$ 236	\$ 1,021,775	\$ 150,852	\$ 218,391	\$ 1,788,477	
Net income (loss)	—	—	—	(192,015)	—	27,226	1,167	(134,760)	(298,382)	
Other comprehensive income	—	—	—	—	105	42	—	63	210	
Contributed capital	—	—	—	—	—	7,078	501	—	7,579	
Equity-based compensation	—	—	1,690	—	—	204	—	1,026	2,920	
Distributions	—	—	—	—	—	(4,406)	(19,959)	(14,099)	(38,464)	
Dividends declared	—	—	—	(17,651)	—	—	—	—	(17,651)	
Exchange of Class B, Class C and Class D units for Class A common stock and redemption of corresponding Class B common stock	3	(3)	(3)	—	—	—	—	—	—	(3)
Equity reallocation between controlling and non-controlling interests	—	—	14,891	—	—	—	—	—	(14,891)	—
Deferred tax effect resulting from equity transactions affecting ownership in the Partnership ⁽⁴⁾	—	—	5,366	—	—	—	—	—	—	5,366
Balance at December 31, 2024	\$ 76	\$ 40	\$ 415,059	\$ (205,674)	\$ 341	\$ 1,051,919	\$ 132,561	\$ 55,730	\$ 1,450,052	
Non-Controlling										
	Retained				Interests in					
	Class A		Class B		Paid-in Capital	(Accumulated Deficit)	Earnings	Accumulated Other	Non-Controlling	Total
	Common Stock	Common Stock	Common Stock	Common Stock			Income	Comprehensive	Interests in Subsidiaries	Stockholders' Equity
Balance at March 31, 2024	\$ 66	\$ 45	\$ 310,293	\$ 13,768	\$ 304	\$ 974,559	\$ 147,042	\$ 208,514	\$ 1,654,591	
Net income (loss)	—	—	—	(161,055)	—	62,966	(4,119)	(107,856)	(210,064)	
Other comprehensive income (loss)	—	—	—	—	37	(53)	—	19	3	
Contributed capital	—	—	—	—	—	7,078	19,247	—	26,325	
Equity-based compensation	—	—	7,803	—	—	612	—	5,513	13,928	
Distributions	—	—	—	—	—	(35,554)	(29,609)	(61,374)	(126,537)	
Dividends declared	—	—	—	(58,387)	—	—	—	—	(58,387)	
Vesting of RSUs, net of shares withheld for employee taxes	1	—	(673)	—	—	—	—	—	(451)	(1,123)
Class A common stock issued under ESPP	—	—	684	—	—	—	—	—	431	1,115
Exchange of Class B, Class C and Class D units for Class A common stock and redemption of corresponding Class B common stock	9	(8)	(9)	—	—	—	—	—	—	(8)
Vesting of Class B2 units and issuance of corresponding Class B common stock at par value	—	3	—	—	—	—	—	—	—	3
Purchase of non-controlling interests	—	—	(3,149)	—	—	—	—	—	(2,249)	(5,398)
Settlement of non-controlling interests related to awards of carried interest allocations	—	—	—	—	—	54,977	—	—	—	54,977
Redemption of redeemable non-controlling interests in subsidiaries	—	—	55,879	—	—	—	—	—	41,504	97,383
Equity reallocation between controlling and non-controlling interests	—	—	40,987	—	—	(12,666)	—	—	(28,321)	—
Deferred tax effect resulting from equity transactions affecting ownership in the Partnership ⁽⁴⁾	—	—	3,244	—	—	—	—	—	—	3,244
Balance at December 31, 2024	\$ 76	\$ 40	\$ 415,059	\$ (205,674)	\$ 341	\$ 1,051,919	\$ 132,561	\$ 55,730	\$ 1,450,052	

(1) See notes 10 and 13 for more information.

See accompanying notes to condensed consolidated financial statements.

StepStone Group Inc.
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(in thousands)

	Non-Controlling										Stockholders' Equity	
				Accumulated Other		Non-Controlling		Legacy		Non-Controlling		
	Class A	Class B	Additional Paid-in Capital	Retained Earnings	Comprehensive Income	Interests in Subsidiaries	Greenspring Entities	Interests in the Partnership	Total			
	Common Stock	Common Stock	in Capital									
Balance at September 30, 2023	\$ 64	\$ 46	\$ 628,977	\$ 165,240	\$ 338	\$ 30,394	\$ 144,255	\$ 669,097	\$ 1,638,411			
Net income (loss)	—	—	—	(20,226)	—	13,552	(2,222)	(20,111)	(29,007)			
Other comprehensive loss	—	—	—	—	(152)	(278)	—	(115)	(545)			
Contributed capital	—	—	—	—	—	—	4,248	9	4,257			
Equity-based compensation	—	—	2,874	—	—	148	—	2,166	5,188			
Distributions	—	—	—	—	—	(6,989)	(543)	(5,681)	(13,213)			
Dividends declared	—	—	—	(13,676)	—	—	—	—	(13,676)			
Deferred tax effect resulting from equity transactions affecting ownership in the Partnership ⁽¹⁾	—	—	(1,643)	—	—	—	—	—	(1,643)			
Balance at December 31, 2023	<u>\$ 64</u>	<u>\$ 46</u>	<u>\$ 630,208</u>	<u>\$ 131,338</u>	<u>\$ 186</u>	<u>\$ 36,827</u>	<u>\$ 145,738</u>	<u>\$ 645,365</u>	<u>\$ 1,589,772</u>			
Balance at March 31, 2023	\$ 63	\$ 46	\$ 610,567	\$ 160,430	\$ 461	\$ 36,380	\$ 152,658	\$ 668,182	\$ 1,628,787			
Net income (loss)	—	—	—	27,268	—	32,797	(9,054)	22,677	73,688			
Other comprehensive loss	—	—	—	—	(284)	(488)	—	(218)	(990)			
Contributed capital	—	—	—	—	—	—	8,833	37	8,870			
Equity-based compensation	—	—	7,949	—	—	444	—	6,117	14,510			
Distributions	—	—	—	—	—	(30,961)	(6,699)	(40,569)	(78,229)			
Dividends declared	—	—	—	(56,360)	—	—	—	—	(56,360)			
Vesting of RSUs, net of shares withheld for employee taxes	—	—	(345)	—	—	—	—	—	(268)	(613)		
Exchange of Class B and Class C units for Class A common stock and redemption of corresponding Class B common stock	1	—	(1)	—	—	—	—	—	—	—		
Sale of non-controlling interests	—	—	851	—	—	1,553	—	641	3,045			
Equity reallocation between controlling and non-controlling interests	—	—	14,123	—	9	(2,898)	—	(11,234)	—	—		
Deferred tax effect resulting from equity transactions affecting ownership in the Partnership ⁽¹⁾	—	—	(2,936)	—	—	—	—	—	(2,936)			
Balance at December 31, 2023	<u>\$ 64</u>	<u>\$ 46</u>	<u>\$ 630,208</u>	<u>\$ 131,338</u>	<u>\$ 186</u>	<u>\$ 36,827</u>	<u>\$ 145,738</u>	<u>\$ 645,365</u>	<u>\$ 1,589,772</u>			

(1) See notes 10 and 13 for more information.

See accompanying notes to condensed consolidated financial statements.

StepStone Group Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended December 31,	
	2024	2023
Cash flows from operating activities		
Net income (loss)	\$ (185,980)	\$ 85,278
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>		
Depreciation and amortization	34,087	36,138
Unrealized carried interest allocations and investment (income) loss	(121,324)	26,222
Unrealized legacy Greenspring carried interest allocations and investment loss	54,718	145,828
Unrealized performance fee-related compensation	66,495	(9,320)
Unrealized legacy Greenspring performance fee-related compensation	(43,793)	(132,228)
Amortization of deferred financing costs	521	354
Equity-based compensation	529,788	28,596
Change in deferred income taxes	(57,563)	2,238
Fair value adjustment for acquisition-related contingent consideration	16,062	4,639
Gain on remeasurement of lease liabilities	—	(106)
Loss on sale of subsidiary	—	812
Other non-cash activities	—	563
<i>Adjustments to reconcile net income to net cash used in operating activities of Consolidated Funds:</i>		
Unrealized investment income of Consolidated Funds	(28,149)	(21,024)
Purchases of investments of Consolidated Funds	(165,967)	(58,476)
Proceeds from sale of investments of Consolidated Funds	5,492	273
<i>Changes in operating assets and liabilities:</i>		
Fees and accounts receivable	(6,752)	(13,706)
Due from affiliates	(29,059)	(12,129)
Other assets and receivables	(6,575)	12,591
Accounts payable, accrued expenses and other liabilities	(4,714)	2,547
Accrued compensation and benefits	72,980	52,275
Due to affiliates	1,797	1,206
Lease right-of-use assets, net and lease liabilities	(368)	1,051
<i>Changes in operating assets and liabilities of Consolidated Funds:</i>		
Other assets and receivables	(588)	(726)
Other liabilities and payables	343	997
Net cash provided by operating activities	<u>131,451</u>	<u>153,893</u>
Cash flows from investing activities		
Contributions to investments	(47,011)	(15,956)
Distributions received from investments	9,218	3,064
Contributions to investments in legacy Greenspring entities	(19,247)	(8,833)
Distributions received from investments in legacy Greenspring entities	22,803	2,153
Purchases of property and equipment	(2,435)	(18,692)
Other investing activities	<u>1</u>	<u>—</u>
Net cash used in investing activities	<u>(36,671)</u>	<u>(38,264)</u>

See accompanying notes to condensed consolidated financial statements.

StepStone Group Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended December 31,	
	2024	2023
Cash flows from financing activities		
Proceeds from capital contributions from non-controlling interests	\$ 7,078	\$ 37
Purchase of non-controlling interests	(5,398)	—
Redemption of redeemable non-controlling interests	(12,968)	—
Proceeds from sale of non-controlling interests	—	3,045
Proceeds from revolving credit facility	25,000	25,000
Proceeds from issuance of Class A common stock of shares under ESPP	1,115	—
Proceeds from issuance of notes payable	175,000	—
Deferred financing costs	(5,401)	—
Payment on revolving credit facility	(175,000)	—
Distributions to non-controlling interests	(96,928)	(71,530)
Proceeds from capital contributions to legacy Greenspring entities	19,247	8,833
Distributions to non-controlling interests in legacy Greenspring entities	(29,609)	(6,699)
Dividends paid to common stockholders	(57,579)	(54,986)
Payments for employee taxes related to net settlement of RSUs	(1,123)	(613)
Payments to related parties under Tax Receivable Agreements	(9,819)	(10,280)
Other financing activities	(5)	—
<i>Cash flows from financing activities of Consolidated Funds:</i>		
Proceeds from borrowings on fund credit facility	7,872	—
Contributions from redeemable non-controlling interests in Consolidated Funds	169,943	39,956
Redemptions of redeemable non-controlling interests in Consolidated Funds	(8,845)	—
Net cash provided by (used in) financing activities	2,580	(67,237)
Effect of foreign currency exchange rate changes	(168)	(3,599)
Net increase in cash, cash equivalents and restricted cash	97,192	44,793
Cash, cash equivalents and restricted cash at beginning of period	182,312	129,517
Cash, cash equivalents and restricted cash at end of period	<u>\$ 279,504</u>	<u>\$ 174,310</u>
Supplemental disclosures:		
Non-cash operating, investing, and financing activities:		
Accrued dividends	\$ 808	\$ 1,374
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements	3,244	(2,936)
Establishment of lease liabilities in exchange for lease right-of-use assets	—	2,878
Issuance of note related to sale of subsidiary	—	8,436
Settlement of non-controlling interests related to awards of carried interest allocations	54,977	—
Equity issued for redemption of redeemable non-controlling interests	97,383	—
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 223,103	\$ 139,970
Restricted cash	720	751
Cash and cash equivalents of Consolidated Funds	55,681	33,589
Total cash, cash equivalents and restricted cash	<u>\$ 279,504</u>	<u>\$ 174,310</u>

See accompanying notes to condensed consolidated financial statements.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

1. Organization

StepStone Group Inc. ("SSG") was incorporated in the state of Delaware on November 20, 2019 and, following its initial public offering in 2020, acts as a holding company for StepStone Group LP (the "Partnership"). SSG is the sole managing member of StepStone Group Holdings LLC (the "General Partner"), the general partner of the Partnership. Unless otherwise specified, "StepStone" or the "Company" refers to SSG and its consolidated subsidiaries, including the Partnership, throughout the remainder of these notes to the condensed consolidated financial statements.

The Company is a global private markets investment firm focused on providing customized investment solutions and advisory and data services to its clients. The Company's clients include some of the world's largest public and private defined benefit and defined contribution pension funds, sovereign wealth funds and insurance companies, as well as prominent endowments, foundations, family offices and private wealth clients, including high-net-worth and mass affluent individuals. The Company partners with its clients to develop and build private markets portfolios designed to meet their specific objectives across the private equity, infrastructure, private debt and real estate asset classes. These portfolios utilize several types of synergistic investment strategies with third-party fund managers, including commitments to funds ("primaries"), acquiring stakes in existing funds on the secondary market ("secondaries") and investing directly into companies ("co-investments").

The Company, through its subsidiaries, acts as the investment advisor and general partner or managing member to separately managed accounts ("SMAs") and focused commingled funds (collectively, the "StepStone Funds").

SSG is a holding company whose principal asset is a controlling financial interest in the Partnership through its ownership of all of the Partnership's Class A units and 100 % of the membership interests in the General Partner of the Partnership. SSG acts as the sole managing member of the General Partner of the Partnership and, as a result, indirectly operates and controls all of the Partnership's business and affairs. As a result, SSG consolidates the financial results of the Partnership and reports non-controlling interests related to the Class B, Class C and Class D units of the Partnership which are not owned by SSG. The assets and liabilities of the Partnership represent substantially all of SSG's consolidated assets and liabilities, with the exception of certain deferred income taxes and payables due to affiliates pursuant to tax receivable agreements (see note 10). Each share of Class A common stock is entitled to one vote and each share of Class B common stock is entitled to five votes. As of December 31, 2024, SSG held approximately 64.0 % of the economic interest in the Partnership. As the Partnership's limited partners exchange their Class B, Class C and Class D units into SSG's Class A common stock in the future, SSG's economic interest in the Partnership will increase relative to that of the Class B, Class C and Class D unitholders.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information. Management believes it has made all necessary adjustments (consisting of only normal recurring items) such that the condensed consolidated financial statements are presented fairly and that estimates made in preparing the condensed consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The condensed consolidated financial statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany balances and transactions have been eliminated in consolidation. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements included in its annual report on Form 10-K for the fiscal year ended March 31, 2024 filed with the Securities and Exchange Commission (“SEC”).

Certain of the StepStone Funds are investment companies that follow specialized accounting under GAAP and reflect their investments at estimated fair value. Accordingly, the carrying value of the Company’s equity method investments in such entities retains the specialized accounting.

Consolidation

The Company consolidates all entities that it controls through a majority voting interest or as the primary beneficiary of a variable interest entity (“VIE”). Under the VIE model, management first assesses whether the Company has a variable interest in an entity. In evaluating whether the Company holds a variable interest, fees received as a decision maker or in exchange for services (including management fees, incentive fees and carried interest allocations) that are customary and commensurate with the level of services provided, and where the Company does not hold other economic interests in the entity that would absorb more than an insignificant amount of the expected losses or returns of the entity, are not considered variable interests. If the Company has a variable interest in an entity, management further assesses whether that entity is a VIE, and if so, whether the Company is the primary beneficiary under the VIE model. Entities that do not qualify as VIEs are assessed for consolidation under the voting interest model. The consolidation analysis can generally be performed qualitatively; however, in certain situations a quantitative analysis may also be performed. Investments and redemptions (either by the Company, affiliates of the Company or third parties) or amendments to the governing documents of the respective StepStone Funds that are VIEs could affect the entity’s status as a VIE or the determination of the primary beneficiary.

Under the VIE model, an entity is deemed to be the primary beneficiary of a VIE if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly affect the entity’s economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. Management determines whether the Company is the primary beneficiary of a VIE at the time it becomes involved with a VIE and reconsiders that conclusion at each reporting date. When assessing whether the Company is the primary beneficiary of a VIE, management evaluates whether the Company’s involvement, through holding interests directly or indirectly in an entity or contractually through other variable interests, would give the Company a controlling financial interest. This analysis includes an evaluation of the Company’s control rights, as well as the economic interests that the Company holds in the VIE, including indirectly through related parties.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

The Company provides investment advisory services to the StepStone Funds, which have third-party clients. These funds are investment companies and are typically organized as limited partnerships or limited liability companies for which the Company, through its operating subsidiaries, acts as the general partner or managing member. A limited partnership or similar entity is a VIE if the unaffiliated limited partners or members do not have substantive rights to terminate or liquidate the fund or remove the general partner or substantive rights to participate. Certain StepStone Funds are VIEs because they have not granted unaffiliated limited partners or members substantive rights to terminate the fund or remove the general partner or substantive rights to participate. The Company does not consolidate these StepStone Funds because it is not the primary beneficiary of those funds, primarily because it does not hold an interest in those funds that is considered more than insignificant and its fee arrangements are considered customary and commensurate.

The Company has determined that certain of its operating subsidiaries, including StepStone Group Real Assets LP ("SRA"), StepStone Group Real Estate LP ("SRE"), StepStone Group Private Debt AG ("SPD"), and StepStone Group Private Wealth LLC ("SPW") and certain StepStone Funds are VIEs, and that the Company is the primary beneficiary of each entity because it has a controlling financial interest in each entity; accordingly, the Company consolidates these entities. The assets and liabilities of the consolidated VIEs are presented gross in the condensed consolidated balance sheets. The assets of the consolidated VIEs may only be used to settle obligations of the consolidated VIEs. See note 4 for more information on both consolidated and unconsolidated VIEs.

In connection with the acquisition of Greenspring Associates, Inc. and certain of its affiliates ("Greenspring") that was completed on September 20, 2021 (the "Greenspring acquisition"), the Company, indirectly through its subsidiaries, became the sole and/or managing member of certain entities, each of which is the general partner of an investment fund ("legacy Greenspring general partner entities"). The Company did not acquire any direct economic interests attributable to the legacy Greenspring general partner entities, including legacy Greenspring investments in funds and carried interest allocations. However, certain arrangements negotiated as part of the acquisition represent variable interests that could be significant. The Company determined that the legacy Greenspring general partner entities are VIEs and it is the primary beneficiary of each such entity because it has a controlling financial interest in each entity. As a result, the Company consolidates these entities.

The Company and its subsidiaries manages or controls certain entities that constitute client investment funds that have been consolidated in the accompanying condensed consolidated financial statements ("Consolidated Funds"). Including the results of the Consolidated Funds increases the reported amounts of the assets, liabilities, expenses and cash flows in the accompanying condensed consolidated financial statements, and amounts related to economic interests held by third-party investors are reflected as redeemable non-controlling interests in Consolidated Funds. The revenues earned by the Company as investment manager of the Consolidated Funds are eliminated in consolidation and generally have no direct effect on the net income attributable to SSG or to Stockholders' Equity.

Non-Controlling Interests

Non-controlling interests ("NCI") reflect the portion of income or loss and the corresponding equity attributable to third-party equity holders and employees in certain consolidated subsidiaries that are not 100% owned by the Company. Non-controlling interests are presented as separate components of stockholders' equity on the Company's condensed consolidated balance sheets to clearly distinguish between the Company's interests and the economic interests of third parties and employees in those entities. Net income (loss) attributable to SSG, as reported in the condensed consolidated statements of income, is presented net of the portion of net income (loss) attributable to holders of non-controlling interests. See note 13 for more information on ownership interests in the Company.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Non-controlling interests in subsidiaries represent the economic interests in SRA, SRE, and SPD (the variable interest entities included in the Company's condensed consolidated financial statements), and certain general partner entities for the StepStone Funds, held by third parties and employees. Non-controlling interests in subsidiaries are allocated a share of income or loss in the respective consolidated subsidiary in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Non-controlling interests in legacy Greenspring entities represent the economic interests in the legacy Greenspring general partner entities. The Company did not acquire any direct economic interests in the legacy Greenspring general partner entities. As a result, all of the net income (loss) attributable to the legacy Greenspring general partner entities is allocated to non-controlling interests in legacy Greenspring entities.

Non-controlling interests in the Partnership represent the economic interests related to the Class B, Class C and Class D units of the Partnership which are not owned by SSG. Non-controlling interests in the Partnership are allocated a share of income or loss in the Partnership in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Redeemable non-controlling interests in Consolidated Funds represent the economic interests in the Consolidated Funds which are not held by SSG, but are held by the client investors in the funds. These interests are presented as redeemable non-controlling interests in Consolidated Funds within the condensed consolidated balance sheets, outside of permanent capital as the investors in these funds generally have the right to withdraw their capital, subject to the terms of the respective contractual agreements. Redeemable non-controlling interests in Consolidated Funds are allocated a share of income or loss in the respective fund in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Redeemable non-controlling interests in subsidiaries represent the redeemable economic interests in the consolidated subsidiaries of the Partnership held by third parties and employees in those entities that were established in connection with the Transaction Agreements as described in note 13. Redeemable non-controlling interests in subsidiaries are allocated a share of income or loss in the respective consolidated subsidiary in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Accounting for Differing Fiscal Periods

The StepStone Funds primarily have a fiscal year end as of December 31. The Company accounts for its investments in the StepStone Funds on a three-month lag due to the timing of receipt of financial information from the investments held by the StepStone Funds. The StepStone Funds primarily invest in private markets funds that generally require at least 90 days following the calendar year end to provide audited financial statements. As a result, the Company uses the December 31 audited financial statements of the StepStone Funds, which reflect the underlying private markets funds as of December 31, to record its investments (including any carried interest allocated by those investments) for its fiscal year-end consolidated financial statements as of March 31. The Company further adjusts the reported carrying values of its investments in the StepStone Funds for its share of capital contributions to and distributions from the StepStone Funds during the three-month lag period. For this interim period ended December 31, 2024, the Company used the September 30, 2024 unaudited financial statements of the StepStone Funds, which reflect the underlying private market funds as of September 30, 2024, to record its investments (including any carried interest allocated from those investments), as adjusted for capital contributions and distributions during the three-month lag period ended December 31, 2024.

The Company does not account for management and advisory fees or incentive fees on a three-month lag.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

To the extent that management becomes aware of any material events that affect the StepStone Funds during the three-month lag period, the effect of the events would be disclosed in the notes to the condensed consolidated financial statements.

Current Events

In 2024, signs of easing inflation coupled with the expansion of economic activity at a sustained pace and low unemployment rates contributed to positive returns in most financial markets despite inflation remaining elevated. Between September 2024 and December 2024, the Federal Reserve announced several decisions to lower the target range for the federal funds rate ultimately to a range of 4.25% to 4.50% in response to positive trends in economic data, including a measure of inflation.

The Company is continuing to closely monitor developments related to inflation, decreasing but still higher interest rates, potential trade, regulatory and governmental policy developments as a result of U.S. elections, banking system volatility, geopolitical tension, unrest or conflicts, including in or with China, Russia, Ukraine, and the Middle East, and assess the impact on financial markets and the Company's business. The Company's results and the overall industry results have been and may continue to be adversely affected by slowdowns in fundraising activity and the pace of capital deployment, which have resulted in, and may continue to result in, delayed or decreased management fees. Further, fund managers have been unable or less able to exit existing investments profitably. Such conditions have resulted in, and may continue to result in, delayed or decreased performance fee revenues. It is currently not possible to predict the ultimate effects of these events on the financial markets, overall economy and the Company's condensed consolidated financial statements.

Fair Value Measurements

GAAP establishes a hierarchical disclosure framework, which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace – including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and therefore a lesser degree of judgment is used in measuring their fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of their fair values, as follows:

- Level I – Pricing inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. The types of financial instruments classified in this category include less liquid securities traded in active markets and securities traded in other than active markets.
- Level III – Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the financial instrument.

The availability of observable inputs can vary depending on the financial asset or liability and is affected by a wide variety of factors including, for example, the type of instrument, whether the instrument has recently been issued, whether the instrument is traded on an active exchange or in the secondary market, and current market conditions. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for financial instruments categorized in Level III. The variability and availability of the observable inputs affected by the factors described above may result in transfers between Levels I, II, and III.

The Company considers its cash, cash equivalents, restricted cash, fees and accounts receivable, accounts payable, investments, notes payable, revolving credit facility, and contingent consideration obligation balance to be financial instruments. The carrying amounts of cash, cash equivalents, restricted cash, fees and accounts receivable and accounts payable equal or approximate their fair values due to their nature and/or the relatively short period over which they are held. See note 6 for additional details regarding the fair value of the Company's contingent consideration obligation balance and see note 8 for additional details regarding the fair value of the Company's notes payable and revolving credit facility balances.

Restricted Cash

Restricted cash consists of cash that the Company is contractually obligated to maintain to secure its letters of credit used primarily related to its office facilities and other obligations.

Investments

Investments primarily include the Company's ownership interests in the StepStone Funds, as general partner or managing member of such funds. The Company accounts for all investments in which it has or is otherwise presumed to have significant influence, but not control, including the StepStone Funds, using the equity method of accounting. The carrying value of these equity method investments is determined based on amounts invested by the Company, adjusted for the Company's share in the earnings or losses of each investee, after consideration of contractual arrangements that govern allocations of income or loss (including carried interest allocations), less distributions received. Investments include the Company's cumulative accrued carried interest allocations from the StepStone Funds, which primarily represent performance-based capital allocations, assuming the StepStone Funds were liquidated as of each reporting date in accordance with the funds' governing documents. Legacy Greenspring investments in funds and accrued carried interest allocations represent the economic interests held by the legacy Greenspring general partner entities in certain funds for which the Company does not have any direct economic interests. All of the economics in respect of such interests are payable to employees and are therefore reflected as non-controlling interests in legacy Greenspring entities and legacy Greenspring performance fee-related compensation. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable.

Management's determination of fair value for investments in the underlying funds includes various valuation techniques. These techniques may include a market approach, recent transaction price, net asset value approach, or discounted cash flows, and may use one or more significant unobservable inputs such as EBITDA, revenue multiples, discount rates, weighted average cost of capital, exit multiples, or terminal growth rates.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Investments of Consolidated Funds

The Company's Consolidated Funds are investment companies under GAAP and reflect their investments at estimated fair value. The Company has retained the specialized investment company accounting for the Consolidated Funds under GAAP. Investments of the Consolidated Funds are recorded at fair value and the unrealized appreciation (depreciation) in fair value is recognized in the condensed consolidated statements of income. In addition, the Consolidated Funds do not consolidate their majority-owned and controlled investments in underlying portfolio companies.

Leases

The Company determines whether an arrangement contains a lease at inception of the arrangement. A lease is a contract that provides the right to control an identified asset for a period of time in exchange for consideration. For identified leases, the Company determines the classification as either an operating or finance lease. The Company's identified leases primarily consist of operating lease agreements for office space and certain equipment, as the lessee. Operating leases are included in lease right-of-use-assets, net and lease liabilities in the condensed consolidated balance sheets. Certain leases include lease and non-lease components, which the Company accounts for as a single lease component. Lease right-of-use ("ROU") assets and lease liabilities are measured based on the present value of future minimum lease payments over the lease term at the commencement date. Lease ROU assets include initial direct costs incurred by the Company and are presented net of deferred rent and lease incentives. The Company uses its incremental borrowing rate in determining the present value of future minimum lease payments. The Company's lease terms may include options to extend or terminate the lease, which are included in the measurement of ROU assets and lease liabilities when it is reasonably certain that the Company will exercise those options.

Operating lease expense associated with minimum lease payments is recognized on a straight-line basis over the lease term in general, administrative and other expenses in the condensed consolidated statements of income. Minimum lease payments for leases with an initial term of twelve months or less are not recorded in the condensed consolidated balance sheets. See note 14 for more information.

Intangibles and Goodwill

The Company's finite-lived intangible assets consist of acquired contractual rights to earn future management and advisory fee income and client relationships. Finite-lived intangible assets are amortized over their estimated useful lives, which range from 8 to 10 years. The Company did not have any intangible assets that were deemed to have an indefinite life as of December 31, 2024.

Finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. There were no impairment charges related to the Company's finite-lived intangible assets during the three and nine months ended December 31, 2024 and 2023.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

Goodwill represents the excess amount of consideration transferred in a business combination above the fair value of the identifiable net assets. Goodwill is assessed for impairment at least annually using a qualitative and, if necessary, a quantitative approach. The Company performs its annual goodwill impairment test as of January 1, or more frequently, if events and circumstances indicate that an impairment may exist. Goodwill is tested for impairment at the reporting unit level. The initial assessment for impairment under the qualitative approach is to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than the carrying amount, a quantitative assessment is performed to measure the amount of impairment loss, if any. The quantitative assessment includes comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized equal to the lesser of (a) the difference between the carrying amount of the reporting unit and its fair value and (b) the total carrying amount of the reporting unit's goodwill.

Revenues

The Company recognizes revenue in accordance with Accounting Standards Codification Topic 606 ("ASC 606"), *Revenue from Contracts with Customers*. Revenue is recognized in a manner that depicts the transfer of promised goods or services to customers and for an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The application of ASC 606 requires an entity to identify its contract(s) with a customer, identify the performance obligations in a contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, variable consideration is included only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. The Company has elected to apply the variable consideration allocation exception for its fee arrangements with its customers.

Management and Advisory Fees, Net

The Company earns management fees for services provided to its SMAs and focused commingled funds. The Company earns advisory fees for services provided to advisory clients where the Company does not have discretion over investment decisions. The Company considers its performance obligations in its customer contracts from which it earns management and advisory fees to be one or more of the following, based on the services promised: asset management services, advisory services and/or the arrangement of administrative services. Management fees include income-based incentive fees, which are based on net investment income of certain funds.

The Company recognizes revenues from asset management services and advisory services when control of the promised services is transferred to customers, in an amount that reflects the consideration that the Company expects to receive in exchange for those services. SMAs are generally contractual arrangements involving an investment management agreement between the Company and a single client, and are typically structured as a partnership or limited liability company for which a subsidiary of SSG serves as the general partner or managing member. Focused commingled funds are structured as limited partnerships or limited liability companies with multiple clients, for which a subsidiary of the Company serves as the general partner or managing member. The Company determined that the individual client or single limited partner or member is the customer with respect to SMAs and advisory clients. Based on certain facts and circumstances specific to each individual fund structure, the Company has determined that for accounting purposes, either the StepStone Fund or the individual investors in the fund may be considered to be the customer for arrangements with focused commingled funds.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

When asset management services and the arrangement of administrative services are the performance obligations promised in a contract, the Company satisfies these performance obligations over time because the customer simultaneously receives and consumes the benefits of the services as they are performed. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer. Management fees earned from these contracts where the Company has discretion over investment decisions are generally calculated based on a percentage of unaffiliated committed capital or net invested capital, and these amounts are typically billed quarterly. For certain investment funds, management fees are initially based on committed capital during the investment period and on net invested capital through the remainder of the fund's term. In addition, the management fee rate charged may also be reduced for certain investment funds depending on the contractual arrangement. The management fee basis is subject to factors outside of the Company's control. Therefore, estimates of future period management fees are not included in the transaction price because those estimates would be considered constrained. Advisory fees from contracts where the Company does not have discretion over investment decisions are generally based on fixed amounts and typically billed quarterly.

Management fees generally exclude reimbursements for expenses paid by the Company on behalf of its customers, including amounts related to certain professional fees and other fund administrative expenses pursuant to the fund's governing documents. For professional and administrative services that the Company arranges to be performed by third parties on behalf of investment funds, management has concluded that the nature of its promise is to arrange for the services to be provided and, accordingly, the Company does not control the services provided by the third parties before they are transferred to the customer. Therefore, the Company is acting as an agent, and the reimbursements for these professional fees paid on behalf of the investment funds are generally presented on a net basis.

The Company and certain investment funds that it manages have distribution and service agreements with third-party financial institutions, whereby the Company pays a portion of the fees it receives to such institutions for ongoing distribution and servicing of customer accounts. Management has concluded that the Company does not act as principal for the third-party services, as the Company does not control the services provided by the third parties before they are transferred to the customer. Therefore, the Company is acting as an agent, and the management fees are recorded net of these service fees.

The Company may incur certain costs in connection with satisfying its performance obligations for investment management services – primarily employee travel costs – for which it receives reimbursements from its customers. For reimbursable employee travel costs, the Company concluded it controls the services provided by its employees and, therefore, is acting as principal. Accordingly, the Company records the reimbursement for these costs incurred on a gross basis – that is, as revenue in management and advisory fees, net and expense in general, administrative and other expenses in the condensed consolidated statements of income. For reimbursable costs incurred in connection with satisfying its performance obligations for administration services, the Company concluded it does not control the services provided by other third parties and, therefore, is acting as agent. Accordingly, the Company records the reimbursement for these costs incurred on a net basis.

Performance Fees

The Company earns two types of performance fee revenues: incentive fees and carried interest allocations, as described below.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Incentive fees are generally calculated as a percentage of the profits (up to 15 %) earned in respect of certain accounts, including certain permanent capital vehicles, for which the Company is the investment adviser, subject to the achievement of minimum return levels or performance benchmarks. Incentive fees are a form of variable consideration and represent contractual fee arrangements in the Company's contracts with its customers. Incentive fees are typically subject to reversal until the end of a defined performance period, as these fees are affected by changes in the fair value of the assets under management or advisement over such performance period. Moreover, incentive fees that are received prior to the end of the defined performance period are typically subject to clawback, net of tax.

The Company recognizes incentive fee revenue only when these amounts are realized and no longer subject to significant risk of reversal, which is typically at the end of a defined performance period and/or upon expiration of the associated clawback period (i.e., crystallization). However, clawback terms for incentive fees received prior to crystallization only require the return of amounts on a net of tax basis. Accordingly, the tax-related portion of incentive fees received in advance of crystallization is not subject to clawback and is therefore recognized as revenue immediately upon receipt. Incentive fees received in advance of crystallization that remain subject to clawback are recorded as deferred incentive fee revenue and included in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets.

Carried interest allocations include the allocation of performance-based fees, commonly referred to as carried interest, to the Company from unaffiliated limited partners in the StepStone Funds in which the Company holds an equity interest. The Company is entitled to a carried interest allocation (typically 5 % to 20 %) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. These carried interest allocations are subject to the achievement of minimum return levels (typically 5 % to 10 %) in accordance with the terms set forth in each respective fund's governing documents. The Company accounts for its investment balances in the StepStone Funds, including carried interest allocations, under the equity method of accounting because it is presumed to have significant influence as the general partner or managing member. Accordingly, carried interest allocations are not deemed to be within the scope of ASC 606.

Legacy Greenspring carried interest allocations reflect the allocation of carried interest to legacy Greenspring general partner entities from limited partners in certain legacy Greenspring funds in which the legacy Greenspring general partner entities hold an equity interest. The legacy Greenspring general partner entities are entitled to a carried interest allocation (typically 5 % to 20 %) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. The Company accounts for the investment balances in the legacy Greenspring funds, including carried interest allocations, under the equity method of accounting because it is presumed to have significant influence as the general partner or managing member. Accordingly, legacy Greenspring carried interest allocations are not deemed to be within the scope of ASC 606. The Company does not hold any direct economic interests in the legacy Greenspring general partner entities and thus is not entitled to any carried interest allocation from the legacy funds. All of the carried interest allocations in respect of the legacy Greenspring funds are payable to employees who are considered affiliates of the Company and are therefore reflected as legacy Greenspring performance fee-related compensation in the condensed consolidated statements of income.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

The Company recognizes revenue attributable to carried interest allocations from a fund based on the amount that would be due to the Company pursuant to the fund's governing documents, assuming the fund was liquidated based on the current fair value of its underlying investments as of that date. Accordingly, the amount recognized as carried interest allocation revenue reflects the Company's share of the gains and losses of the associated fund's underlying investments measured at their then-fair values, relative to the fair values as of the end of the prior period. The Company records the amount of carried interest allocated to the Company as of each period end as accrued carried interest allocations receivable, which is included as a component of investments in the condensed consolidated balance sheets. Management's determination of fair value for investments in the underlying funds includes various valuation techniques. These techniques may include a market approach, recent transaction price, net asset value approach, or discounted cash flows, and may use one or more significant unobservable inputs such as EBITDA, revenue multiples, discount rates, weighted average cost of capital, exit multiples, or terminal growth rates.

Carried interest is realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the specific hurdle rates, as defined in the applicable governing documents. Carried interest is subject to reversal to the extent that the amount received to date exceeds the amount due to the Company based on cumulative results. As such, a liability is accrued for potential clawback obligations if amounts previously distributed to the Company would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of December 31, 2024 and March 31, 2024, no material amounts for potential clawback obligations had been accrued.

Equity-Based Compensation

Equity-based compensation represents grants of equity-based awards or arrangements to certain employees and directors. The Company accounts for grants of equity-based awards, including restricted stock units ("RSUs"), to certain employees and directors at fair value as of the grant date. The Company recognizes non-cash compensation expense attributable to these grants on a straight-line basis over the requisite service period, which is generally the vesting period. Expense related to grants of equity-based awards is recognized as equity-based compensation expense in the condensed consolidated statements of income. The fair value of RSUs is determined by the closing stock price on the grant date. Forfeitures of equity-based awards are recognized as they occur. Awards classified as liabilities are remeasured at the end of each reporting period until settlement. Equity-based compensation cost for the employee stock purchase plan ("ESPP") is measured as the discount the employee receives upon purchase of shares and the option value of a share when the offering contains a look-back option feature. See note 9 for additional information regarding the Company's accounting for equity-based awards.

Income Taxes

SSG is a corporation for U.S. federal income tax purposes and therefore is subject to U.S. federal and state income taxes on its share of taxable income generated by the Partnership. The Partnership is treated as a pass-through entity for U.S. federal and state income tax purposes. As such, income generated by the Partnership flows through to its limited partners, including SSG, and is generally not subject to U.S. federal or state income tax at the Partnership level. The Partnership's non-U.S. subsidiaries generally operate as corporate entities in non-U.S. jurisdictions, with certain of these entities subject to non-U.S. income taxes. Additionally, certain subsidiaries are subject to local jurisdiction taxes at the entity level, which are reflected within income tax expense in the condensed consolidated statements of income. As a result, the Partnership does not record U.S. federal and state income taxes on income in the Partnership or its subsidiaries, except for certain local and foreign income taxes discussed above.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases, using tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period when the change is enacted. Deferred tax liabilities are included within accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets. The principal items giving rise to temporary differences are certain basis differences resulting from exchanges of Partnership units. See Tax Receivable Agreements below.

Deferred tax assets are reduced by a valuation allowance when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent on the amount, timing and character of the Company's future taxable income. When evaluating the realizability of deferred tax assets, all evidence – both positive and negative – is considered. This evidence includes, but is not limited to, expectations regarding future earnings, future reversals of existing temporary tax differences and tax planning strategies.

The Company is subject to the provisions of ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes*. This standard establishes consistent thresholds as it relates to accounting for income taxes. It defines the threshold for recognizing the benefits of tax return positions in the financial statements as more-likely-than-not to be sustained by the relevant taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realized. If upon performance of an assessment pursuant to this subtopic, management determines that uncertainties in tax positions exist that do not meet the minimum threshold for recognition of the related tax benefit, a liability is recorded in the condensed consolidated financial statements. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as interest expense and general, administrative and other expenses, respectively, in the condensed consolidated statements of income. See note 10 for more information.

The Company has elected to account for global intangible low-taxed income ("GILTI") earned by foreign subsidiaries in the period the tax is incurred.

Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties under GAAP. The Company reviews its tax positions quarterly and adjusts its tax balances as new information becomes available.

Tax Receivable Agreements

The Tax Receivable Agreements provide for payment by SSG to the Class B limited partners, Class C limited partners, Class D limited partners and pre-IPO institutional investors of the Partnership of 85 % of the amount of the net cash tax savings, if any, that SSG realizes (or, under certain circumstances, is deemed to realize) as a result of increases in tax basis (and utilization of certain other tax benefits) resulting from (i) SSG's acquisition of such partners' and institutional investors' Partnership units and (ii) in the case of the Exchanges Tax Receivable Agreement, any payments SSG makes under the Exchanges Tax Receivable Agreement (including tax benefits related to imputed interest). SSG will retain the benefit of the remaining 15 % of these net cash tax savings under both Tax Receivable Agreements. See note 13 for more information.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Accumulated Other Comprehensive Income

The Company's accumulated other comprehensive income consists of foreign currency translation adjustments and unrealized gains and losses on the defined benefit plan sponsored by one of its subsidiaries. The components of accumulated other comprehensive income were as follows:

	As of	
	December 31, 2024	March 31, 2024
Foreign currency translation adjustments	\$ 114	\$ 77
Unrealized gain on defined benefit plan, net	227	227
Accumulated other comprehensive income	<u>\$ 341</u>	<u>\$ 304</u>

Segments

The Company operates as one business, a fully-integrated private markets solution provider. The Company's chief operating decision maker ("CODM"), who is the Company's chief executive officer, utilizes a consolidated approach to assess the performance of and allocate resources to the business. Accordingly, management has concluded that the Company consists of a single operating segment and single reportable segment for accounting and financial reporting purposes.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB"). ASUs issued during the current period not listed below were assessed and determined to either be not applicable to the Company, or not expected to have a material impact on the condensed consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which amends current guidance for reportable segment disclosure requirements. The updated disclosure requirements include: (1) reporting of segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, (2) reporting of an amount for other segment items by reportable segment and a description of its composition, (3) reporting in interim periods of all annual disclosures about a reportable segment's profit or loss and assets as currently required by Topic 280, (4) reporting of one or more additional measures of segment profit or loss if used by the CODM in assessing segment performance and determining allocation of resources, (5) reporting of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss, and (6) the requirement for single reportable segment entities to provide all required disclosures in Topic 280 for annual and interim periods. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company plans to include expanded disclosures beginning with its annual report on Form 10-K for the fiscal year ending March 31, 2025.

In November 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which amends current guidance to provide expanded disclosure for the rate reconciliation with information about specific categories and reconciling items that meet a specific threshold, and to provide additional information about income taxes paid disaggregated by jurisdiction. The amendments are effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material effect on the condensed consolidated financial statements.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which amends current guidance to add requirements for disaggregation of certain costs and expenses included within relevant expense captions. The update also requires the separate disclosure of total selling costs. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact on the condensed consolidated financial statements.

3. Revenues

The following presents revenues disaggregated by product offering, which aligns with the Company's performance obligations and the basis for calculating each amount:

	Three Months Ended December		Nine Months Ended December 31,	
	31,	2024	2023	2024
Management and Advisory Fees, Net				
Focused commingled funds ⁽¹⁾	\$ 104,891	\$ 78,429	\$ 316,598	\$ 215,757
SMAs	66,245	55,838	185,014	168,012
Advisory and other services	17,458	16,069	47,134	43,911
Fund reimbursement revenues	2,246	1,156	4,867	4,050
Total management and advisory fees, net	\$ 190,840	\$ 151,492	\$ 553,613	\$ 431,730

(1) Includes income-based incentive fees of \$ 2.1 million and \$ 0.6 million for the three months ended December 31, 2024 and 2023, respectively, and \$ 4.6 million and \$ 0.6 million for the nine months ended December 31, 2024 and 2023, respectively.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Incentive Fees				
SMAs	\$ —	\$ 8,705	\$ 3,675	\$ 13,312
Focused commingled funds	22,369	9,186	22,690	9,531
Total incentive fees	\$ 22,369	\$ 17,891	\$ 26,365	\$ 22,843

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Carried Interest Allocations				
SMAs	\$ 74,419	\$ (92,554)	\$ 133,705	\$ (7,774)
Focused commingled funds	43,188	(21,741)	70,383	14,272
Total carried interest allocations	\$ 117,607	\$ (114,295)	\$ 204,088	\$ 6,498

	Three Months Ended December		Nine Months Ended December 31,	
	31,	2024	2023	2024
Legacy Greenspring Carried Interest Allocations				
SMAs	\$ 198	\$ (40)	\$ 468	\$ 58
Focused commingled funds	8,009	(69,660)	12,567	(106,308)
Total legacy Greenspring carried interest allocations⁽¹⁾	\$ 8,207	\$ (69,700)	\$ 13,035	\$ (106,250)

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

(1) The three months ended December 31, 2024 and 2023 reflect the net effect of gross realized carried interest allocations of \$ 38.3 million and \$ 0.1 million, respectively, and the nine months ended December 31, 2024 and 2023 reflect the net effect of gross realized carried interest allocations of \$ 56.8 million and \$ 26.0 million, respectively, and the reversal of such amounts in unrealized carried interest allocations for such periods.

See note 5 for a discussion of changes in carried interest allocations and legacy Greenspring carried interest allocations.

The Company derives revenues from clients located in both the United States and other countries. The table below presents the Company's revenues by geographic location:

Revenues ⁽¹⁾	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
United States	\$ 142,367	\$ (8,336)	\$ 312,178	\$ 83,777
Non-U.S. countries	196,656	(6,276)	484,923	271,044

(1) Revenues are attributed to countries based on client location for SMAs and advisory and other services, or location of investment vehicle for focused commingled funds.

For the three and nine months ended December 31, 2024 and 2023, no individual client represented 10% or more of the Company's net management and advisory fees.

For the three months ended December 31, 2024, the Company had management and advisory fee revenues attributable to the United States and Luxembourg, each of which represented 10% or more of the Company's net management and advisory fees. For the three months ended December 31, 2023, the Company had management and advisory fee revenues attributable to the United States and Cayman Islands, each of which represented 10% or more of the Company's net management and advisory fees. For the nine months ended December 31, 2024 and 2023, the Company had management and advisory fee revenues attributable to the United States and Cayman Islands, each of which represented 10% or more of the Company's net management and advisory fees.

As of December 31, 2024 and March 31, 2024, the Company had \$ 29.2 million and \$ 31.0 million, respectively, of deferred revenues, which is included in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets. During the nine months ended December 31, 2024, the Company had recognized \$ 3.2 million as revenue from amounts included in the deferred revenue balance as of March 31, 2024.

4. Variable Interest Entities

Consolidated VIEs

The Company consolidates certain VIEs for which it is the primary beneficiary. Such VIEs consist of certain operating entities not wholly-owned by the Company (e.g., SPD, SRA and SRE), SPW, legacy Greenspring general partner entities and certain StepStone Funds. See note 2 for more information on the Company's accounting policies related to the consolidation of VIEs. The assets of the consolidated VIEs totaled \$ 1,223.5 million and \$ 995.2 million as of December 31, 2024 and March 31, 2024, respectively. The liabilities of the consolidated VIEs totaled \$ 1,101.8 million and \$ 593.7 million as of December 31, 2024 and March 31, 2024, respectively. The assets of the consolidated VIEs may only be used to settle obligations of the same VIE. In addition, there is no recourse to the Company for the consolidated VIEs' liabilities, except for certain entities in which there could be a clawback of previously distributed carried interest. As of December 31, 2024 and March 31, 2024, no material amounts previously distributed have been accrued for clawback liabilities.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Unconsolidated VIEs

The Company holds variable interests in the form of direct equity interests in certain VIEs that are not consolidated because the Company is not the primary beneficiary. The Company's maximum exposure to loss is limited to the potential loss of assets recognized by the Company relating to these unconsolidated entities. The carrying value of the assets and liabilities recognized in the condensed consolidated balance sheets with respect to the Company's interests in VIEs that were not consolidated is set forth below:

	As of	
	December 31, 2024	March 31, 2024
Investments in funds	\$ 167,514	\$ 135,043
Legacy Greenspring investments in funds	132,561	147,042
Due from affiliates, net	62,892	34,744
Less: Amounts attributable to non-controlling interests in subsidiaries	26,441	25,362
Less: Amounts attributable to non-controlling interests in legacy Greenspring entities	132,561	147,042
Maximum exposure to loss	<u>203,965</u>	<u>144,425</u>

5. Investments

The Company's investments consist of equity method investments primarily related to (i) investments in the StepStone Funds for which it serves as general partner or managing member but does not have a controlling financial interest and (ii) investments of Consolidated Funds. The Company's equity interest in its equity method investments in the StepStone Funds typically does not exceed 1% in each fund. The Company's share of the underlying net income or loss attributable to its equity interest in the funds is recorded in investment income in the condensed consolidated statements of income. Investment income attributable to the Consolidated Funds is recorded in investment income of Consolidated Funds. Investment income attributable to investments in certain legacy Greenspring funds for which the Company has no direct economic interests is recorded in legacy Greenspring investment income in the condensed consolidated statements of income.

Equity Method Investments

The Company's equity method investments consist of the following:

	As of	
	December 31, 2024	March 31, 2024
Investments in funds ⁽¹⁾	\$ 172,748	\$ 135,043
Accrued carried interest allocations	1,474,543	1,354,051
Legacy Greenspring investments in funds and accrued carried interest allocations ⁽²⁾	<u>572,459</u>	<u>631,197</u>
Total equity method investments	<u>2,219,750</u>	<u>2,120,291</u>

(1) The Company's investments in funds were \$ 266.0 million and \$ 204.8 million as of December 31, 2024 and March 31, 2024, respectively. The consolidation of the Consolidated Funds results in the elimination of the Company's investments in such funds.

(2) Reflects investments in funds of \$ 132.6 million and \$ 147.0 million and carried interest allocations of \$ 439.9 million and \$ 484.2 million as of December 31, 2024 and March 31, 2024, respectively.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

The Company recognized equity method income (loss) of the following:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Carried interest allocations	\$ 117,607	\$ (114,295)	\$ 204,088	\$ 6,498
Investment income (loss)	1,064	(2,051)	5,710	4,115
Legacy Greenspring carried interest allocations	8,207	(69,700)	13,035	(106,250)
Legacy Greenspring investment income (loss)	1,167	(2,222)	(4,119)	(9,054)
Total equity method income (loss)	\$ 128,045	\$ (188,268)	\$ 218,714	\$ (104,691)

The increase in carried interest allocations for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023 was primarily attributable to net unrealized appreciation in the fair value of the underlying investments in the Company's private equity funds. The increase in carried interest allocations for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023 was primarily attributable to higher net unrealized appreciation in the fair value of the underlying investments in the Company's private equity and infrastructure funds. The increase in legacy Greenspring carried interest allocations for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023 was primarily attributable to net unrealized appreciation in the fair value of certain underlying fund investments in the current year period as compared to net unrealized depreciation in the prior year period. The increase in legacy Greenspring carried interest allocations for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023 was primarily attributable to net unrealized appreciation in the fair value of certain underlying fund investments in the current year period as compared to net unrealized depreciation in the prior year period. See note 2 for a discussion of the Company's accounting policy for investments on a three-month lag.

As of December 31, 2024 and March 31, 2024, the Company's investments in one and two SMAs, respectively, each individually represented 10% or more of the total accrued carried interest allocations balance, and in the aggregate represented approximately 15 % and 26 %, respectively, of the total accrued carried interest allocations balance as of those dates. As of December 31, 2024 and March 31, 2024, the Company's investments in three commingled funds each individually represented 10% or more of the total legacy Greenspring accrued carried interest allocations balance, and in the aggregate represented approximately 37 % and 36 %, respectively, of the total legacy Greenspring accrued carried interest allocations balances as of those dates.

Of the total accrued carried interest allocations balance as of December 31, 2024 and March 31, 2024, \$ 730.2 million and \$ 719.5 million, respectively, were payable to affiliates and are included in accrued carried interest-related compensation in the condensed consolidated balance sheets. Of the total legacy Greenspring investments in funds and accrued carried interest allocations balance as of December 31, 2024 and March 31, 2024, \$ 439.9 million and \$ 484.2 million, respectively, were payable to employees who are considered affiliates of the Company and are included in legacy Greenspring accrued carried interest-related compensation in the condensed consolidated balance sheets and \$ 132.6 million and \$ 147.0 million, respectively, are reflected as non-controlling interests in legacy Greenspring entities in the condensed consolidated balance sheets.

The Company evaluates each of its equity method investments to determine if any are considered significant as defined by the SEC. As of December 31, 2024 and March 31, 2024, no individual equity method investment held by the Company met the significance criteria. As a result, the Company is not required to provide separate financial statements for any of its equity method investments.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Investments of Consolidated Funds

The Company consolidates funds and entities when it is deemed to hold a controlling financial interest. The activity of the Consolidated Funds is reflected within the condensed consolidated financial statements.

Investments held by the Consolidated Funds are summarized below:

	Fair Value as of		Percentage of Total Investments as of	
	December 31, 2024	March 31, 2024	December 31, 2024	March 31, 2024
Investments of Consolidated Funds:				
Equity securities (cost of \$ 44.2 million and \$ 15.6 million as of December 31, 2024 and March 31, 2024, respectively)	\$ 46,966	\$ 17,028	15 %	13 %
Partnership and LLC interests (cost of \$ 213.7 million and \$ 76.0 million as of December 31, 2024 and March 31, 2024, respectively)	273,516	114,830	85 %	87 %
Total investments of Consolidated Funds	<u>\$ 320,482</u>	<u>\$ 131,858</u>	100 %	100 %

As of December 31, 2024 and March 31, 2024, no individual investment had a fair value greater than 5% of the Company's total assets.

The following table summarizes the net realized and unrealized gains (losses) from investment activities of the Consolidated Funds:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Investments of Consolidated Funds:				
Net realized gains on investments	\$ 2,458	\$ 1,333	\$ 2,729	\$ 1,333
Net unrealized gains on investments	12,579	9,890	28,149	21,024
Total investments of Consolidated Funds	<u>\$ 15,037</u>	<u>\$ 11,223</u>	<u>\$ 30,878</u>	<u>\$ 22,357</u>

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

6. Fair Value Measurements

The Company measures certain assets and liabilities at fair value on a recurring basis. The following tables provide details regarding the classification of these assets and liabilities within the fair value hierarchy as of the dates presented:

Financial Instruments of the Company

	As of December 31, 2024			
	Level I	Level II	Level III	Total
Liabilities				
Contingent consideration obligation	\$ —	\$ —	\$ 67,446	\$ 67,446
Total liabilities	\$ —	\$ —	\$ 67,446	\$ 67,446

	As of March 31, 2024			
	Level I	Level II	Level III	Total
Liabilities				
Contingent consideration obligation	\$ —	\$ —	\$ 53,449	\$ 53,449
Total liabilities	\$ —	\$ —	\$ 53,449	\$ 53,449

For the financial instruments presented in the tables above, there were no changes in fair value hierarchy levels during the three and nine months ended December 31, 2024 and 2023.

A reconciliation from the beginning balance to the closing balance of Level III financial instruments of the Company are set forth below:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Contingent consideration obligations				
Balance, beginning of period:	\$ 67,115	\$ 32,352	\$ 53,449	\$ 36,745
Additions	—	—	—	41
Change in fair value	2,396	8,927	16,062	4,639
Settlements	(2,065)	—	(2,065)	(146)
Balance, end of period:	<u>\$ 67,446</u>	<u>\$ 41,279</u>	<u>\$ 67,446</u>	<u>\$ 41,279</u>
Changes in unrealized losses included in earnings related to financial instruments still held at the reporting date	<u>\$ 2,396</u>	<u>\$ 8,927</u>	<u>\$ 16,062</u>	<u>\$ 4,639</u>

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Contingent Consideration

The fair value of the contingent consideration obligation is based on a discounted cash flow analysis using a probability-weighted average estimate of certain performance targets, including revenue levels. The assumptions used in the analysis are inherently subjective; therefore, the ultimate amount of the contingent consideration obligations may differ materially from the current estimate. As of December 31, 2024, the contingent consideration obligation reflects the achievement of management fee revenue targets for calendar year 2024 resulting in the full earn-out of \$ 75.0 million which is expected to be paid in the first half of calendar year 2025. The significant unobservable inputs required to value the contingent consideration obligation primarily relate to the future expected revenues and the discount rate applied to the expected future revenues and payments of obligations. In accordance with the contingent consideration arrangement, a portion of the contingent earn-out liability otherwise payable to the sellers included amounts paid to certain of the Company's employees and former employees during the three months ended December 31, 2024. As a result, the contingent consideration liability is recorded net of the amounts paid. The contingent consideration obligation balance is included in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets. Changes in the fair value of the liabilities are included in general, administrative and other expenses in the condensed consolidated statements of income.

Financial Instruments of Consolidated Funds

	As of December 31, 2024			
	Level I	Level II	Level III	Total
Assets				
Equity securities	\$ —	\$ —	\$ 41,569	\$ 41,569
Partnership and LLC interests	—	—	866	866
Total assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 42,435</u>	<u>\$ 42,435</u>
As of March 31, 2024				
	Level I	Level II	Level III	Total
	\$ —	\$ —	\$ 12,421	\$ 12,421
Equity securities	\$ —	—	1,273	1,273
Partnership and LLC interests	—	—	—	—
Total assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,694</u>	<u>\$ 13,694</u>

For the financial instruments presented in the tables above, there were no changes in fair value hierarchy levels during the three and nine months ended December 31, 2024 and 2023.

The Company generally values its investment funds, which are generally organized as partnership and LLC interests, using the NAV per share equivalent calculated by the investment manager as a practical expedient in determining an independent fair value. The Company does not categorize within the fair value hierarchy investments where fair value is measured using the net asset value per share practical expedient. As of December 31, 2024 and March 31, 2024, investments with a combined fair value of \$ 278.0 million and \$ 118.2 million, respectively, are excluded from presentation in the fair value hierarchy as the fair value of these investments were measured at net asset value. As of December 31, 2024 and March 31, 2024, investments with a combined fair value of \$ 42.4 million and \$ 13.7 million, respectively, were classified as Level III investments. The significant unobservable input used to value these investments classified as Level III are the discounts to recent transaction prices.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

A reconciliation from the beginning balance to the closing balance of Level III financial instruments of Consolidated Funds are set forth below:

	Three Months Ended December		Nine Months Ended December 31,		
	31,	2024	2023	2024	2023
Balance, beginning of period:		\$ 27,471	\$ 12,329	\$ 13,694	\$ 6,901
Transfers into Level III		—	—	9,289	1,076
Transfers out of Level III		—	—	(4,332)	(6,134)
Purchases		14,543	7,615	23,363	18,101
Change in fair value		421	—	421	—
Balance, end of period:		<u>\$ 42,435</u>	<u>\$ 19,944</u>	<u>\$ 42,435</u>	<u>\$ 19,944</u>
Changes in unrealized gains included in earnings related to financial instruments still held at the reporting date		<u>\$ 421</u>	<u>\$ —</u>	<u>\$ 421</u>	<u>\$ —</u>

7. Intangibles and Goodwill

Intangible assets consist of management contracts providing economic rights to management and advisory fees and client relationships related to future fundraising, as obtained through the Company's acquisitions of other businesses.

Intangible assets, net consists of the following:

	As of	
	December 31,	
	2024	March 31, 2024
Management contracts	\$ 352,002	\$ 352,002
Client relationships	96,650	96,650
Less: Accumulated amortization	(174,530)	(143,779)
Intangible assets, net	<u>\$ 274,122</u>	<u>\$ 304,873</u>

Amortization expense related to intangible assets was \$ 10.3 million and \$ 10.7 million for the three months ended December 31, 2024 and 2023, respectively, and \$ 30.8 million and \$ 32.0 million for the nine months ended December 31, 2024 and 2023, respectively. These amounts are included in general, administrative and other expenses in the condensed consolidated statements of income.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

At December 31, 2024, the expected future amortization of finite-lived intangible assets is as follows:

Remainder of FY2025	\$ 10,250
FY2026	40,810
FY2027	40,776
FY2028	40,759
FY2029	40,759
Thereafter	100,768
Total	\$ 274,122

The carrying value of goodwill was \$ 580.5 million as of December 31, 2024 and March 31, 2024. The Company determined there was no indication of goodwill impairment as of December 31, 2024 and March 31, 2024.

8. Debt Obligations

The Company's debt obligations consist of the following:

	As of	
	December 31, 2024	March 31, 2024
Series A senior notes	\$ 175,000	\$ —
Revolver	—	150,000
Total remaining principal	175,000	150,000
Less: Debt issuance costs	(6,058)	(1,178)
Total debt obligations	\$ 168,942	\$ 148,822

Senior Notes

On October 22, 2024, the Partnership issued \$ 175.0 million aggregate principal amount of its 5.52 % Series A senior notes due October 22, 2029 (the "Notes"), pursuant to a note purchase agreement, dated as of October 22, 2024 (the "Note Purchase Agreement"), in a private placement exempt from registration under the Securities Act.

Interest on the Notes will be payable semi-annually in arrears on April 22 and October 22 of each year, commencing on April 22, 2025. Interest on the Notes will accrue from and including October 22, 2024. The Notes will mature on October 22, 2029. The Partnership may, at its option, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 5 % of the aggregate principal amount of the Notes then outstanding at a redemption price equal to 100 % of the principal amount thereof plus any applicable "make-whole amount" and accrued and unpaid interest to the redemption date. So long as no default or event of default shall have occurred and be continuing under the Note Purchase Agreement, no make-whole amount will be due if the Notes are paid on or after April 22, 2029.

The fair value of the Notes, which are recorded at amortized cost, is classified as a Level III valuation within the fair value hierarchy. As of December 31, 2024, the carrying value of the Notes, net of debt issuance costs, approximated fair value. There were no Notes outstanding as of March 31, 2024.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

Revolving Credit Facility

The Company is party to a credit agreement, as amended and restated in May 2024 (the "Credit Agreement"), which, among other things, increased the aggregate principal amount of the commitments thereunder to \$ 300.0 million from \$ 225.0 million and extended the maturity date of the revolving facility to May 2029. The Credit Agreement was arranged by JPMorgan Chase Bank, N.A., as the administrative agent and collateral agent, and certain other lenders party thereto and provides for a \$ 300.0 million multicurrency revolving credit facility (the "Revolver"). As of December 31, 2024, there were no amounts outstanding on the Revolver.

Borrowings under the Revolver bear interest at a variable rate per annum. The Company may designate each borrowing as (i) in the case of any borrowing in U.S. dollars, a base rate loan or a Term Secured Overnight Financing Rate ("SOFR") rate loan, (ii) in the case of any borrowing denominated in Euros, a EURIBOR rate loan, (iii) in the case of any borrowing denominated in British Pounds Sterling, a Sterling Overnight Index Average ("SONIA") loan, (iv) in the case of any borrowing denominated in Swiss Francs, a Swiss Average Rate Overnight ("SARON") loan, and (v) in the case of any borrowing denominated in Australian dollars, an AUD rate loan. Borrowings bear interest equal to (i) in the case of base rate loans, 1.00 % plus the greatest of (a) the Prime Rate, (b) the New York Federal Reserve Bank Rate plus 0.50 % and (c) the 1 month Term SOFR, plus 1.10 %, (ii) in the case of a Term SOFR rate loan, the Term SOFR rate plus 2.10 %, (iii) in the case of a EURIBOR rate loan, the EURIBOR rate multiplied by the Statutory Reserve Rate (as defined in the Credit Agreement) plus 2.00 %, (iv) in the case of a SONIA loan, the Sterling Overnight Index Average plus 2.03 %, (v) in the case of a SARON loan, the Swiss Average Rate Overnight plus 2.00 %, and (vi) in the case of an AUD rate loan, the AUD Screen Rate (as defined in the Credit Agreement) multiplied by the Statutory Reserve Rate plus 2.20 %, in certain cases subject to applicable interest rate floors.

Borrowings under the Revolver may be repaid at any time during the term of the Credit Agreement and, subject to certain terms and conditions, may be reborrowed prior to the maturity date. Any outstanding principal amounts, together with any accrued interest thereon, shall be due and payable on the maturity date. The maturity date for the Revolver is May 16, 2029.

The Revolver bears a fee on undrawn commitments equal to 0.25 % per annum if total utilization of revolving commitments is equal to or greater than 50% and 0.35 % per annum if total utilization of revolving commitments is less than 50%.

The carrying value of the Revolver approximates fair value, as the loan is subject to variable interest rates that adjust with changes in market rates and market conditions and the current interest rate approximates that which would be available under similar financial arrangements.

The Company can use available funding capacity under the Revolver to satisfy letters of credit in amounts up to \$ 10.0 million. Amounts used to satisfy the letters of credit reduce the available capacity under the Revolver. As of December 31, 2024, the Company had outstanding letters of credit totaling \$ 6.5 million.

Debt Obligations of Consolidated Funds

Certain Consolidated Funds may maintain revolving credit facilities that are secured by fund assets to fund investments on a short-term basis. The debt obligations of the Consolidated Funds are non-recourse to the Company.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

In December 2024, one of the Company's consolidated investment funds entered into a credit agreement with Northern Trust Global Service SE (the "Fund Credit Facility"). The Fund Credit Facility provides for a multi-currency revolving credit facility of up to \$ 125.0 million. Amounts drawn under the facility must be repaid within 180 days. As of December 31, 2024, the outstanding balance on the Fund Credit Facility was \$ 7.9 million and is presented within other liabilities of Consolidated Funds in the condensed consolidated balance sheets. The outstanding borrowings under the Fund Credit Facility mature in June 2025.

Borrowings under the Fund Credit Facility bear interest at a variable rate per annum. Borrowings in USD will bear interest at the applicable federal funds target rate (upper range) plus a margin of 250 basis points. Borrowings in GBP will bear interest at the Bank of England base rate plus a margin of 250 basis points. Borrowings in EUR will bear interest at the European Central Bank main refinancing rate plus a margin of 250 basis points. The weighted-average interest rate in effect for the Fund Credit Facility as of December 31, 2024 was 5.65 %.

The carrying value of the Fund Credit Facility approximates fair value, as the loan is subject to variable interest rates that adjust with changes in market rates and market conditions and the current interest rate approximates that which would be available under similar financial arrangements.

Debt Covenants

Revolving Credit Facility

Under the terms of the Credit Agreement, certain of the Company's assets serve as pledged collateral. In addition, the Credit Agreement contains covenants that, among other things: limit the Company's ability to incur indebtedness; create, incur or allow liens; transfer or dispose of assets; merge with other companies; make certain investments; pay dividends or make distributions in certain circumstances; engage in new or different lines of business; and engage in certain transactions with affiliates. The Credit Agreement also contains financial covenants requiring the Company to maintain a total net leverage ratio and a minimum total of fee-earning assets under management.

Senior Notes

The Note Purchase Agreement contains certain covenants, including those requiring the Company to (a) maintain a total net leverage ratio, (b) maintain a minimum total of fee-earning assets under management, (c) cause at least 80 % of all management fees payable by material subsidiaries to the Company to be collected each period without deferral, waiver or reduction, (d) limit the amount of secured indebtedness to be incurred by the Company, and (e) other customary covenants. The Note Purchase Agreement also provides for customary events of default, which, if any occur and is continuing, could permit or require the entire unpaid principal amount of any or all Notes, plus all accrued and unpaid interest thereon and any applicable "make-whole amount" to become or to be declared due and payable immediately.

Fund Credit Facility

Under the terms of the Fund Credit Facility, certain of the assets of the Consolidated Funds serve as pledged collateral. In addition, the Fund Credit Facility contains covenants that, among other things: limit the ability of the fund to incur indebtedness; create, incur or allow liens; and other customary covenants. The Fund Credit Facility also provides for customary events of default, which, if any occur and are continuing, could permit or require the entire unpaid principal amount of any or all loans under the Fund Credit Facility, plus all accrued and unpaid interest thereon to become or to be declared due and payable immediately.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

As of December 31, 2024, the Company was in compliance with the covenants under its various debt agreements.

9. Equity-Based Compensation

The change in unvested RSUs is as follows:

	Number of RSUs	Weighted-Average Grant- Date Fair Value Per RSU
Balance as of March 31, 2024	1,422,658	\$ 27.12
Granted	10,798	\$ 50.93
Vested	(584,910)	\$ (18.49)
Forfeited	(8,663)	\$ (28.26)
Balance as of December 31, 2024	<u>839,883</u>	<u>\$ 33.43</u>

As of December 31, 2024, \$ 28.0 million of unrecognized non-cash compensation expense in respect of equity-based awards remained to be recognized over a weighted-average period of approximately 4.1 years.

Awards of Partnership Units

In June 2024, 2,566,566 outstanding Class B2 units fully vested and were automatically converted into Class B units and all unitholders were entitled to purchase from the Company one share of Class B common stock for each Class B unit at its par value.

Liability Classified Awards

In November 2022, the Company issued a profits interest in SPW to certain employees of the SPW team and concurrently entered into an option agreement which provides that (i) StepStone has the right to acquire the profits interest at the end of any fiscal quarter after June 30, 2027, in exchange for payment of a call price and (ii) the SPW management team, through an entity named CH Equity Partners, LLC, has the right to put the profits interest to StepStone on June 30, 2026 or at the end of any fiscal quarter thereafter, in exchange for payment of a put price. The applicable call or put price is, in certain circumstances, subject to an earn-out or earn-down. The call or put price will be payable in cash unless the Company elects to pay a portion of the consideration in units of the Partnership, each to be exchangeable into shares of the Company's Class A common stock, and, in either case, rights under one or more tax receivable agreements.

The Company accounted for the profits interest and option agreement as a single unit of account as a liability classified equity-based award. There are no vesting provisions or service requirements related to the award. In determining the fair value of the liability classified awards, the Company considers an income approach using a discounted cash flow analysis, a market approach using observable inputs from similar or comparable transactions in the market and the contractual redemption price. The assumptions used in the analysis are inherently subjective; therefore, the ultimate settlement amount for the liability classified awards may differ materially from the current estimate. The significant unobservable inputs required to value the liability classified awards primarily relate to future projected earnings of SPW, the contractual transaction price and the discount rate applied to the expected future earnings, which was 38 % as of December 31, 2024.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

The Company recognized \$ 483.5 million and \$ 9.0 million during the three months ended December 31, 2024 and 2023, respectively, and \$ 529.0 million and \$ 14.1 million during the nine months ended December 31, 2024 and 2023, respectively, of expense related to liability classified awards within equity-based compensation expense in the condensed consolidated statements of income. For the three and nine months ended December 31, 2024, the Company paid \$ 2.3 million and \$ 3.0 million, respectively, related to the settlement of liability classified awards. For the three and nine months ended December 31, 2023, no amounts were paid related to the settlement of liability classified awards. As of December 31, 2024 and March 31, 2024, the Company had recognized \$ 554.3 million and \$ 28.3 million, respectively, for liability classified awards within accrued compensation and benefits in the condensed consolidated balance sheets.

Employee Stock Purchase Plan

The Company has an ESPP under which eligible employees may purchase shares of Class A common stock of the Company at six-month period intervals for 85 % of the lower of the fair market value on either the first or last trading day of the offering period. Each eligible employee may purchase up to five thousand dollars worth of shares each six-month offering period, limited to a maximum of 1,000 shares. During the three and nine months ended December 31, 2024, 38,096 shares were purchased under the ESPP. There were no shares purchased under the ESPP during the three and nine months ended December 31, 2023 as the ESPP had not yet commenced. As of December 31, 2024, the Company has 2,161,904 shares of Class A common stock reserved for future issuances under the ESPP.

10. Income Taxes

In connection with the exchanges of Class B, Class C and Class D units of the Partnership for Class A common stock by certain limited partners of the Partnership during the three months ended December 31, 2024, the Company recorded an increase to the deferred tax asset of \$ 52.1 million and an increase in the valuation allowance of \$ 0.8 million. Additionally, a corresponding Tax Receivable Agreements liability of \$ 46.4 million was recorded, representing 85 % of the incremental net cash tax savings for the Company as a result of these exchanges. The Company made payments of \$ 17 thousand and \$ 2.6 million during the three months ended December 31, 2024 and 2023, respectively, and payments of \$ 9.8 million and \$ 10.3 million during the nine months ended December 31, 2024 and 2023, respectively, under the Tax Receivable Agreements. As of December 31, 2024, the Company's total Tax Receivable Agreements liability was \$ 307.9 million. See note 12 for more information on the Tax Receivable Agreements.

The Company's effective tax rate was 16.7 % and 3.0 % for the three months ended December 31, 2024 and 2023, respectively, and 19.8 % and 15.5 % for the nine months ended December 31, 2024 and 2023, respectively. The Company's overall effective tax rate in each of the periods described above is less than the statutory rate as a portion of income was allocated to non-controlling interests and the tax liability on such income is borne by the holders of non-controlling interests. The primary rate difference was driven by an increase in tax benefits associated with income allocated to non-controlling interests for the three and nine months ended December 31, 2024.

The Company continues to monitor and evaluate legislative developments related to the proposed Global Anti-Base Erosion ("GloBE") Model Rules established under the Organization for Economic Co-operation and Development's Pillar Two framework. Several countries where the Company operates have adopted GloBE into their legislation, and additional countries are anticipated to adopt these rules in the future. To date, these legislative changes have not had a material impact on the Company's effective tax rate.

The Company evaluates the realizability of its deferred tax assets on a quarterly basis and adjusts the valuation allowance when it is more-likely-than-not that all or a portion of the deferred tax assets may not be realized.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

As of December 31, 2024, the Company has not recorded any unrecognized tax benefits and does not expect there to be any material changes to uncertain tax positions within the next 12 months.

11. Earnings Per Share

Basic and diluted earnings per share of Class A common stock are presented for the three and nine months ended December 31, 2024 and 2023. The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
<i>(in thousands, except share and per share amounts)</i>				
Numerator:				
Net income (loss) attributable to StepStone Group Inc. –				
Basic	\$ (192,015)	\$ (20,226)	\$ (161,055)	\$ 27,268
Incremental income from assumed vesting of RSUs	—	—	—	217
Incremental income from assumed vesting and exchange of Class B2 units	—	—	—	1,055
Net income (loss) attributable to StepStone Group Inc. –				
Diluted	<u>\$ (192,015)</u>	<u>\$ (20,226)</u>	<u>\$ (161,055)</u>	<u>\$ 28,540</u>
Denominator:				
Weighted-average shares of Class A common stock outstanding – Basic	73,687,289	64,068,952	69,561,254	63,255,604
Assumed vesting of RSUs	—	—	—	511,889
Assumed vesting and exchange of Class B2 units	—	—	—	2,532,489
Assumed purchase under ESPP	—	—	—	—
Weighted-average shares of Class A common stock outstanding – Diluted	<u>73,687,289</u>	<u>64,068,952</u>	<u>69,561,254</u>	<u>66,299,982</u>
Net income (loss) per share of Class A common stock:				
Basic	\$ (2.61)	\$ (0.32)	\$ (2.32)	\$ 0.43
Diluted	<u>\$ (2.61)</u>	<u>\$ (0.32)</u>	<u>\$ (2.32)</u>	<u>\$ 0.43</u>

Diluted earnings per share of Class A common stock is computed by dividing net income (loss) attributable to SSG, giving consideration to the reallocation of net income between holders of Class A common stock and non-controlling interests, by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities, if any.

Shares of the Company's Class B common stock do not share in the earnings or losses attributable to SSG and therefore are not participating securities. As a result, a separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been included.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

The calculation of diluted earnings per share excludes 40,127,254 Class B units, 965,761 Class C units and 1,536,970 Class D units of the Partnership outstanding as of December 31, 2024, and 46,314,543 Class B units and 1,962,131 Class C units of the Partnership outstanding as of December 31, 2023, all of which are exchangeable into Class A common stock under the if-converted method, as the inclusion of such shares would be anti-dilutive.

As the Company was in a net loss position for the three and nine months ended December 31, 2024, the calculation of diluted earnings per share excludes potential shares of Class A common stock for 839,883 outstanding RSUs, as the inclusion of such shares would be anti-dilutive.

As the Company was in a net loss position for the three months ended December 31, 2023, the calculation of diluted earnings per share excludes potential shares of Class A common stock for 1,153,640 outstanding RSUs, 2,566,566 Class B2 units and 23,417 Class B units issuable pursuant to anti-dilution rights in connection with the vesting of Class B2 units that are convertible into Class A common stock under the if-converted method, as the inclusion of such shares would be anti-dilutive.

12. Related Party Transactions

The Company considers its directors, greater than 5 % beneficial owner of any class of the Company's stock, senior executives, employees and equity method investments to be related parties. A substantial portion of the Company's management and advisory fees and carried interest allocations is earned from various StepStone Funds that are considered equity method investments. The Company earned net management and advisory fees from the StepStone Funds of \$ 121.2 million and \$ 100.8 million for the three months ended December 31, 2024 and 2023, respectively, and \$ 369.8 million and \$ 289.8 million for the nine months ended December 31, 2024 and 2023, respectively. Carried interest allocation revenues earned from the StepStone Funds totaled \$ 117.6 million and \$(114.3) million for the three months ended December 31, 2024 and 2023, respectively, and \$ 204.1 million and \$ 6.5 million for the nine months ended December 31, 2024 and 2023, respectively. Legacy Greenspring carried interest allocation revenues earned from certain legacy Greenspring funds for which the Company has no direct economic interests totaled \$ 8.2 million and \$(69.7) million for the three months ended December 31, 2024 and 2023, respectively, and \$ 13.0 million and \$(106.3) million for the nine months ended December 31, 2024 and 2023, respectively.

Due from affiliates in the condensed consolidated balance sheets consists primarily of fees and accounts receivable from the StepStone Funds, advances made on behalf of the StepStone Funds for the payment of certain organization and operating costs and expenses for which the Company is subsequently reimbursed, amounts due from employees and loans due from affiliated entities, as set forth below.

	As of	
	December 31,	
	2024	March 31, 2024
Amounts receivable from StepStone Funds	\$ 70,767	\$ 40,588
Amounts receivable from employees	12,016	13,450
Amounts receivable from loans	13,807	13,493
Total due from affiliates	<u>\$ 96,590</u>	<u>\$ 67,531</u>

Due to affiliates in the condensed consolidated balance sheets consists primarily of amounts payable to certain non-controlling interest holders in connection with the Tax Receivable Agreements, amounts payable to the StepStone Funds and distributions payable to certain employee equity holders of consolidated subsidiaries, as set forth below.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

	As of	
	December 31,	
	2024	March 31, 2024
Amounts payable to non-controlling interest holders in connection with Tax Receivable Agreements	\$ 307,864	\$ 206,841
Amounts payable to StepStone Funds	7,875	5,844
Distributions payable to certain employee equity holders of consolidated subsidiaries	—	233
Total due to affiliates	\$ 315,739	\$ 212,918

The Company made payments of \$ 17 thousand and \$ 2.6 million during the three months ended December 31, 2024 and 2023, respectively, and \$ 9.8 million and \$ 10.3 million for the nine months ended December 31, 2024 and 2023, respectively, under the Tax Receivable Agreements.

13. Stockholders' Equity and Redeemable Non-Controlling Interests

Stockholders' Equity

The Company has two classes of common stock outstanding, Class A common stock and Class B common stock. Holders of Class A common stock and Class B common stock generally vote together as a single class on all matters presented to the Company's stockholders for their vote or approval. Holders of Class A common stock are entitled to receive dividends when and if declared by the board of directors. Holders of the Class B common stock are not entitled to dividends in respect of their shares of Class B common stock.

The Class C and Class D (further described below) limited partnership interests of the Partnership have substantially the same rights and obligations as are applicable to the existing holders of Class B units of the Partnership. The Company has no ownership interest in the Class C and Class D units, which are held by certain employees of the Company. The Company has entered into agreements with the Class C limited partners of the Partnership (the "Class C Exchange Agreement") and Class D limited partners of the Partnership (the "Class D Exchange Agreement") to allow for the exchange of Class C units and Class D units, respectively, to shares of Class A common stock of the Company on a one -for-one basis, subject to certain restrictions, as further described below in respect of the Class D Exchange Agreement.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

The following table shows a rollforward of the Company's shares of common stock outstanding since March 31, 2024:

	Class A Common Stock	Class B Common Stock
March 31, 2024	65,614,902	45,030,959
Class A common stock issued in exchange for Class B partnership units	7,493,688	(7,493,688)
Class A common stock issued in exchange for Class C partnership units	886,451	—
Class A common stock issued in exchange for Class D partnership units	729,449	—
Class A common stock issued for vesting of RSUs, net of shares withheld for employee taxes	565,138	—
Class A common stock issued for purchase of asset class non-controlling interests	513,394	—
Class A common stock issued under ESPP	38,096	—
Class B common stock purchased at par value in connection with vesting of Class B2 units ⁽¹⁾	—	2,589,983
December 31, 2024	<u>75,841,118</u>	<u>40,127,254</u>

(1) Includes 23,417 Class B units issued pursuant to anti-dilution rights in connection with the vesting of Class B2 units.

The Company has 25,000,000 authorized shares of preferred stock, par value of \$ 0.001 per share, and as of December 31, 2024, no shares of preferred stock were issued or outstanding.

In December 2024, the Company issued 2,354,788 shares of Class A common stock to certain limited partners of the Partnership in exchange for 2,354,788 Class B units of the Partnership in accordance with the elective exchange notices submitted pursuant to an agreement with the Class B limited partners (the "Class B Exchange Agreement") to allow for exchange of Class B units of the Partnership to shares of Class A common stock of the Company on a one -for-one basis, subject to certain restrictions. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company. The Company also issued 75,642 shares of Class A common stock to certain limited partners of the Partnership in exchange for 75,642 Class C units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class C Exchange Agreement, and a corresponding number of Class A units of the Partnership were issued to the Company. The Company also issued 729,449 shares of Class A common stock to certain limited partners of the Partnership in exchange for 729,449 Class D units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class D Exchange Agreement, and a corresponding number of Class A units of the Partnership were issued to the Company.

In September 2024, the Company issued 312,112 shares of Class A common stock to certain limited partners of the Partnership in exchange for 312,112 Class B units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company. The Company also issued 34,027 shares of Class A common stock to certain limited partners of the Partnership in exchange for 34,027 Class C units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class C Exchange Agreement, and a corresponding number of Class A units of the Partnership were issued to the Company.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

Also in September 2024, the Company conducted an underwritten public offering of 4,099,997 shares of Class A common stock (the "September 2024 Offering") at a public offering price of \$ 50.00 per share. The Company used all of the net proceeds from the offering, after underwriting discounts and commissions and expenses, to purchase (i) 300,000 shares of Class A common stock of the Company from certain selling stockholders, (ii) 3,094,981 Class B units of the Partnership from certain holders thereof, including certain directors and executive officers of the Company, and (iii) 705,016 Class C units of the Partnership from certain holders thereof. 3,094,981 shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and 3,799,997 Class A units of the Partnership were issued to the Company.

In June 2024, the Company issued 1,731,807 shares of Class A common stock to certain limited partners of the Partnership in exchange for 1,731,807 Class B units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company. The Company also issued 71,766 shares of Class A common stock to certain limited partners of the Partnership in exchange for 71,766 Class C units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class C Exchange Agreement, and a corresponding number of Class A units of the Partnership were issued to the Company.

Purchase of Asset Class Non-Controlling Interests

On February 7, 2024, SSG and the Partnership entered into agreements (the "Transaction Agreements") with each of SRA, SRE and SPD (the "Asset Class Entities"), their respective asset class heads as seller representatives, the seller parties signatory thereto, and certain other parties. The Transaction Agreements provide a path to the Partnership owning all of the outstanding equity interests of the Asset Class Entities over a defined period of time.

The Transaction Agreements provide for, among other things and subject to the terms and conditions therein, the exchange of the sellers' equity interests in the Asset Class Entities, as applicable, for a combination of (i) newly-created Class D equity interests ("Class D units") in the Partnership with terms substantially similar to the Partnership's existing Class C units, in the case of SRA and SRE, or shares of the Company's Class A common stock, in the case of SPD and (ii) cash (at the discretion of the Company for all exchanges except the initial exchange), in up to ten annual exchanges (increased to up to fifteen annual exchanges in certain circumstances in case of the sellers of SRA equity interests).

On April 1, 2024, certain of the Company's subsidiaries underwent transactions to effect unitization of the outstanding classes of limited partnership interests. The economic rights and obligations of limited partnership interest holders were the same immediately prior to the unitization as immediately after the unitization. The outstanding classes of limited partnership interests, including the class of interests relating to awards of carried interest allocations granted to employees, were essentially combined into a single class of limited partnership interest and redesignated into units. The class of interests relating to awards of carried interest allocations granted to employees were previously accounted for as compensation arrangements under ASC 710, *Compensation*, and presented as carried interest-related compensation expense. The transaction was considered to be a transaction amongst equity holders, and the Company did not recognize any incremental compensation cost related to settlement of the accrued carried interest-related compensation.

Also on April 1, 2024, the Company exchanged certain ordinary shares in the SPD subsidiary and paid \$ 5.4 million to purchase certain preferred shares in SPD with liquidation preference rights in connection with the Transaction Agreements (defined below). There was no change in the Company's economic interest in SPD as a result of the transaction.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

On May 31, 2024, the Company completed the first annual exchange (the “2024 Exchange”) to acquire approximately 5 % of the equity interests of each of SRA, SRE and SPD pursuant to the Transaction Agreements. As a result of the 2024 Exchange, the Partnership now owns approximately 54 % of the outstanding equity interests of SRA, 56 % of the outstanding equity interests of SRE and 54 % of the outstanding equity interests of SPD. The aggregate consideration paid by the Company in the 2024 Exchange was approximately (i) \$ 13 million in cash, (ii) 513,394 shares of the Company’s Class A common stock and (iii) 2,239,185 Class D units of the Partnership.

In connection with the transactions contemplated by the SRA Transaction Agreement and SRE Transaction Agreement, SSG and the Partnership entered into a Class D Exchange Agreement at the closing of the 2024 Exchange on May 31, 2024. The Class D Exchange Agreement provides, among other things, sellers under the SRA Transaction Agreement and SRE Transaction Agreement with the ability, in certain circumstances and subject to certain conditions, to exchange the Class D units issued to them on a one -for-one basis with shares of the Company’s Class A common stock, par value \$ 0.001 . In addition, the Class D Exchange Agreement restricts the exchange of the Class D units issued to such sellers, which restriction applies for a maximum of one year (or two years if a Transaction Agreement Exchange (as defined in the Class D Exchange Agreement) constitutes an Acceleration Exchange (as defined in the Class D Exchange Agreement)), subject to certain exceptions.

The Company accounts for adjustments to the redemption value of a redeemable equity instrument that is currently redeemable by adjusting the carrying value of the equity instrument to the maximum redemption value at each reporting period based on conditions that exist as of the reporting date. If the redeemable equity instrument is probable of becoming redeemable in the near future, the carrying value of a redeemable equity instrument is adjusted to the redemption value immediately as changes occur based on conditions that exist at that date or at each reporting date. For redeemable equity instruments either not redeemable or probable of becoming redeemable in the near future, no adjustment to the carrying value is made until it is probable that the equity instrument will become redeemable. The Company recognizes adjustments to the carrying value of redeemable equity instruments with charges against retained earnings, or to additional paid-in-capital in the absence of retained earnings.

As of December 31, 2024, the Company determined that redemption of the redeemable non-controlling interests in subsidiaries was probable and presented the carrying value at the redemption amount based on the conditions that existed as of that date of \$ 6.6 million in the condensed consolidated balance sheets within redeemable non-controlling interests in subsidiaries.

The reallocation adjustment between SSG stockholders’ equity, non-controlling interests in the Partnership and non-controlling interests in subsidiaries relates to the impact of changes in economic ownership percentages during the period and adjusting previously recorded equity transactions to the economic ownership percentage as of the end of each reporting period.

Dividends and Distributions

Dividends and distributions are reflected in the condensed consolidated statements of stockholders’ equity when declared by the board of directors. Dividends are made to Class A common stockholders and distributions are made to limited partners of the Partnership and holders of non-controlling interests in subsidiaries.

On November 7, 2024, the Company announced a quarterly cash dividend of \$ 0.24 per share of Class A common stock, which was paid on December 13, 2024 to holders of record at the close of business on November 29, 2024.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Redeemable Non-Controlling Interests

The following table summarizes the activities associated with the redeemable non-controlling interests in Consolidated Funds:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Beginning balance	\$ 205,624	\$ 59,272	\$ 102,623	\$ 24,530
Contributions	79,138	11,216	169,943	39,956
Redemption of redeemable non-controlling interests	(8,845)	—	(8,845)	—
Net income	10,905	5,588	23,101	11,590
Ending balance	<u>\$ 286,822</u>	<u>\$ 76,076</u>	<u>\$ 286,822</u>	<u>\$ 76,076</u>

The following table summarizes the activities associated with the redeemable non-controlling interests in subsidiaries:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Beginning balance	\$ 6,238	\$ —	\$ 115,920	\$ —
Net income	314	—	983	—
Redemption of redeemable non-controlling interests	—	—	(110,351)	—
Ending balance	<u>\$ 6,552</u>	<u>\$ —</u>	<u>\$ 6,552</u>	<u>\$ —</u>

14. Commitments and Contingencies

Litigation

In the ordinary course of business, and from time to time, the Company may be subject to various legal, regulatory and/or administrative proceedings. The Company accrues a liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. Although there can be no assurance of the outcome of such proceedings, based on information known by management, the Company does not expect a potential liability related to any current legal proceedings or claims that would individually or in the aggregate materially affect its condensed consolidated financial statements as of December 31, 2024.

Lease Commitments

The Company leases offices in 26 cities in North America, South America, Europe, Asia and Australia, and certain equipment subject to operating lease agreements expiring through 2039, some of which may include options to extend or terminate the lease. As of December 31, 2024, there were no finance leases outstanding.

In December 2024, the Company executed an agreement to enter into a new lease for its Dublin office. The Company expects to gain access to the additional space in April 2025. At that time, the Company will establish a ROU asset and lease liability for the new lease. Upon lease commencement, total future lease payments are expected to be approximately \$ 5.6 million over approximately 10 years.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(in thousands, except share and per share amounts and where noted)

The components of lease expense included in general, administrative and other expenses in the condensed consolidated statements of income were as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Operating lease cost ⁽¹⁾⁽²⁾	\$ 3,991	\$ 3,865	\$ 12,028	\$ 11,693
Variable lease cost	309	76	977	395
Sublease income	(461)	(364)	(1,380)	(1,200)
Total lease cost	<u><u>\$ 3,839</u></u>	<u><u>\$ 3,577</u></u>	<u><u>\$ 11,625</u></u>	<u><u>\$ 10,888</u></u>

(1) Operating lease cost includes an immaterial amount of short-term leases.

(2) Includes a gain of \$ 0.1 million for the three and nine months ended December 31, 2023 related to lease remeasurement adjustments due to a reduction in lease terms.

Supplemental cash flow information related to leases was as follows:

	Nine Months Ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	\$ 11,298	\$ 9,851
Weighted-average remaining lease term for operating leases (in years)	10.9	11.6
Weighted-average discount rate for operating leases	4.7	% 4.6 %

As of December 31, 2024, maturities of operating lease liabilities were as follows:

Remainder of FY2025	\$ 4,108
FY2026	16,446
FY2027	15,139
FY2028	13,054
FY2029	15,005
Thereafter	84,593
Total lease liabilities	148,345
Less: Imputed interest	(36,170)
Total operating lease liabilities	<u><u>\$ 112,175</u></u>

Unfunded Capital Commitments

As of December 31, 2024 and March 31, 2024, the Company, generally in its capacity as general partner or managing member of the StepStone Funds, had unfunded commitments totaling \$ 116.5 million and \$ 115.7 million, respectively. The \$ 116.5 million and \$ 115.7 million of unfunded commitments as of December 31, 2024 and March 31, 2024, respectively, exclude \$ 51.6 million and \$ 67.8 million, respectively, related to commitments held by general partner entities for certain funds in which the Company does not hold any direct economic interests, including the legacy Greenspring funds.

StepStone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(in thousands, except share and per share amounts and where noted)

Carried Interest Allocations

Carried interest allocations are subject to reversal in the event of future losses, to the extent of the cumulative revenues recognized by the Company in income to date. Additionally, if the Company has received net profits over the life of the fund in excess of its allocable share under the applicable partnership agreement, the Company may be obligated to repay previously distributed carried interest that exceeds the amounts to which the Company is ultimately entitled. In these situations, a liability is accrued for the potential clawback obligation if amounts previously distributed to the Company would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of December 31, 2024 and March 31, 2024, no material amounts for potential clawback obligations had been accrued. This contingent obligation is normally reduced by income taxes that the Company has paid related to the carried interest allocations. As of December 31, 2024, the maximum amount of carried interest allocations (excluding legacy Greenspring carried interest allocations) attributable to the Company subject to contingent repayment was an estimated \$ 317.2 million, net of tax, assuming the fair value of all investments was zero, a possibility that the Company views as remote.

Indemnification Arrangements

In the normal course of business and consistent with standard business practices, the Company has provided general indemnifications to its limited partners, officers and directors when they act in good faith in the performance of their duties for the Company. The terms of these indemnities vary from contract to contract. The Company's maximum exposure under these arrangements cannot be determined as these indemnities relate to future claims that may be made against the Company or related parties, but which have not yet occurred. No liability related to these indemnities has been recorded in the condensed consolidated balance sheets as of December 31, 2024 and March 31, 2024. Based on past experience, management believes that the risk of loss related to these indemnities is remote.

15. Subsequent Events

As of the end of January 2025, the private wealth platform grew to an AUM of over \$ 7 billion, due in part to StepStone Private Credit Income Fund ("CRDEX") executing a secondary transaction of a high-quality, private credit portfolio. The purchase was executed through the issuance of CRDEX shares to the sellers.

On February 6, 2025, the Company announced a quarterly cash dividend of \$ 0.24 per share of Class A common stock, payable on March 14, 2025 to holders of record as of the close of business on February 28, 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes included within this quarterly report on Form 10-Q and our audited financial statements, the related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our annual report on Form 10-K for the fiscal year ended March 31, 2024 filed with the SEC. In this quarterly report, references to "we," "us," "our," "StepStone" and similar terms refer to SSG and its consolidated subsidiaries, including the Partnership.

Business Overview

We are a global private markets investment firm focused on providing customized investment solutions and advisory and data services to our clients. Our clients include some of the world's largest public and private defined benefit and defined contribution pension funds, sovereign wealth funds and insurance companies, as well as prominent endowments, foundations, family offices and private wealth clients, which include high-net-worth and mass affluent individuals. We partner with our clients to develop and build private markets portfolios designed to meet their specific objectives across the private equity, infrastructure, private debt and real estate asset classes. These portfolios utilize several types of synergistic investment strategies with third-party fund managers, including commitments to funds ("primaries"), acquiring stakes in existing funds on the secondary market ("secondaries") and investing directly into companies ("co-investments"). As of December 31, 2024, we were responsible for approximately \$698 billion of total capital, including \$179 billion of AUM and \$519 billion of AUA.

We are a global firm and believe that our multi-asset class expertise, local knowledge, business relationships, proprietary data and technology, and presence are all critical to securing a competitive edge in the private markets. We deploy a local staffing model, operating from 26 cities across 16 countries on five continents. Our offices are staffed by investment professionals who bring valuable regional insights and language proficiency to enhance existing client relationships and build new client relationships. Since our inception in 2007, we have invested and continue to invest heavily in our platforms to drive growth and expand our investment solutions capabilities and service offerings, including through opportunistic transactions that have helped accelerate the growth of our team and capabilities. As of December 31, 2024, we had approximately 1,090 total employees, including approximately 375 investment professionals and 715 employees across our operating team and implementation teams dedicated to sourcing, executing, analyzing and monitoring private markets opportunities.

We have a flexible business model whereby many of our clients engage us for solutions across multiple asset classes and investment strategies. Our solutions are typically offered in the following commercial structures:

- *Separately managed accounts ("SMAs").* Owned by one client and managed according to their specific preferences, SMAs integrate a combination of primaries, secondaries and co-investments across one or more asset classes. SMAs are meant to address clients' specific portfolio objectives with respect to return, risk tolerance, diversification and liquidity. SMAs, including directly managed assets, comprised \$109 billion of our AUM as of December 31, 2024.
- *Focused commingled funds.* Owned by multiple clients, our focused commingled funds deploy capital in specific asset classes with defined investment strategies. Focused commingled funds comprised \$55 billion of our AUM as of December 31, 2024.

- *Advisory and data services.* These services include one or more of the following for our clients: (i) recurring support of portfolio construction and design; (ii) discrete or project-based due diligence, advice and investment recommendations; (iii) detailed review of existing private markets investments, including portfolio-level repositioning recommendations where appropriate; (iv) consulting on investment pacing, policies, strategic plans, and asset allocation to investment boards and committees; and (v) licensed access to our proprietary data and technology platforms, including StepStone Private Markets Intelligence ("SPI") Research and our other proprietary tools. Advisory relationships comprised \$519 billion of our AUA and \$15 billion of our AUM as of December 31, 2024.
- *Portfolio analytics and reporting.* We provide clients with tailored reporting packages, including customized performance benchmarks as well as associated compliance, administrative and tax capabilities. Mandates for portfolio analytics and reporting services typically include licensed access to our proprietary performance monitoring software, SPI Reporting. SPI Reporting tracked detailed information on over \$755 billion of client commitments as of December 31, 2024, inclusive of our total capital responsibility, previously exited investments and investments of former clients.

We generate revenues from management and advisory fees and performance fees earned pursuant to contractual arrangements with the StepStone Funds and our clients. We also invest our own capital in the StepStone Funds we manage to align our interests with those of our clients. Through these investments, we earn a pro-rata share of the results of such funds and may also be entitled to an allocation of performance-based fees from the limited partners in the StepStone Funds, commonly referred to as carried interest.

Trends Affecting Our Business

Our business is affected by a variety of factors, including conditions in the financial markets, regulatory environment, and economic and political conditions. Changes in global economic conditions and regulatory or other governmental policies or actions can materially affect the values of the StepStone Funds' holdings, our ability to source attractive investments and completely utilize the capital that we have raised, and result in increased compliance costs and administrative burdens. However, we believe our disciplined investment philosophy across our diversified investment strategies has historically contributed to the stability of our performance throughout market cycles. Furthermore, we operate at scale across all four private markets asset classes and service clients across a broad range of geography, type, and size, which contributes to our operating resilience and mitigates against concentration risk.

In addition to these macroeconomic trends and market factors, we believe our future performance will be influenced by the following factors:

- *The extent to which clients favor private markets investments.* Our ability to attract new capital is partially dependent on clients' views of private markets relative to traditional asset classes. We believe our fundraising efforts will continue to be subject to certain fundamental asset management trends, including (1) the increasing importance and market share of private markets investment strategies to clients of all types as clients focus on lower-correlated and absolute levels of return, (2) the increasing demand for private markets investments from private wealth clients, (3) shifting asset allocation policies of institutional clients and (4) increasing barriers to entry and growth for potential competitors.
- *Our ability to generate strong, stable returns.* Our ability to raise and retain capital is partially dependent on the investment returns we are able to generate for our clients and drives growth in our fee-earning AUM ("FEAUM") and management fees. Although our FEAUM and management fees have grown significantly since our inception, adverse market conditions or an outflow of capital in the private markets management industry in general could affect our future growth rate. In addition, market dislocations, contractions or volatility could put pressure on our returns in the future which could in turn affect our fundraising abilities.

- *Our ability to maintain our data advantage relative to competitors.* Our proprietary data and technology platforms, analytical tools and deep industry knowledge allow us to provide our clients with customized investment solutions, including asset management services and tailored reporting packages, such as customized performance benchmarks as well as compliance, administration and tax capabilities. Our ability to maintain our data advantage is dependent on a number of factors, including our continued access to a broad set of private market information and our ability to grow our relationships with fund managers and clients of all types.
- *Our ability to source investments with attractive risk-adjusted returns.* The continued growth in our revenues is dependent on our ability to identify attractive investments and deploy the capital that we have raised. However, the capital deployed in any one quarter may vary significantly from period to period due to the availability of attractive opportunities and the long-term nature of our investment strategies. Our ability to identify attractive investments is dependent on a number of factors, including the general macroeconomic environment, valuation, transaction size, and the liquidity of an investment opportunity. A significant decrease in the quality or quantity of potential opportunities could significantly and adversely affect our ability to source investments with attractive risk-adjusted returns.
- *Increased competition and clients' desire to work with fewer managers.* There has been an increasing desire on the part of larger institutional investors to build deeper relationships with fewer private markets managers. At times, this has led to certain funds being oversubscribed due to the increasing flow of capital. Our ability to invest and maintain our relationships with high-performing fund managers across private markets asset classes is critical to our clients' success and our ability to maintain our competitive position and grow our revenue.

Current Events

In 2024, signs of easing inflation coupled with the expansion of economic activity at a sustained pace and low unemployment rates contributed to positive returns in most financial markets despite inflation remaining elevated. Between September 2024 and December 2024, the Federal Reserve announced several decisions to lower the target range for the federal funds rate ultimately to a range of 4.25% to 4.50% in response to positive trends in economic data, including a measure of inflation.

We are continuing to closely monitor developments related to inflation, decreasing but still higher interest rates, potential trade, regulatory and governmental policy developments as a result of U.S. elections, banking system volatility, geopolitical tension, unrest or conflicts, including in or with China, Russia, Ukraine, and the Middle East, and assess the impact on financial markets and on our business. Our results and the overall industry results have been and may continue to be adversely affected by slowdowns in fundraising activity and the pace of capital deployment, which have resulted in, and may continue to result in, delayed or decreased management fees. Further, fund managers have been unable or less able to exit existing investments profitably. Such conditions have resulted in, and may continue to result in, delayed or decreased performance fee revenues. It is currently not possible to predict the ultimate effects of these events on the financial markets, overall economy and our condensed consolidated financial statements. See “Risk Factors—Risks Related to Our Industry—Difficult or volatile market and political conditions can adversely affect our business by reducing the market value of the assets we manage, causing our clients to reduce their investments in private markets, reducing the number of high-quality investment managers with whom we may invest, and reducing the ability of our funds to raise or deploy capital” included in Part II, Item 1A of this quarterly report on Form 10-Q and “Risk Factors—Banking system volatility may adversely affect the results and financial condition of the StepStone Funds or StepStone generally” included in our annual report on Form 10-K for the fiscal year ended March 31, 2024.

Corporate Transactions

Senior Notes

On October 22, 2024, we issued \$175.0 million aggregate principal amount of our 5.52% Series A senior notes due October 22, 2029 (the "Notes"), pursuant to a note purchase agreement, dated as of October 22, 2024 (the "Note Purchase Agreement"), in a private placement exempt from registration under the Securities Act.

Interest on the Notes will be payable semi-annually in arrears on April 22 and October 22 of each year, commencing on April 22, 2025. Interest on the Notes will accrue from and including October 22, 2024. The Notes will mature on October 22, 2029. We may, at our option, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 5% of the aggregate principal amount of the Notes then outstanding at a redemption price equal to 100% of the principal amount thereof plus any applicable "make-whole amount" and accrued and unpaid interest to the redemption date. So long as no default or event of default shall have occurred and be continuing under the Note Purchase Agreement, no make-whole amount will be due if the Notes are paid on or after April 22, 2029.

Purchase of Asset Class Non-Controlling Interests

On February 7, 2024, we entered into agreements (the "Transaction Agreements") with each of SRA, SRE and SPD (the "Asset Class Entities"), their respective asset class heads as seller representatives, the seller parties signatory thereto, and certain other parties. The Transaction Agreements provide a path to the Partnership owning all of the outstanding equity interests of the Asset Class Entities over a defined period of time.

The Transaction Agreements provide for, among other things and subject to the terms and conditions therein, the exchange of the sellers' equity interests in the Asset Class Entities, as applicable, for a combination of (i) newly-created Class D equity interests ("Class D units") in the Partnership with terms substantially similar to the Partnership's existing Class C units, in the case of SRA and SRE, or shares of Class A common stock, in the case of SPD, and (ii) cash (at our discretion for all exchanges except the initial exchange), in up to ten annual exchanges (or up to fifteen annual exchanges in certain circumstances in the case of the sellers of SRA equity interests).

On May 31, 2024, we completed the first annual exchange (the "2024 Exchange") to acquire approximately 5% of the equity interests of each of SRA, SRE and SPD pursuant to the Transaction Agreements dated as of February 7, 2024. As a result of the 2024 Exchange, the Partnership now owns approximately 54% of the outstanding equity interests of SRA, 56% of the outstanding equity interests of SRE and 54% of the outstanding equity interests of SPD. The aggregate consideration paid by us in the 2024 Exchange was approximately (i) \$13 million in cash, (ii) 513,394 shares of Class A common stock and (iii) 2,239,185 Class D units of the Partnership.

In connection with the transactions contemplated by the SRA Transaction Agreement and SRE Transaction Agreement, we entered into a Class D Exchange Agreement (the "Class D Exchange Agreement") at the closing of the 2024 Exchange on May 31, 2024. The Class D Exchange Agreement provides, among other things, sellers under the SRA Transaction Agreement and SRE Transaction Agreement with the ability, in certain circumstances and subject to certain conditions, to exchange the Class D units issued to them in connection with the SRA Transaction Agreement and SRE Transaction Agreement on a one-for-one basis with shares of Class A common stock, par value \$0.001. In addition, the Class D Exchange Agreement restricts the exchange of the Class D units issued to such sellers, which restriction applies for a maximum of one year (or two years if a Transaction Agreement Exchange (as defined in the Class D Exchange Agreement) constitutes an Acceleration Exchange (as defined in the Class D Exchange Agreement)), subject to certain exceptions.

Equity Transactions

In June 2024, we issued 1,731,807 shares of Class A common stock to certain limited partners of the Partnership in exchange for 1,731,807 Class B units of the Partnership in accordance with elective exchange notices submitted pursuant to an agreement with the Class B limited partners (the "Class B Exchange Agreement") to allow for exchange of Class B units of the Partnership to shares of our Class A common stock on a one-for-one basis, subject to certain restrictions. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. On the same date, we also issued 71,766 shares of Class A common stock to certain limited partners of the Partnership in exchange for 71,766 Class C units of the Partnership in accordance with the elective exchange notices submitted pursuant to an agreement with the Class C limited partners (the "Class C Exchange Agreement") to allow for exchange of Class C units of the Partnership to shares of our Class A common stock on a one-for-one basis, subject to certain restrictions. A corresponding number of Class A units of the Partnership were issued to us.

In September 2024, we conducted an underwritten public offering of 4,099,997 shares of Class A common stock (the "September 2024 Offering") at a public offering price of \$50.00 per share. We used all of the net proceeds from the offering, after underwriting discounts and commissions and expenses, to purchase (i) 300,000 shares of our Class A common stock from certain selling stockholders, (ii) 3,094,981 Class B units of the Partnership from certain holders thereof, including certain of our directors and executive officers, and (iii) 705,016 Class C units of the Partnership from certain holders thereof. 3,094,981 shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and 3,799,997 Class A units of the Partnership were issued to us.

Also in September 2024, we issued 312,112 shares of Class A common stock to certain limited partners of the Partnership in exchange for 312,112 Class B units of the Partnership pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. On the same date, we also issued 34,027 shares of Class A common stock to certain limited partners of the Partnership in exchange for 34,027 Class C units of the Partnership pursuant to the Class C Exchange Agreement. A corresponding number of Class A units of the Partnership were issued to us.

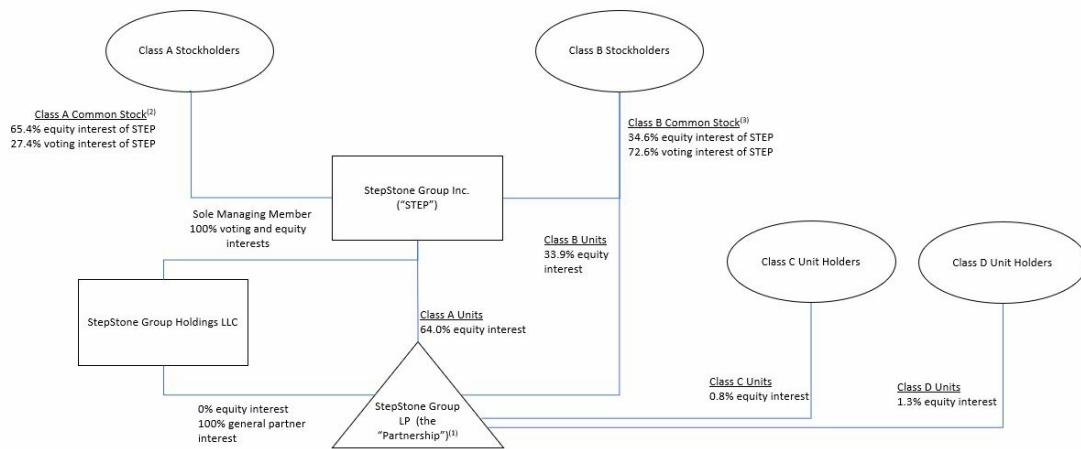
In December 2024, we issued 2,354,788 shares of Class A common stock to certain limited partners of the Partnership in exchange for 2,354,788 Class B units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. We also issued 75,642 shares of Class A common stock to certain limited partners of the Partnership in exchange for 75,642 Class C units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class C Exchange Agreement, and a corresponding number of Class A units of the Partnership were issued to us. We also issued 729,449 shares of Class A common stock to certain limited partners of the Partnership in exchange for 729,449 Class D units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class D Exchange Agreement, and a corresponding number of Class A units of the Partnership were issued to us.

Organizational Structure

SSG is a holding company and its only business is to act as the managing member of the General Partner, and its only material assets are Class A units in the Partnership and 100% of the interests in the General Partner. In its capacity as the sole managing member of the General Partner, SSG indirectly operates and controls all of the Partnership's business and affairs. Therefore, we consolidate the financial results of the Partnership and report non-controlling interests ("NCI") related to the Class B units, Class C units and Class D units held by partners of the Partnership in our consolidated financial statements.

Pursuant to the StepStone Limited Partnership Agreement, the Class B Exchange Agreement, the Class C Exchange Agreement and the Class D Exchange Agreement that SSG and the Partnership entered into with partners holding Class B units, Class C units and Class D units of the Partnership, respectively, each Class B unit, Class C unit or Class D unit is exchangeable for one share of SSG's Class A common stock or, at SSG's election, for cash, subject to certain restrictions specified in the relevant exchange agreement. When a Class B unit, Class C unit or Class D unit is surrendered for exchange, it will not be available for reissuance. When a Class B unit is exchanged for a share of SSG's Class A common stock, a corresponding share of SSG's Class B common stock will automatically be redeemed by SSG at par value and canceled. There are no corresponding shares of common stock for the Class C and Class D units.

The diagram below illustrates our organizational structure as of December 31, 2024.



Amounts may not sum to 100% due to rounding.

(1) The partners of the Partnership other than StepStone Group Inc. are:

- the General Partner, which holds a 100% general partner interest and no economic interests;
- certain members of management, employee owners and outside investors, all of whom own Class B units and an equivalent number of shares of Class B common stock;
- certain employee owners who own Class C units; and
- certain employee owners who own Class D units.

(2) Each share of Class A common stock is entitled to one vote and vote together with the Class B common stock as a single class, except as set forth in SSG's amended and restated certificate of incorporation or as required by law.

(3) Each share of Class B common stock is entitled to five votes prior to a Sunset (as defined below). After a Sunset becomes effective, each share of our Class B common stock will then entitle its holder to one vote. The economic rights of our Class B common stock are limited to the right to be redeemed at par value.

A “Sunset” is triggered upon the earliest to occur of the following: (i) Monte Brem, Scott Hart, Jason Ment, Jose Fernandez, Johnny Randel, Michael McCabe, Mark Maruszewski, Thomas Keck, Thomas Bradley, David Jeffrey and Darren Friedman (including their respective family trusts and any other permitted transferees, the “Sunset Holders”) collectively cease to maintain direct or indirect beneficial ownership of at least 10% of the outstanding shares of Class A common stock (determined assuming all outstanding Class B units have been exchanged for Class A common stock); (ii) the Sunset Holders cease collectively to maintain direct or indirect beneficial ownership of an aggregate of at least 25% of the aggregate voting power of our outstanding Class A common stock and Class B common stock, before giving effect to a Sunset; and (iii) September 18, 2025. As of December 31, 2024, the Sunset Holders collectively maintained direct or indirect beneficial ownership of approximately 27.9% of the Class A common stock (determined assuming all outstanding Class B units have been exchanged for Class A common stock) and approximately 55.9% of the aggregate voting power of our outstanding Class A common stock and Class B common stock.

Key Financial Measures

Our key financial measures are discussed below. Additional information regarding our significant accounting policies can be found in note 2 to our condensed consolidated financial statements included elsewhere in this quarterly report.

Revenues

We generate revenues primarily from management and advisory fees, incentive fees and allocations of carried interest.

Management and Advisory Fees, Net

Management and advisory fees, net, consist of fees received from managing SMAs and focused commingled funds, advisory and data services, and portfolio analytics and reporting. Management fees include income-based incentive fees, which are predictable and recurring in nature and paid quarterly based on net investment income of certain funds.

- Management fees from SMAs are generally based on a contractual rate applied to committed capital or net invested capital. These fees will vary over the life of the contract due to changes in the fee basis or contractual rate changes or thresholds, built-in declines in applicable contractual rates, and/or changes in net invested capital balances. The weighted-average management fee rate from SMAs was approximately 0.40% and 0.39% of average FEAUM for the twelve months ended December 31, 2023 and 2024, respectively.
- Management fees from focused commingled funds are generally based on a specified fee rate applied against client capital commitments during a defined investment or commitment period. Thereafter, management fees are typically calculated based on a contractual rate applied against net invested capital, or a stepped-down fee rate applied against the initial commitment. The weighted-average management fee rate from focused commingled funds was approximately 0.90% and 1.03% of average FEAUM for the twelve months ended December 31, 2023 and 2024, respectively, and primarily reflected the timing of new funds, and shifts in asset class mix.
- The weighted-average management fee rate across SMAs and focused commingled funds was approximately 0.58% and 0.64% of average FEAUM for the twelve months ended December 31, 2023 and 2024, respectively, and primarily reflected the timing of new funds and shifts in mix between SMAs and focused commingled funds.

- Fee revenues from advisory, StepStone Portfolio Analytics & Reporting (“SPAR”) and SPI Research are generally annual fixed fees, which vary based on the scope of services we provide. We also provide certain project-based or event-driven advisory services. The fees for these services are negotiated and typically paid upon successful delivery of services or on the execution of the event-driven service. Because advisory fees are negotiated and typically paid upon successful delivery of services or on the execution of the event-driven service, advisory fees do not necessarily correlate with the total size of our AUA.
- Management fees are reflected net of (i) certain professional and administrative services that we arrange to be performed by third parties on behalf of investment funds and (ii) certain distribution and servicing fees paid to third-party financial institutions. In both situations, we are acting as an agent because we do not control the services provided by the third parties before they are transferred to the customer.

Performance Fees

We earn two types of performance fee revenues: incentive fees and carried interest allocations, as described below. As of December 31, 2024, we had over \$90 billion of performance fee-eligible capital (excluding certain legacy Greenspring funds) across over 200 programs.

Incentive fees comprise fees earned from certain client investment mandates for which we do not have a general partnership interest in a StepStone Fund. Incentive fees are generally calculated as a percentage of the profits (up to 15%) earned in respect of certain accounts, including certain permanent capital vehicles, for which we are the investment adviser, subject to the achievement of minimum return levels or performance benchmarks. Incentive fees are a form of variable consideration and represent contractual fee arrangements in our contracts with our customers. Incentive fees are typically subject to reversal until the end of a defined performance period, as these fees are affected by changes in the fair value of the assets under management or advisement over such performance period. Moreover, incentive fees that are received prior to the end of the defined performance period are typically subject to clawback, net of tax.

We recognize incentive fee revenue only when these amounts are realized and no longer subject to significant risk of reversal, which is typically at the end of a defined performance period and/or upon expiration of the associated clawback period (i.e., crystallization). However, clawback terms for incentive fees received prior to crystallization only require the return of amounts on a net of tax basis. Accordingly, the tax-related portion of incentive fees received in advance of crystallization is not subject to clawback and is therefore recognized as revenue immediately upon receipt. Incentive fees received in advance of crystallization that remain subject to clawback are recorded as deferred incentive fee revenue and included in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets.

Carried interest allocations include the allocation of performance-based fees, commonly referred to as carried interest, to us from limited partners in the StepStone Funds in which we hold an equity interest. We are entitled to a carried interest allocation (typically 5% to 20%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. These carried interest allocations are subject to the achievement of minimum return levels (typically 5% to 10%), in accordance with the terms set forth in the respective fund’s governing documents. We account for our investment balances in the StepStone Funds, including carried interest allocations, under the equity method of accounting because we are presumed to have significant influence as the general partner or managing member. Accordingly, carried interest allocations are generally not deemed to be within the scope of Accounting Standards Codification Topic 606 (“ASC 606”), *Revenue from Contracts with Customers*.

Legacy Greenspring carried interest allocations include the allocation of carried interest to legacy Greenspring general partner entities from limited partners in certain legacy Greenspring funds in which the legacy Greenspring general partner entities hold an equity interest. The legacy Greenspring general partner entities are entitled to a carried interest allocation (typically 5% to 20%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. We account for the investment balances in the legacy Greenspring funds, including carried interest allocations, under the equity method of accounting because we are presumed to have significant influence as the general partner or managing member. Accordingly, legacy Greenspring carried interest allocations are not deemed to be within the scope of ASC 606. We do not have any direct economic interests in the legacy Greenspring general partner entities and thus are not entitled to any carried interest allocation from the legacy Greenspring funds. All of the carried interest allocations in respect of such legacy Greenspring funds are payable to employees who are considered affiliates to us and are therefore reflected as legacy Greenspring performance fee-related compensation in the consolidated statements of income.

We recognize revenue attributable to carried interest allocations from a StepStone Fund based on the amount that would be due to us pursuant to the fund's governing documents, assuming the fund was liquidated based on the current fair value of its underlying investments as of that date. Accordingly, the amount recognized as carried interest allocation revenue reflects our share of the gains and losses of the associated fund's underlying investments measured at their then-fair values, relative to the fair values as of the end of the prior period. We record the amount of carried interest allocated to us as of each period end as accrued carried interest allocations, which is included as a component of investments in the condensed consolidated balance sheets. Our determination of fair value for investments in the underlying funds includes various valuation techniques. These techniques may include a market approach, recent transaction price, net asset value approach, or discounted cash flows, and may use one or more significant unobservable inputs such as EBITDA, revenue multiples, discount rates, weighted-average cost of capital, exit multiples, or terminal growth rates.

Carried interest is realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the specific hurdle rates, as defined in the applicable governing documents. Carried interest is subject to reversal to the extent that the amount received to date exceeds the amount due to us based on cumulative results. As such, a liability is accrued for the potential clawback obligations if amounts previously distributed to us would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of December 31, 2024 and March 31, 2024, no material amounts for potential clawback obligations had been accrued.

Expenses

Cash-based compensation primarily includes salaries, bonuses, employee benefits and employer-related payroll taxes.

Equity-based compensation represents grants of equity related awards or arrangements to certain employees and directors and expense associated with the employee stock purchase plan ("ESPP").

Performance fee-related compensation represents the portion of carried interest allocation revenue and incentive fees that have been awarded to employees as a form of long-term incentive compensation. Performance fee-related compensation is generally tied to the investment performance of the StepStone Funds. Approximately 50% of carried interest allocation revenue is awarded to employees as part of our long-term incentive compensation plan, fostering alignment of interest with our clients and investors, and retaining key investment professionals. Carried interest-related compensation is accounted for as compensation expense in conjunction with the related carried interest allocation revenue and, until paid, is recorded as a component of accrued carried interest-related compensation in the condensed consolidated balance sheets. Amounts presented as realized indicate the amounts paid or payable to employees based on the receipt of carried interest allocation revenue from realized investment

activity. Carried interest-related compensation expense may be subject to reversal to the extent that the related carried interest allocation revenue is reversed. Carried interest-related compensation paid to employees may be subject to clawback on an after-tax basis under certain scenarios. To date, no material amounts of realized carried interest-related compensation have been reversed. Incentive fee-related compensation is accrued as compensation expense when it is probable and estimable that payment will be made. On April 1, 2024, certain of our non-wholly owned subsidiaries underwent transactions to effect unitization of the outstanding limited partnership interests, including the class of interests relating to awards of carried interest allocations granted to employees, to combine into a single class of limited partnership interests and redesignated into units. The class of interests relating to awards of carried interest allocations granted to employees were previously presented as carried interest-related compensation expense.

Legacy Greenspring performance fee-related compensation represents the legacy Greenspring carried interest allocations which are entirely payable to certain employees. Legacy Greenspring carried interest-related compensation is accounted for as compensation expense in conjunction with the related legacy Greenspring carried interest allocation revenue and, until paid, is recorded as a component of legacy Greenspring accrued carried interest-related compensation in the condensed consolidated balance sheets. Legacy Greenspring carried interest-related compensation expense may be subject to reversal to the extent that the related legacy Greenspring carried interest allocation revenue is reversed. However, none of the legacy Greenspring carried interest allocation revenue is attributable to the Company.

General, administrative and other includes occupancy, travel and related costs, insurance, legal and other professional fees, depreciation, amortization of intangible assets, system-related costs, and other general costs associated with operating our business. General, administrative and other includes costs associated with the Consolidated Funds. Expenses of the Consolidated Funds have no impact on net income or loss attributable to us to the extent such expenses are borne by third-party investors.

Other Income (Expense)

Investment income (loss) primarily represents our share of earnings (losses) from the investments we make in our SMAs and focused commingled funds. We, either directly or through our subsidiaries, generally have a general partner interest in the StepStone Funds, which invest in primary funds, secondary funds and co-investment funds, or a combination thereof. Investment income will increase or decrease based on the earnings of the StepStone Funds, which are primarily driven by net realized and unrealized gains (losses) on the underlying investments held by the funds. Our co-investment funds invest in underlying portfolio companies and therefore their valuation changes from period to period are more influenced by individual companies than our primary and secondary funds, which have exposures across multiple portfolio companies in underlying private markets funds. Our SMAs and focused commingled funds invest across various industries, strategies and geographies.

Consequently, our general partner investments do not include any significant concentrations in a specific sector or geography outside the United States. Investment income and legacy Greenspring investment income exclude carried interest allocations, which are presented as revenues as described above.

Legacy Greenspring investment income (loss) represents our share of earnings (losses) from the investments we make in certain legacy Greenspring funds through the legacy Greenspring general partner entities. We have no direct economic interests in the legacy Greenspring general partner entities. As a result, all such income is reflected as non-controlling interests in legacy Greenspring entities. Legacy Greenspring investment income will increase or decrease based on the earnings of such legacy Greenspring funds, which are primarily driven by net realized and unrealized gains (losses) on the underlying investments held by the funds.

Investment income (loss) of Consolidated Funds represents gains (losses) from the investments held by the Consolidated Funds.

Interest income consists of income earned on cash and cash equivalents, restricted cash, and amounts associated with the Consolidated Funds.

Interest expense primarily consists of the interest expense on the Revolver and the Notes, as well as the related amortization of deferred financing costs.

Other income (loss) includes foreign currency transaction gains and losses, non-operating activities, and amounts associated with the Consolidated Funds.

Income Tax Expense

We are a corporation for U.S. federal income tax purposes and therefore are subject to U.S. federal and state income taxes on our share of taxable income generated by the Partnership. The Partnership is treated as a pass-through entity for U.S. federal and state income tax purposes. As such, income generated by the Partnership flows through to its limited partners, including us, and is generally not subject to U.S. federal or state income tax at the Partnership level. Our non-U.S. subsidiaries generally operate as corporate entities in non-U.S. jurisdictions, with certain of these entities subject to local or non-U.S. income taxes. Additionally, certain of our subsidiaries are subject to local jurisdiction income taxes at the entity level which are reflected within income tax expense in the condensed consolidated statements of income. As a result, the Partnership does not record U.S. federal and state income taxes on income generated by the Partnership or its subsidiaries, except for certain local and foreign income taxes discussed above.

Non-Controlling Interests

Non-controlling interests reflect the portion of income or loss and the corresponding equity attributable to third-party equity holders and employees in certain consolidated subsidiaries that are not 100% owned by us. Non-controlling interests are presented as separate components in our condensed consolidated statements of income to clearly distinguish between our interests and the economic interests of third parties and employees in those entities. Net income (loss) attributable to SSG, as reported in the condensed consolidated statements of income, is presented net of the portion of net income (loss) attributable to holders of non-controlling interests.

Non-controlling interests in subsidiaries represent the economic interests in the consolidated subsidiaries of the Partnership, including certain general partner entities for the StepStone Funds, held by third parties and employees. Non-controlling interests in subsidiaries are allocated a share of income or loss in the respective consolidated subsidiary in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Non-controlling interests in legacy Greenspring entities represent the economic interests in the legacy Greenspring general partner entities. We did not acquire any direct economic interests in the legacy Greenspring general partner entities. As a result, all of the net income (loss) attributable to the legacy Greenspring general partner entities is allocated to non-controlling interests in legacy Greenspring entities.

Non-controlling interests in the Partnership represent the economic interests in the Partnership held by the Class B, Class C and Class D unitholders of the Partnership. Non-controlling interests in the Partnership are allocated a share of income or loss in the Partnership in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Redeemable non-controlling interests in Consolidated Funds represent the economic interests in the Consolidated Funds which are not held by us, but are held by the third-party investors in the funds. Redeemable non-controlling interests in Consolidated Funds are allocated a share of income or loss in the respective fund in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Redeemable non-controlling interests in subsidiaries represent the redeemable economic interests in the consolidated subsidiaries of the Partnership held by third parties and employees in those entities that were established in connection with the Transaction Agreements. Redeemable non-controlling interests in subsidiaries are allocated a share of income or loss in the respective consolidated subsidiary in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Key Operating Metrics

We monitor certain operating metrics that are either common to the asset management industry or that we believe provide important data regarding our business.

Assets Under Management

AUM primarily reflects the assets associated with our SMAs and focused commingled funds. We classify assets as AUM if we have full discretion over the investment decisions in an account or have responsibility or custody of assets. Although management fees are based on a variety of factors and are not linearly correlated with AUM, we believe AUM is a useful metric for assessing the relative size and scope of our asset management business.

Our AUM is calculated as the sum of (i) the net asset value ("NAV") of client portfolio assets, including the StepStone Funds and (ii) the unfunded commitments of clients to the underlying investments and the StepStone Funds. Our AUM reflects the investment valuations in respect of the underlying investments of our funds and accounts on a three-month lag, adjusted for new client account activity through the period end. Our AUM does not include post-period investment valuation or cash activity. AUM as of December 31, 2024 reflects final data for the prior period (September 30, 2024), adjusted for net new client account activity through December 31, 2024. NAV data for underlying investments is as of September 30, 2024, as reported by underlying managers up to the business day occurring on or after 100 days following September 30, 2024. When NAV data is not available by the business day occurring on or after 100 days following September 30, 2024, such NAVs are adjusted for cash activity following the last available reported NAV.

Assets Under Advisement

AUA consists of client assets for which we do not have full discretion to make investment decisions but play a role in advising the client or monitoring their investments. We generally earn revenue for advisory-related services on a contractual fixed fee basis. Advisory-related services include asset allocation, strategic planning, development of investment policies and guidelines, screening and recommending investments, legal negotiations, monitoring and reporting on investments, and investment manager review and due diligence. Advisory fees vary by client based on the scope of services, investment activity and other factors. Most of our advisory fees are fixed, and therefore, increases or decreases in AUA do not necessarily lead to proportionate changes in revenue. We believe AUA is a useful metric for assessing the relative size of our advisory business.

Our AUA is calculated as the sum of (i) the NAV of client portfolio assets for which we do not have full discretion and (ii) the unfunded commitments of clients to the underlying investments. Our AUA reflects the investment valuations in respect of the underlying investments of our client accounts on a three-month lag, adjusted for new client account activity through the period end. Our AUA does not include post-period investment valuation or cash activity. AUA as of December 31, 2024 reflects final data for the prior period (September 30, 2024), adjusted for net new client account activity through December 31, 2024. NAV data for underlying investments is as of September 30, 2024, as reported by underlying managers up to the business day occurring on or after 100 days following September 30, 2024. When NAV data is not available by the business day occurring on or after 100 days following September 30, 2024, such NAVs are adjusted for cash activity following the last available reported NAV.

Fee-Earning AUM

FEAUM reflects the assets from which we earn management fee revenue (i.e., fee basis) and includes assets in our SMAs, focused commingled funds and assets held directly by our clients for which we have fiduciary oversight and are paid fees as the manager of the assets. Our SMAs and focused commingled funds typically pay management fees based on capital commitments, net invested capital and, in certain cases, NAV, depending on the fee terms. Management fees are only marginally affected by market appreciation or depreciation because substantially all of the StepStone Funds pay management fees based on capital commitments or net invested capital. As a result, management fees and FEAUM are not materially affected by changes in market value. We believe FEAUM is a useful metric in order to assess assets forming the basis of our management fee revenue.

Our calculation of FEAUM may differ from the calculations of other asset managers and, as a result, may not be comparable to similar measures presented by other asset managers.

Undeployed Fee-Earning Capital

Undeployed fee-earning capital represents the amount of capital commitments to StepStone Funds that has not yet been invested or considered active but will generate management fee revenue once this capital is invested or activated. We believe undeployed fee-earning capital is a useful metric for measuring the amount of capital that we can put to work in the future and thus earn management fee revenue thereon.

Consolidation of StepStone Funds

The activity of the Consolidated Funds is reflected within the condensed consolidated financial statement line items as indicated by reference thereto. The impact of the Consolidated Funds decrease revenues reported under GAAP to the extent these amounts are eliminated upon consolidation. The assets and liabilities of our Consolidated Funds are held within separate legal entities and, as a result, the liabilities of our Consolidated Funds are typically non-recourse to us. The net economic ownership interests of our Consolidated Funds held by third parties are reflected as redeemable non-controlling interests in Consolidated Funds in our condensed consolidated financial statements. We generally deconsolidate funds when we are no longer deemed to have a controlling financial interest in the entity. The performance of our Consolidated Funds is not necessarily consistent with, or representative of, the combined performance trends of all of our funds.

Consolidated Results of Operations

We consolidate funds and entities where we are deemed to hold a controlling financial interest. The Consolidated Funds are not necessarily the same entities in each year presented due to changes in ownership, changes in limited partners' or investor rights, and the creation and termination of funds and entities. The following is a discussion of our unaudited consolidated results of operations for the periods presented. The information is derived from our accompanying condensed consolidated financial statements prepared in accordance with GAAP.

(in thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Revenues				
Management and advisory fees, net	\$ 190,840	\$ 151,492	\$ 553,613	\$ 431,730
Performance fees:				
Incentive fees	22,369	17,891	26,365	22,843
Carried interest allocations:				
Realized	24,282	15,289	83,718	31,347
Unrealized	93,325	(129,584)	120,370	(24,849)
Total carried interest allocations	117,607	(114,295)	204,088	6,498
Legacy Greenspring carried interest allocations ⁽¹⁾	8,207	(69,700)	13,035	(106,250)
Total performance fees	148,183	(166,104)	243,488	(76,909)
Total revenues	339,023	(14,612)	797,101	354,821
Expenses				
Compensation and benefits:				
Cash-based compensation	85,203	73,619	246,298	218,551
Equity-based compensation	486,418	14,032	542,929	28,420
Performance fee-related compensation:				
Realized	25,477	15,444	55,092	26,266
Unrealized	49,670	(62,243)	66,495	(9,320)
Total performance fee-related compensation	75,147	(46,799)	121,587	16,946
Legacy Greenspring performance fee-related compensation ⁽¹⁾	8,207	(69,700)	13,035	(106,250)
Total compensation and benefits	654,975	(28,848)	923,849	157,667
General, administrative and other	43,130	48,001	134,202	113,007
Total expenses	698,105	19,153	1,058,051	270,674
Other income (expense)				
Investment income (loss)	1,064	(2,051)	5,710	4,115
Legacy Greenspring investment income (loss) ⁽¹⁾	1,167	(2,222)	(4,119)	(9,054)
Investment income of Consolidated Funds	15,037	11,223	30,878	22,357
Interest income	2,559	827	7,632	2,235
Interest expense	(3,008)	(2,562)	(9,510)	(6,682)
Other income (loss)	(2,452)	4,408	(1,626)	3,763
Total other income	14,367	9,623	28,965	16,734
Income (loss) before income tax	(344,715)	(24,142)	(231,985)	100,881
Income tax expense (benefit)	(57,552)	(723)	(46,005)	15,603
Net income (loss)	(287,163)	(23,419)	(185,980)	85,278
Less: Net income attributable to non-controlling interests in subsidiaries	27,226	13,552	62,966	32,797
Less: Net income (loss) attributable to non-controlling interests in legacy Greenspring entities ⁽¹⁾	1,167	(2,222)	(4,119)	(9,054)
Less: Net income (loss) attributable to non-controlling interests in the Partnership	(134,760)	(20,111)	(107,856)	22,677
Less: Net income attributable to redeemable non-controlling interests in Consolidated Funds	10,905	5,588	23,101	11,590
Less: Net income attributable to redeemable non-controlling interests in subsidiaries	314	—	983	—
Net income (loss) attributable to StepStone Group Inc.	\$ (192,015)	\$ (20,226)	\$ (161,055)	\$ 27,268

(1) Reflects amounts attributable to consolidated VIEs for which we did not acquire any direct economic interests. See notes 3 and 5 to our condensed consolidated financial statements included elsewhere in this quarterly report.

Revenues

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

Total revenues increased \$353.6 million to \$339.0 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The overall increase was driven by positive carried interest allocations and legacy Greenspring carried interest allocations in the current period as compared to a reversal in the prior year period, higher management and advisory fees, net, and higher incentive fees, in each case, as described below.

Management and advisory fees, net increased \$39.3 million, or 26%, to \$190.8 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The increase was driven by new client activity and 24% growth in average FEAUM across the platform. The three months ended December 31, 2024 included retroactive fees of \$9.7 million from the closings of StepStone's special situation real estate secondaries, multi-strategy growth equity and Infrastructure Co-Investment Partners 2022 funds. The three months ended December 31, 2023 included retroactive fees of \$8.6 million from the closings of StepStone's Secondary Opportunities V, VC Global Partners XI and Infrastructure Co-Investment Partners 2022 funds.

Incentive fees increased \$4.5 million, or 25%, to \$22.4 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023 largely due to higher incentive fees generated by StepStone's Private Venture and Growth Fund ("SPRING").

Realized carried interest allocation revenues increased \$9.0 million, or 59%, to \$24.3 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, reflecting higher realization activity within our private equity and infrastructure funds. Unrealized carried interest allocation revenues include the reversal of realized carried interest allocation revenues. Excluding the reversal of \$24.3 million, unrealized carried interest allocation revenues increased \$231.9 million to \$117.6 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The increase in unrealized carried interest allocations for the three months ended December 31, 2024 primarily reflected a net increase in the cumulative allocation of gains associated with the underlying portfolios within our private equity funds.

Legacy Greenspring carried interest allocation revenues increased \$77.9 million to \$8.2 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023 as a result of net unrealized appreciation in the fair value of certain underlying fund investments in the current year period as compared to net unrealized depreciation in the prior year period. The three months ended December 31, 2024 reflect gross realized carried interest allocations of \$38.3 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of \$(30.1) million. The three months ended December 31, 2023 reflect gross realized carried interest allocations of \$0.1 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of \$(69.8) million.

Nine Months Ended December 31, 2024 Compared to Nine Months Ended December 31, 2023

Total revenues increased \$442.3 million, or 125%, to \$797.1 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The overall increase was driven by higher carried interest allocations and positive legacy Greenspring carried interest allocations in the current period as compared to a reversal in the prior year period, higher management and advisory fees, net, and higher incentive fees, in each case, as described below.

Management and advisory fees, net increased \$121.9 million, or 28%, to \$553.6 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The increase was driven by new client activity and 18% growth in average FEAUM across the platform. The nine months ended December 31, 2024 included retroactive fees of \$36.8 million from the closings of StepStone's Secondary Opportunities V, special situation real estate secondaries, Infrastructure Co-Investment Partners 2022, multi-strategy growth equity and VC Global Partners XI funds. The nine months ended December 31, 2023 included retroactive fees of \$9.5 million from the closings of StepStone's Secondary Opportunities V, VC Global Partners XI and Infrastructure Co-Investment Partners 2022 funds.

Incentive fees increased \$3.5 million, or 15%, to \$26.4 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023 largely due to higher incentive fees generated by SPRING.

Realized carried interest allocation revenues increased \$52.4 million, or 167%, to \$83.7 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, reflecting higher realization activity within our private equity and infrastructure funds. Unrealized carried interest allocation revenues include the reversal of realized carried interest allocation revenues. Excluding the reversal of \$83.7 million, unrealized carried interest allocation revenues increased \$197.6 million to \$204.1 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The increase in unrealized carried interest allocations for the nine months ended December 31, 2024 primarily reflected a higher net increase in the cumulative allocation of gains associated with the underlying portfolios within our private equity and infrastructure funds.

Legacy Greenspring carried interest allocation revenues increased \$119.3 million to \$13.0 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023 as a result of net unrealized appreciation in the fair value of certain underlying fund investments in the current year period as compared to net unrealized depreciation in the prior year period. The nine months ended December 31, 2024 reflect gross realized carried interest allocations of \$56.8 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of \$(43.8) million. The nine months ended December 31, 2023 reflect gross realized carried interest allocations of \$26.0 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of \$(132.2) million.

Expenses

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

Total expenses increased \$679.0 million to \$698.1 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The overall increase resulted from increases in equity-based compensation, performance fee-related compensation, legacy Greenspring performance fee-related compensation and cash-based compensation, partially offset by lower general, administrative, and other expenses, in each case, as described below.

Cash-based compensation increased \$11.6 million, or 16%, to \$85.2 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, due to increased staffing and compensation levels. Our average headcount was 6% higher in the current year period as compared to the prior year period.

Equity-based compensation increased \$472.4 million to \$486.4 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The increase was primarily attributable to a \$474.5 million increase in expenses for liability classified awards related to the profits interest issued in the private wealth subsidiary in the current year period as compared to the prior year period, partially offset by a decrease in RSU expense due to the final vesting of RSUs issued in connection with our IPO.

Total performance fee-related compensation expense increased \$121.9 million to \$75.1 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, primarily reflecting the increase in carried interest allocation revenue. Realized performance fee-related compensation increased \$10.0 million, or 65%, to \$25.5 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, primarily reflecting higher realization activity and higher incentive fees from SPRING.

Legacy Greenspring performance fee-related compensation expense increased \$77.9 million to \$8.2 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The three months ended December 31, 2024 reflect gross realized performance fee-related compensation expense of \$38.3 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of \$(30.1) million. The three months ended December 31, 2023 reflect gross realized performance fee-related compensation expense of \$0.1 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of \$(69.8) million.

General, administrative and other expenses decreased \$4.9 million, or 10%, to \$43.1 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The overall decrease primarily reflected a \$6.6 million lower expense for change in fair value of contingent consideration obligations as compared to the prior period, partially offset by increases of \$0.6 million in marketing expenses, \$0.5 million in information and technology expenses, \$0.4 million in travel and associated costs for investment evaluation and client service and other general operating expenses.

Nine Months Ended December 31, 2024 Compared to Nine Months Ended December 31, 2023

Total expenses increased \$787.4 million, or 291%, to \$1,058.1 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The overall increase resulted from increases in equity-based compensation, legacy Greenspring performance fee-related compensation, performance fee-related compensation, cash-based compensation and general, administrative and other expenses, in each case, as described below.

Cash-based compensation increased \$27.7 million, or 13%, to \$246.3 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, due to increased staffing and compensation levels. Our average headcount was 5% higher in the current year period as compared to the prior year period.

Equity-based compensation increased \$514.5 million to \$542.9 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The increase was primarily attributable to a \$514.9 million increase in expenses for liability classified awards related to the profits interest issued in the private wealth subsidiary in the current year period as compared to the prior year period, partially offset by a decrease in RSU expense due to the final vesting of RSUs issued in connection with our IPO.

Total performance fee-related compensation expense increased \$104.6 million, or 617%, to \$121.6 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, primarily reflecting the increase in carried interest allocation revenue. Realized performance fee-related compensation increased \$28.8 million, or 110%, to \$55.1 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, primarily reflecting higher realization activity and higher incentive fees from SPRING.

Legacy Greenspring performance fee-related compensation expense increased \$119.3 million to \$13.0 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The nine months ended December 31, 2024 reflect gross realized performance fee-related compensation expense of \$56.8 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of \$(43.8) million. The nine months ended December 31, 2023 reflect gross realized performance fee-related compensation expense of \$26.0 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of \$(132.2) million.

General, administrative and other expenses increased \$21.2 million, or 19%, to \$134.2 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The overall increase primarily reflected \$11.4 million of higher expense for change in fair value of contingent consideration obligations as compared to the prior period, \$3.4 million in travel and associated costs for investment evaluation and client service, \$2.5 million in professional fees, \$2.1 million in marketing expenses, \$1.4 million in information and technology expenses, partially offset by decreases of \$1.9 million in accelerated depreciation for leasehold improvements due to a reduction in lease terms in the prior year and other general operating expenses.

Other Income (Expense)

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

Investment income (loss) increased \$3.1 million to income of \$1.1 million for the three months ended December 31, 2024 as compared to a loss for the three months ended December 31, 2023, primarily reflecting overall changes in the valuations of the underlying investments in the StepStone Funds.

Legacy Greenspring investment income (loss) increased \$3.4 million to income of \$1.2 million for the three months ended December 31, 2024 as compared to a loss for the three months ended December 31, 2023. The three months ended December 31, 2024 reflected gross realized investment income of \$3.9 million and unrealized investment loss, net of the reversal of realized investment income, of \$2.8 million. The three months ended December 31, 2023 reflected gross realized investment income of \$0.4 million and unrealized investment loss, net of the reversal of realized investment income, of \$2.6 million.

Investment income of Consolidated Funds increased \$3.8 million, or 34%, to \$15.0 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, primarily reflecting overall changes in the valuations of the underlying investments of the Consolidated Funds.

Interest income increased \$1.7 million, or 209%, to \$2.6 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, primarily due to higher average interest rates earned on cash and cash equivalent balances and higher average cash and cash equivalent balances during the current year period as compared with the prior year period. Interest income attributable to the Consolidated Funds was \$0.9 million in the current year period as compared to \$0.5 million in the prior year period.

Interest expense increased \$0.4 million, or 17%, to \$3.0 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The increase was due to higher average interest rates and higher average outstanding balances under the Revolver during the current year period as compared with the prior year period. In October 2024, all outstanding amounts under the Revolver were repaid. As the Notes have a lower interest rate than the Revolver, the higher interest under the Revolver partially offset the lower interest rate on the Notes for a portion of the current year period.

Other income (loss) decreased \$6.9 million to a loss of \$2.5 million for the three months ended December 31, 2024 as compared to income for the three months ended December 31, 2023, primarily reflecting of a gain of \$5.3 million in the prior year period for amounts received as part of negotiations with a third party related to certain corporate matters, partially offset by loss of \$0.8 million associated with the sale of a subsidiary in the prior year period and net foreign currency transaction losses in the current year period as compared with net foreign currency transaction gains in the prior year period.

Nine Months Ended December 31, 2024 Compared to Nine Months Ended December 31, 2023

Investment income increased \$1.6 million, or 39%, to \$5.7 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, primarily reflecting overall changes in the valuations of the underlying investments in the StepStone Funds.

Legacy Greenspring investment loss decreased \$4.9 million, or 55%, to \$4.1 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The nine months ended December 31, 2024 reflected gross realized investment income of \$6.8 million and unrealized investment loss, net of the reversal of realized investment income, of \$10.9 million. The nine months ended December 31, 2023 reflected gross realized investment income of \$4.5 million and unrealized investment loss, net of the reversal of realized investment income, of \$13.6 million.

Investment income of Consolidated Funds increased \$8.5 million, or 38%, to \$30.9 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, primarily reflecting overall changes in the valuations of the underlying investments of the Consolidated Funds.

Interest income increased \$5.4 million, or 241%, to \$7.6 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, primarily due to higher average interest rates earned on cash and cash equivalent balances and higher average cash and cash equivalent balances during the current year period as compared with the prior year period. Interest income attributable to the Consolidated Funds was \$3.2 million in the current year period as compared to \$1.0 million in the prior year period.

Interest expense increased \$2.8 million, or 42%, to \$9.5 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The increase was due to higher average interest rates and higher average outstanding balances under the Revolver during the current year period as compared with the prior year period, partially offset by the lower interest rate on the Notes for a portion of the current year period. In October 2024, all outstanding amounts under the Revolver were repaid. As the Notes have a lower interest rate than the Revolver, the higher interest under the Revolver partially offset the lower interest rate on the Notes for a portion of the current year period.

Other income (loss) decreased \$5.4 million to a loss of \$1.6 million for the nine months ended December 31, 2024 as compared to income for the nine months ended December 31, 2023, primarily reflecting of a gain of \$5.3 million in the prior year period for amounts received as part of negotiations with a third party related to certain corporate matters, partially offset by a loss of \$0.8 million associated with the sale of a subsidiary in the prior year period and higher net foreign currency transaction losses in the current year period as compared with the prior year period.

Income Tax Expense

Income tax expense primarily reflects U.S. federal and state income taxes on our share of taxable income generated by the Partnership, as well as local and foreign income taxes of certain of the Partnership's subsidiaries.

Our effective income tax rate was 16.7% and 3.0% for the three months ended December 31, 2024 and 2023, respectively, and 19.8% and 15.5% for the nine months ended December 31, 2024 and 2023, respectively. Our overall effective tax rate in each of the periods described above is less than the statutory rate as a portion of income was allocated to non-controlling interests and the tax liability on such income is borne by the holders of non-controlling interests. The primary rate difference was driven by an increase in tax benefits related to income allocated to non-controlling interests for the three and nine months ended December 31, 2024.

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

Income tax benefit increased \$56.8 million to \$57.6 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The increase in income tax benefit was primarily driven by higher pre-tax net loss for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023.

Nine Months Ended December 31, 2024 Compared to Nine Months Ended December 31, 2023

Income tax expense (benefit) decreased \$61.6 million to a benefit of \$46.0 million for the nine months ended December 31, 2024 as compared to expense for the nine months ended December 31, 2023. The decrease in income tax expense was primarily driven by pre-tax net loss for the nine months ended December 31, 2024 as compared to pre-tax net income for the nine months ended December 31, 2023.

Net Income Attributable to Non-Controlling Interests in Subsidiaries

Net income attributable to non-controlling interests in subsidiaries increased \$13.7 million, or 101%, to \$27.2 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023. The increase was primarily attributable to an increase in income generated by our consolidated subsidiaries not wholly-owned by us and an increase in our economic interests in the Asset Class Entities as a result of the Transaction Agreements.

Net income attributable to non-controlling interests in subsidiaries increased \$30.2 million, or 92%, to \$63.0 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023. The increase was primarily attributable to an increase in income generated by our consolidated subsidiaries not wholly-owned by us and an increase in our economic interests in the Asset Class Entities as a result of the Transaction Agreements.

Net Income (Loss) Attributable to Non-Controlling Interests in Legacy Greenspring Entities

Net income (loss) attributable to non-controlling interests in legacy Greenspring entities represents the net income or loss attributable to the interests held by the legacy Greenspring general partner entities. We did not acquire any direct economic interests in the legacy Greenspring general partner entities. As a result, all of the net income or loss related to the legacy Greenspring general partner entities is allocated to non-controlling interests in legacy Greenspring entities. Net income (loss) attributable to non-controlling interests in legacy Greenspring entities was \$1.2 million and \$(2.2) million for the three months ended December 31, 2024 and 2023, respectively, and \$(4.1) million and \$(9.1) million for the nine months ended December 31, 2024 and 2023, respectively.

Net Income (Loss) Attributable to Non-Controlling Interests in the Partnership

Net income (loss) attributable to non-controlling interests in the Partnership represents the portion of net income or loss attributable to the interests held by the Class B, Class C and Class D unitholders of the Partnership. Net income (loss) attributable to non-controlling interests in the Partnership was \$(134.8) million and \$(20.1) million for the three months ended December 31, 2024 and 2023, respectively, and \$(107.9) million and \$22.7 million for the nine months ended December 31, 2024 and 2023, respectively.

Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Funds

Net income attributable to redeemable non-controlling interests in Consolidated Funds represents income of the Consolidated Funds attributable to third-party investors. Net income attributable to redeemable non-controlling interests in Consolidated Funds was \$10.9 million and \$5.6 million for the three months ended December 31, 2024 and 2023, respectively, and \$23.1 million and \$11.6 million for the nine months ended December 31, 2024 and 2023, respectively.

Net Income Attributable to Redeemable Non-Controlling Interests in Subsidiaries

Net income attributable to redeemable non-controlling interests in subsidiaries was \$0.3 million and \$1.0 million for the three and nine months ended December 31, 2024, respectively. There were no redeemable non-controlling interests in subsidiaries for the three and nine months ended December 31, 2023.

Key Operating Metrics

Assets Under Management

AUM was \$179 billion as of December 31, 2024, \$157 billion as of March 31, 2024 and \$149 billion as of December 31, 2023.

Assets Under Advisement

Assets related to our advisory accounts were \$519 billion as of December 31, 2024, \$521 billion as of March 31, 2024 and \$510 billion as of December 31, 2023.

Fee-Earning AUM

Three Months Ended December 31, 2024

FEAUM increased approximately \$9.8 billion to \$114.2 billion as of December 31, 2024 as compared to September 30, 2024. During the period, FEAUM from SMAs increased approximately \$7.9 billion and FEAUM from commingled funds increased approximately \$1.9 billion.

Nine Months Ended December 31, 2024

FEAUM increased approximately \$20.3 billion to \$114.2 billion as of December 31, 2024 as compared to March 31, 2024. During the period, FEAUM from SMAs increased approximately \$11.1 billion and FEAUM from commingled funds increased approximately \$9.2 billion.

(in millions)	Three Months Ended December 31, 2024			Nine Months Ended December 31, 2024		
	Focused Commingled			Focused Commingled		
	SMAs	Funds	Total	SMAs	Funds	Total
Beginning balance	\$ 62,121	\$ 42,294	\$ 104,415	\$ 58,897	\$ 34,961	\$ 93,858
Contributions ⁽¹⁾	9,033	2,520	11,553	12,841	10,295	23,136
Distributions ⁽²⁾	(1,000)	(682)	(1,682)	(2,365)	(1,625)	(3,990)
Market value, FX and other ⁽³⁾	(180)	60	(120)	601	561	1,162
Ending balance	<u>\$ 69,974</u>	<u>\$ 44,192</u>	<u>\$ 114,166</u>	<u>\$ 69,974</u>	<u>\$ 44,192</u>	<u>\$ 114,166</u>

(1) Contributions consist of new capital commitments that earn fees on committed capital and capital contributions to funds and accounts that earn fees on net invested capital or NAV.

(2) Distributions consist of returns of capital from funds and accounts that pay fees on net invested capital or NAV and reductions in fee-earning AUM from funds that moved from a committed capital to net invested capital fee basis or from funds and accounts that no longer pay fees.

(3) Market value, FX and other primarily consist of changes in market value appreciation (depreciation) for funds that pay on NAV and the effect of foreign exchange rate changes on non-U.S. dollar denominated commitments.

The following tables set forth FEAUM by asset class and selected weighted-average management fee rate data:

(in millions)	As of		
	December 31, 2024	March 31, 2024	December 31, 2023
FEAUM			
Private equity	\$ 62,811	\$ 49,869	\$ 48,258
Infrastructure	23,411	20,114	19,789
Private debt	17,882	15,477	15,460
Real estate	10,062	8,398	5,925
Total	<u>\$ 114,166</u>	<u>\$ 93,858</u>	<u>\$ 89,432</u>

	As of		
	December 31, 2024	March 31, 2024	December 31, 2023
Weighted-average fee rate⁽¹⁾			
Private equity ⁽²⁾	0.77 %	0.74 %	0.72 %
Real estate, infrastructure and private debt asset classes ⁽³⁾	0.47 %	0.42 %	0.42 %
Total	0.64 %	0.59 %	0.58 %

(1) Weighted-average fee rates reflect the applicable management fees for the last 12 months ending on each period presented, and is inclusive of any retroactive fees for such period.

(2) The change in weighted-average fee rates primarily reflected the timing of new funds and shifts in mix between SMAs and focused commingled funds.

(3) The change in weighted-average fee rates primarily reflected the timing of new funds and shifts in asset class mix.

Undeployed Fee-Earning Capital

As of December 31, 2024, we had \$21.7 billion of undeployed fee-earning capital, which will generate management fee revenue once invested or activated.

Non-GAAP Financial Measures

Below is a description of our non-GAAP financial measures. These measures are presented on a basis other than GAAP and should be considered in addition to, and not as a substitute for or superior to, financial measures calculated in accordance with GAAP.

Adjusted Net Income

Adjusted net income ("ANI") is a non-GAAP performance measure that we present before the consolidation of StepStone Funds on a pre-tax and after-tax basis used to evaluate profitability. ANI represents the after-tax net realized income attributable to us. ANI does not reflect legacy Greenspring carried interest allocation revenues, legacy Greenspring carried interest-related compensation and legacy Greenspring investment income (loss) as none of the economics are attributable to us. The components of revenues used in the determination of ANI ("adjusted revenues") comprise adjusted management and advisory fees, net, adjusted incentive fees (including the deferred portion) and realized carried interest allocations. In addition, ANI excludes: (a) unrealized carried interest allocation revenues and related compensation, (b) unrealized investment income (loss), (c) equity-based compensation for awards granted prior to and in connection with our IPO, profits interests issued by our non-wholly owned subsidiaries, and unrealized mark-to-market changes in the fair value of the profits interests issued in SPW, (d) amortization of intangibles, (e) net income (loss) attributable to non-controlling interests in our subsidiaries and realized gains attributable to the profits interests issued in SPW, (f) charges associated with acquisitions and corporate transactions, and (g) certain other items that we believe are not indicative of our core operating performance (as listed in the below table). ANI is fully taxed at our blended statutory rate. We believe ANI and adjusted revenues are useful to investors because they enable investors to evaluate the performance of our business across reporting periods.

Adjusted Revenues

Adjusted revenues represents the components of revenues used in the determination of ANI and comprise adjusted management and advisory fees, net, adjusted incentive fees (including the deferred portion) and realized carried interest allocations. We believe adjusted revenues is useful to investors because it presents a measure of realized revenues.

Fee-Related Earnings

Fee-related earnings ("FRE") is a non-GAAP performance measure used to monitor our baseline earnings from recurring management and advisory fees. FRE is a component of ANI and comprises adjusted management and advisory fees, net, less adjusted expenses which are operating expenses other than (a) performance fee-related compensation, (b) equity-based compensation for awards granted prior to and in connection with our IPO, profits interests issued by our non-wholly owned subsidiaries, and unrealized mark-to-market changes in the fair value of the profits interests issued in SPW, (c) amortization of intangibles, (d) charges associated with acquisitions and corporate transactions, and (e) certain other items that we believe are not indicative of our core operating performance (as listed in the below table). FRE is presented before income taxes. We believe FRE is useful to investors because it provides additional insight into the operating profitability of our business and our ability to cover direct base compensation and operating expenses from total fee revenues.

Adjusted Weighted-Average Shares and Adjusted Net Income Per Share

ANI per share measures our per-share earnings assuming all Class B units, Class C units and Class D units in the Partnership were exchanged for Class A common stock in SSG, including the dilutive impact of outstanding equity-based awards. ANI per share is calculated as ANI divided by adjusted weighted-average shares outstanding. We believe adjusted weighted-average shares and ANI per share are useful to investors because they enable investors to better evaluate per-share operating performance across reporting periods.

Fee-Related Earnings

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

FRE increased \$23.5 million, or 46%, to \$74.1 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, primarily reflecting higher adjusted management and advisory fees, net, partially offset by higher adjusted cash-based compensation, adjusted general, administrative and other expenses, and adjusted equity-based compensation.

Nine Months Ended December 31, 2024 Compared to Nine Months Ended December 31, 2023

FRE increased \$79.2 million, or 57%, to \$218.1 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, primarily reflecting higher adjusted management and advisory fees, net, partially offset by higher adjusted cash-based compensation, adjusted general, administrative and other expenses, and adjusted equity-based compensation.

Adjusted Revenues and Adjusted Net Income

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

Adjusted revenues increased \$58.8 million, or 32%, to \$243.9 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, primarily reflecting increases in adjusted management and advisory fees, net, incentive fees and realized carried interest allocation revenues.

ANI increased \$10.5 million, or 25%, to \$52.7 million for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, primarily due to an increase in FRE as discussed above, higher net realized performance fee-related earnings (adjusted incentive fees, including the deferred portion, plus realized carried interest allocation revenues, less realized performance fee-related compensation) and higher interest income. The overall increase was partially offset by a higher allocation of income to non-controlling interests, lower realized investment income and higher interest expense.

Nine Months Ended December 31, 2024 Compared to Nine Months Ended December 31, 2023

Adjusted revenues increased \$186.2 million, or 38%, to \$673.9 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, primarily reflecting increases in adjusted management and advisory fees, net, realized carried interest allocation revenues, and adjusted incentive fees, including the deferred portion.

ANI increased \$61.8 million, or 61%, to \$163.5 million for the nine months ended December 31, 2024 as compared to the nine months ended December 31, 2023, primarily due to an increase in FRE as discussed above, higher net realized performance fee-related earnings (adjusted incentive fees, including the deferred portion, plus realized carried interest allocation revenues, less realized performance fee-related compensation) and higher interest income. The overall increase was partially offset by a higher allocation of income to non-controlling interests, higher interest expense and lower realized investment income.

Adjusted Weighted-Average Shares and Adjusted Net Income Per Share

The following table shows a reconciliation of diluted weighted-average shares of Class A common stock outstanding to adjusted weighted-average shares outstanding used in the computation of ANI per share for the three and nine months ended December 31, 2024 and 2023.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
<i>(in thousands, except share and per share amounts)</i>				
ANI	\$ 52,659	\$ 42,116	\$ 163,469	\$ 101,677
Weighted-average shares of Class A common stock outstanding – Basic	73,687,289	64,068,952	69,561,254	63,255,604
Assumed vesting of RSUs	491,014	333,402	695,423	511,889
Assumed vesting and exchange of Class B2 units	—	2,553,899	573,185	2,532,489
Assumed purchase under ESPP	—	—	702	—
Exchange of Class B units in the Partnership ⁽¹⁾	41,729,937	46,314,543	44,251,143	46,384,046
Exchange of Class C units in the Partnership ⁽¹⁾	1,016,737	1,962,131	1,496,518	2,325,417
Exchange of Class D units in the Partnership ⁽¹⁾	2,010,202	—	2,162,580	—
Adjusted weighted-average shares	118,935,179	115,232,927	118,740,805	115,009,445
ANI per share	\$ 0.44	\$ 0.37	\$ 1.38	\$ 0.88

(1) Assumes the full exchange of Class B units, Class C units or Class D units in the Partnership for Class A common stock of SSG pursuant to the Class B Exchange Agreement, Class C Exchange Agreement or Class D Exchange Agreement, respectively.

Reconciliation of GAAP to Non-GAAP Financial Measures

The table below shows a reconciliation of revenues to adjusted revenues.

(in thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Total revenues	\$ 339,023	\$ (14,612)	\$ 797,101	\$ 354,821
Unrealized carried interest allocations	(93,325)	129,584	(120,370)	24,849
Deferred incentive fees	—	—	2,451	942
Legacy Greenspring carried interest allocations	(8,207)	69,700	(13,035)	106,250
Management and advisory fee revenues for the Consolidated Funds ⁽¹⁾	992	451	2,214	841
Incentive fees for the Consolidated Funds ⁽²⁾	5,422	—	5,497	—
Adjusted revenues	\$ 243,905	\$ 185,123	\$ 673,858	\$ 487,703

(1) Reflects the add back of management and advisory fee revenues for the Consolidated Funds, which have been eliminated in consolidation.

(2) Reflects the add back of incentive fee revenues for the Consolidated Funds, which have been eliminated in consolidation.

The table below shows a reconciliation of GAAP measures to additional non-GAAP measures. We use the non-GAAP measures presented below as components when calculating FRE and ANI. We believe these additional non-GAAP measures are useful to investors in evaluating both the baseline earnings from recurring management and advisory fees, which provide additional insight into the operating profitability of our business, and the after-tax net realized income attributable to us, allowing investors to evaluate the performance of our business. These additional non-GAAP measures remove the impact of Consolidated Funds that we are required to consolidate under GAAP, and certain other items that we believe are not indicative of our core operating performance.

(in thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
GAAP management and advisory fees, net	\$ 190,840	\$ 151,492	\$ 553,613	\$ 431,730
Management and advisory fee revenues for the Consolidated Funds ⁽¹⁾	992	451	2,214	841
Adjusted management and advisory fees, net	\$ 191,832	\$ 151,943	\$ 555,827	\$ 432,571
GAAP incentive fees	\$ 22,369	\$ 17,891	\$ 26,365	\$ 22,843
Incentive fee revenues for the Consolidated Funds ⁽²⁾	5,422	—	5,497	—
Adjusted incentive fees	\$ 27,791	\$ 17,891	\$ 31,862	\$ 22,843
GAAP interest income	\$ 2,559	\$ 827	\$ 7,632	\$ 2,235
Interest income earned by the Consolidated Funds ⁽³⁾	(887)	(540)	(3,157)	(1,033)
Adjusted interest income	\$ 1,672	\$ 287	\$ 4,475	\$ 1,202
GAAP other income (loss)	\$ (2,452)	\$ 4,408	\$ (1,626)	\$ 3,763
Adjustments ⁽⁴⁾	1,883	(4,301)	729	(4,274)
Adjusted other income (loss)	\$ (569)	\$ 107	\$ (897)	\$ (511)

(1) Reflects the add-back of management and advisory fee revenues for the Consolidated Funds, which have been eliminated in consolidation.

(2) Reflects the add-back of incentive fee revenues for the Consolidated Funds, which have been eliminated in consolidation.

(3) Reflects the removal of interest income earned by the Consolidated Funds.

(4) Reflects the removal of the impact of consolidation of the Consolidated Funds.

The table below shows a reconciliation of income (loss) before income tax to ANI and FRE.

(in thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Income (loss) before income tax	\$ (344,715)	\$ (24,142)	\$ (231,985)	\$ 100,881
Net income attributable to non-controlling interests in subsidiaries ⁽¹⁾	(32,765)	(15,537)	(69,528)	(36,398)
Net (income) loss attributable to non-controlling interests in legacy Greenspring entities	(1,167)	2,222	4,119	9,054
Unrealized carried interest allocations	(93,325)	129,584	(120,370)	24,849
Unrealized performance fee-related compensation	49,670	(62,243)	66,495	(9,320)
Unrealized investment (income) loss	656	5,559	(954)	1,373
Impact of Consolidated Funds	(6,892)	(11,068)	(23,890)	(21,938)
Deferred incentive fees	—	—	2,451	942
Equity-based compensation ⁽²⁾	483,958	12,610	535,690	24,425
Amortization of intangibles	10,250	10,661	30,750	31,983
Tax Receivable Agreements adjustments through earnings	—	222	—	222
Non-core items ⁽³⁾	2,094	6,335	17,580	4,785
Pre-tax ANI	67,764	54,203	210,358	130,858
Income taxes ⁽⁴⁾	(15,105)	(12,087)	(46,889)	(29,181)
ANI	52,659	42,116	163,469	101,677
Income taxes ⁽⁴⁾	15,105	12,087	46,889	29,181
Realized carried interest allocations	(24,282)	(15,289)	(83,718)	(31,347)
Realized performance fee-related compensation ⁽⁵⁾	25,477	15,444	55,092	26,266
Realized investment income	(1,720)	(3,508)	(4,756)	(5,488)
Adjusted incentive fees ⁽⁶⁾	(27,791)	(17,891)	(31,862)	(22,843)
Deferred incentive fees	—	—	(2,451)	(942)
Adjusted interest income ⁽⁶⁾	(1,672)	(287)	(4,475)	(1,202)
Interest expense	3,008	2,562	9,510	6,682
Adjusted other (income) loss ⁽⁶⁾⁽⁷⁾	569	(107)	897	511
Net income attributable to non-controlling interests in subsidiaries ⁽¹⁾	32,765	15,537	69,528	36,398
FRE	<u>\$ 74,118</u>	<u>\$ 50,664</u>	<u>\$ 218,123</u>	<u>\$ 138,893</u>

(1) Reflects the portion of pre-tax ANI attributable to non-controlling interests in our subsidiaries and realized gains attributable to the profits interests issued in the private wealth subsidiary. Amounts attributable to the profits interests issued in the private wealth subsidiary were \$14.1 million and \$3.1 million for the three months ended December 31, 2024 and 2023, respectively, and \$17.0 million and \$3.1 million for the nine months ended December 31, 2024 and 2023, respectively.

(2) Reflects equity-based compensation for awards granted prior to and in connection with the IPO, profits interests issued by our non-wholly owned subsidiaries, and unrealized mark-to-market changes in the fair value of the profits interests issued in the private wealth subsidiary.

(3) Includes (income) expense related to transaction costs (\$0.7 million for the three months ended December 31, 2023 and \$0.8 million and \$0.9 million for the nine months ended December 31, 2024 and 2023, respectively), lease remeasurement adjustments (\$(0.1) million for the three and nine months ended December 31, 2023), accelerated

depreciation of leasehold improvements for changes in lease terms (\$0.6 million and \$1.9 million for the three and nine months ended December 31, 2023, respectively), loss on change in fair value for contingent consideration obligation (\$2.5 million and \$9.1 million for the three months ended December 31, 2024 and 2023, respectively, and \$16.3 million and \$4.9 million for the nine months ended December 31, 2024 and 2023, respectively), compensation paid to certain employees as part of an acquisition earn-out (\$0.4 million and \$0.6 million for the three months ended December 31, 2024 and 2023, respectively, and \$0.4 million and \$1.7 million for the nine months ended December 31, 2024 and 2023, respectively), gain associated with amounts received as part of negotiations with a third party related to certain corporate matters (\$5.3 million for the three and nine months ended December 31, 2023), loss on sale of subsidiary (\$0.8 million for the three and nine months ended December 31, 2023) and other non-core operating income and expenses.

- (4) Represents corporate income taxes at a blended statutory rate of 22.3% applied to pre-tax ANI for the three and nine months ended December 31, 2024 and 2023, which is based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 1.3%.
- (5) Includes carried interest-related compensation expense related to the portion of net carried interest allocation revenue attributable to equity holders of the Company's consolidated subsidiaries that are not 100% owned (\$0.7 million and \$2.8 million for the three and nine months ended December 31, 2023, respectively).
- (6) Excludes the impact of consolidating the Consolidated Funds.
- (7) Excludes amounts for Tax Receivable Agreements adjustments recognized as other income (loss) (\$0.2) million for the three and nine months ended December 31, 2023), gain associated with amounts received as part of negotiations with a third party related to certain corporate matters (\$5.3 million for the three and nine months ended December 31, 2023), and loss on sale of subsidiary (\$0.8 million for the three and nine months ended December 31, 2023).

Investment Performance

The following table presents information relating to the performance of all the investments that StepStone has recommended and subsequently tracked across asset classes and investment strategies, except as set forth in greater detail below. The data for these investments are generally presented from the inception date of each strategy and asset class through September 30, 2024 and have not been adjusted to reflect acquisitions or disposals of investments subsequent to that date.

The historical results of our investments are not indicative of future results to be expected of existing or new investment funds, and are not a proxy for the performance of our Class A common stock, including because:

- market conditions and investment opportunities may differ from those in the past;
- the performance of our funds is largely based on the NAV (as defined below) of the funds' investments, including unrealized gains, which may never be realized;
- newly-established funds may generate lower investment returns during the period that they initially deploy their capital;
- changes in the global tax and regulatory environment may impact both the investment preferences of our clients and the financing strategies employed by businesses in which particular funds invest, which may reduce the overall capital available for investment and the availability of suitable investments, thereby reducing investment returns in the future;
- competition for investment opportunities, resulting from the increasing amount of capital invested in private markets alternatives, may increase the cost and reduce the availability of suitable investments, thereby reducing investment returns in the future; and
- the industries and businesses in which particular funds invest will vary.

Historical and future returns of investments included in our track record are not directly correlated to potential returns on our Class A common stock.

For the purposes of the following table:

- “Invested capital” refers to the total amount of all investments made by a fund, including commitment-reducing and non-commitment-reducing capital calls;
- “NAV” refers to the estimated fair value of unrealized investments plus any net assets or liabilities associated with the investment as of September 30, 2024;
- “IRR” refers to the annualized internal rate of return for all investments within the relevant investment strategy on an inception-to-date basis as of September 30, 2024 (except as noted otherwise below), based on contributions, distributions and unrealized value;
- “Net IRR” refers to IRR net of fees and expenses charged by both the underlying fund managers and StepStone; and
- “Net TVM” refers to the total value to paid-in capital or invested capital expressed as a multiple, and is calculated as distributions plus unrealized valuations divided by invested capital (including all capitalized costs).

StepStone Performance Summary by Asset Class

PRIVATE EQUITY			REAL ESTATE			INFRASTRUCTURE			PRIVATE DEBT		
INVESTMENT STRATEGY ^(1,2,4)	NET IRR ⁽³⁾	NET TVM ⁽³⁾	INVESTMENT STRATEGY ^(1,4,5)	NET IRR ⁽³⁾	NET TVM ⁽³⁾	INVESTMENT STRATEGY ^(1,4,6)	NET IRR ⁽³⁾	INVESTMENT STRATEGY ^(1,4,8)	NET IRR ⁽³⁾		
Primaries	14.7%	1.5x	Core/Core+ fund investments	7.2%	1.4x	Core/debt	7.3%	Direct lending	7.6%		
Secondaries	15.4%	1.4x	Value-add/opportunistic fund investments	8.6%	1.3x	Core+/value-add - primary fund investments	11.1%	Distressed debt	8.7%		
Co-investments ⁽⁷⁾	15.5%	1.6x	Real estate debt fund investments	5.5%	1.2x	Core+/value-add - secondary fund investments	11.0%	Other ⁽⁹⁾	7.2%		
			Value-add/opportunistic secondaries & co-investments	10.5%	1.2x	Core+/value-add - co-investments	13.2%				

(1) Investment returns reflect NAV data for underlying investments as of September 30, 2024, as reported by underlying managers up to the business day occurring on or after 100 days following September 30, 2024. For investment returns where NAV data is not available by the business day occurring on or after 100 days following September 30, 2024, such NAVs are adjusted for cash activity following the last available reported NAV. Investment returns are calculated on a constant currency adjusted reporting basis converting non-USD investment cash flows and NAVs to USD using the foreign currency exchange rate corresponding to each client's first cash flow date.

(2) Private equity includes 2,783 investments totaling \$202.4 billion of capital commitments and excludes (i) two advisory co-investments, totaling \$100.0 million of capital commitments, (ii) 236 client-directed private equity investments, totaling \$32.0 billion of capital commitments, and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment. Private equity includes buyout, venture capital, growth equity, fund-of-funds, and energy focused strategies. StepStone's venture capital and growth equity strategy is composed of a) venture capital and growth equity focused commingled funds and separately managed accounts (the "StepStone VC Platform") and b) underlying venture capital and growth equity investments within StepStone's broader private equity funds.

(3) Net IRR and Net TVM are presented solely for illustrative purposes and do not represent actual returns received by any investor in any of the StepStone Funds represented above and are net of fees and expenses charged by both the underlying investment and hypothetical StepStone fees. The aggregate returns are not indicative of the returns an individual investor would receive from these investments. No individual investor received the aggregate returns described herein as the investments were made across multiple mandates over multiple years. StepStone fees and expenses are based on the following assumptions (management fees and expenses represent an annual rate, charged quarterly):

- i. Primaries management fee: 25 basis points of net invested capital for private equity, real estate and infrastructure; 25 basis points of net asset value for private debt; 75 basis points of committed capital for the StepStone VC Platform.
- ii. Secondaries management fee: 125 basis points, 125 basis points and 95 basis points of capital commitments for private equity, real estate and infrastructure, respectively, in years 1 through 4 for management fees, charged quarterly. In year 5, management fees step down to 90% of the previous year's fee; 65 basis points of net asset value for private debt; 75 basis points of committed capital for the StepStone VC Platform.
- iii. Co-investments management fee: 100 basis points of net committed capital for private equity and real estate; 85 and 50 basis points of net committed capital for infrastructure co-investments and direct asset management investments, respectively; 65 basis points of net asset value for private debt; 200 basis points of net invested capital for the StepStone VC Platform.
- iv. All investments assess 5 basis points of capital commitments for fund expenses, charged quarterly, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs.
- v. Private equity secondaries and co-investments include 12.5% and 10.0% of paid and unrealized carry, respectively, with an 8.0% preferred return hurdle; infrastructure secondaries and co-investments include 10.0% of paid and unrealized carry, respectively, with an 8.0% preferred return hurdle; real estate secondaries and co-investments include 15.0% of paid and unrealized carry, with an 8.0% preferred return hurdle; private debt secondaries and co-investments include 10.0% of paid and unrealized carry, with a 5.0% preferred return hurdle; and the StepStone VC Platform primaries, secondaries and co-investments/directs include 5.0%, 5.0% and 20.0%, respectively, of paid and unrealized carry with no preferred return hurdle.

Net IRR and Net TVM for certain investments may have been impacted by StepStone's, or the underlying fund manager's, use of subscription backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.

(4) Investments of former clients are included in performance summary past the client termination date until such time as StepStone stops receiving current investment data (quarterly valuations and cash flows) for the investment. At that point, StepStone will then 'liquidate' the fund by entering a distribution amount equal to the last reported NAV, thus ending its contribution to the track record as of that date. Historical performance contribution will be maintained up until the 'liquidation' date.

(5) Real estate includes 474 investments totaling \$81.6 billion of capital commitments and excludes (i) 88 client-directed real estate investments, totaling \$14.1 billion of capital commitments, (ii) 18 secondary/co-investment core/core+ or credit investments, totaling \$1.1 billion of capital commitments, (iii) four advisory fund investments totaling \$463.6 million of capital commitments, and (iv) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment.

(6) Infrastructure includes 276 investments totaling \$59.6 billion of capital commitments and excludes (i) 8 infrastructure investments made by the Partnership prior to the formation of the infrastructure subsidiary in 2013 or made prior to StepStone's acquisition of Courtland Partners, Ltd. on April 1, 2018 (the "Courtland acquisition"), totaling \$501.9 million of capital commitments, (ii) 34 client-directed infrastructure investments, totaling \$6.9 billion of capital commitments, and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment.

(7) Co-investments include venture capital and growth equity direct investments for private equity.

(8) Private debt includes 1,027 investments totaling \$53.6 billion of capital commitments and excludes (i) 42 client-directed debt investments, totaling \$3.2 billion of capital commitments, (ii) 49 real estate credit investments that were recommended by Courtland Partners, Ltd. prior to the Courtland acquisition, totaling \$5.1 billion of capital commitments, and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment.

(9) Other includes mezzanine debt, collateralized loan obligations, leasing, regulatory capital, trade finance, intellectual property/royalty, real estate debt and infrastructure debt.

Liquidity and Capital Resources

Sources and Uses of Liquidity

We generate cash primarily from management and advisory fees and performance fees. We have historically managed our liquidity and capital resource needs through (a) cash generated from our operating activities, (b) realizations from investment activities, (c) borrowings, interest payments and repayments under credit agreements and other borrowing arrangements, (d) funding capital commitments to our funds, and (e) funding our growth initiatives, including capital expenditures for property, equipment, and acquisitions to expand into new businesses.

As of December 31, 2024, we had \$223.8 million of cash, cash equivalents and restricted cash (\$279.5 million including Consolidated Funds) and \$1,647.3 million of investments in StepStone Funds, including \$1,474.5 million of accrued carried interest allocations, against \$168.9 million in debt obligations, net of debt issuance costs (\$176.9 million including Consolidated Funds), and \$730.2 million in accrued carried interest-related compensation payable.

Ongoing sources of cash include (a) management and advisory fees, which are collected monthly or quarterly, (b) performance fees, which are volatile and largely unpredictable as to amount and timing; and (c) distributions from our investments in the StepStone Funds. We use cash flow from operations and distributions from our investments in the StepStone Funds to pay compensation and related expenses, general and administrative expenses, income taxes, debt service, capital expenditures, dividends to our stockholders and distributions to holders of Partnership units, and to make investments in the StepStone Funds. We believe we will have sufficient cash flows to meet our liquidity and capital resources requirements for the next 12 months.

Cash Flows

The accompanying condensed consolidated cash flows include the Consolidated Funds, which activities primarily consist of raising capital from third-party investors, purchasing investments, making payment for the operating costs of the fund, generating cash flows from realized income allocations of investments and sales of investments, and making distributions to investors. The Consolidated Funds are accounted for as investment companies and therefore the cash flows from investing activities are included in cash flows from operations.

The following table summarizes our cash flows attributable to operating, investing and financing activities:

<i>(in thousands)</i>	Nine Months Ended December 31,	
	2024	2023
Net cash provided by operating activities	\$ 131,451	\$ 153,893
Net cash used in investing activities	(36,671)	(38,264)
Net cash provided by (used in) financing activities	2,580	(67,237)
Effect of exchange rate changes	(168)	(3,599)
Net increase in cash, cash equivalents and restricted cash	\$ 97,192	\$ 44,793

Operating Activities

Operating activities provided \$131.5 million and \$153.9 million of cash for the nine months ended December 31, 2024 and 2023, respectively. For the nine months ended December 31, 2024 and 2023, respectively, these amounts primarily consisted of the following:

- net income, after adjustments for non-cash items (including unrealized mark-to-market changes in the fair value of the profits interests issued in the private wealth subsidiary, unrealized carried interest allocations, unrealized performance fee-related compensation, unrealized investment (income) loss and acquisition-related contingent consideration), of \$293.0 million and \$189.0 million;
- net change in operating assets and liabilities of \$27.3 million and \$43.8 million;
- adjustments for unrealized investment income from Consolidated Funds of \$28.1 million and \$21.0 million;
- net purchases of investments of Consolidated Funds of \$160.5 million and \$58.2 million; and
- net change in operating assets and liabilities of Consolidated Funds of \$(0.2) million and \$0.3 million.

Investing Activities

Investing activities used \$36.7 million and \$38.3 million of cash for the nine months ended December 31, 2024 and 2023, respectively, and primarily consisted of the following amounts:

- net contributions to investments of \$37.8 million and \$12.9 million;
- net contributions to investments in legacy Greenspring entities of \$3.6 million and \$6.7 million; and
- purchases of fixed assets of \$2.4 million and \$18.7 million.

Financing Activities

Financing activities provided (used) \$2.6 million and \$(67.2) million of cash for the nine months ended December 31, 2024 and 2023, respectively, and primarily consisted of the following:

- net borrowings (repayments) on revolving credit facility of \$(150.0) million and \$25.0 million;
- proceeds from issuance of notes payable of \$175.0 million and \$0 million;
- deferred financing costs of \$5.4 million and \$0 million;
- distributions to non-controlling interests of \$96.9 million and \$71.5 million;
- purchase of non-controlling interests of \$5.4 million and \$0 million;
- sale of non-controlling interests of \$0 million and \$3.0 million;
- redemption of redeemable non-controlling interests of \$13.0 million and \$0 million;
- proceeds from capital contributions to legacy Greenspring entities of \$19.2 million and \$8.8 million;
- distributions to non-controlling interests in legacy Greenspring entities of \$29.6 million and \$6.7 million;
- dividends paid to common stockholders of \$57.6 million and \$55.0 million;
- payments for employee taxes related to the net settlement of RSUs of \$1.1 million and \$0.6 million;

- proceeds from issuance of Class A common stock under ESPP of \$1.1 million and \$0 million;
- payments to related parties under the Tax Receivable Agreements of \$9.8 million and \$10.3 million;
- proceeds from borrowings on fund credit facility of \$7.9 million and \$0 million;
- contributions from redeemable non-controlling interests in Consolidated Funds of \$169.9 million and \$40.0 million; and
- redemptions of redeemable non-controlling interests in Consolidated Funds of \$8.8 million and \$0 million.

Debt Obligations

Revolving Credit Facility

We are party to a credit agreement, as amended and restated in May 2024 (the "Credit Agreement"), which, among other things, increased the aggregate principal amount of the commitments thereunder to \$300.0 million from \$225.0 million and extended the maturity date of the revolving facility to May 2029. The Credit Agreement was arranged by JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and certain other lenders party thereto and provides for a \$300.0 million multicurrency Revolver. As of December 31, 2024, there were no amounts outstanding on the Revolver.

Borrowings under the Revolver bear interest at a variable rate per annum. We may designate each borrowing as (i) in the case of any borrowing in U.S. dollars, a base rate loan or a Term Secured Overnight Financing Rate ("SOFR") rate loan, (ii) in the case of any borrowing denominated in Euros, a EURIBOR rate loan, (iii) in the case of any borrowing denominated in British Pounds Sterling, a Sterling Overnight Index Average ("SONIA") loan, (iv) in the case of any borrowing denominated in Swiss Francs, a Swiss Average Rate Overnight ("SARON") loan, and (v) in the case of any borrowing denominated in Australian dollars, an AUD rate loan. Borrowings bear interest equal to (i) in the case of base rate loans, 1.00% plus the greatest of (a) the Prime Rate, (b) the New York Federal Reserve Bank Rate plus 0.50% and (c) the 1 month Term SOFR, plus 1.10%, (ii) in the case of a Term SOFR rate loan, the Term SOFR rate plus 2.10%, (iii) in the case of a EURIBOR rate loan, the EURIBOR rate multiplied by the Statutory Reserve Rate (as defined in the Credit Agreement) plus 2.00%, (iv) in the case of a SONIA loan, the Sterling Overnight Index Average plus 2.03%, (v) in the case of a SARON loan, the Swiss Average Rate Overnight plus 2.00%, and (vi) in the case of an AUD rate loan, the AUD Screen Rate (as defined in the Credit Agreement) multiplied by the Statutory Reserve Rate plus 2.20%, in certain cases subject to applicable interest rate floors.

Borrowings under the Revolver may be repaid at any time during the term of the Credit Agreement and, subject to certain terms and conditions, may be reborrowed prior to the maturity date. Any outstanding principal amounts, together with any accrued interest thereon, shall be due and payable on the maturity date. The maturity date for the Revolver is May 16, 2029.

The Revolver bears a fee on undrawn commitments equal to 0.25% per annum if total utilization of revolving commitments is equal to or greater than 50% and 0.35% per annum if total utilization of revolving commitments is less than 50%.

We can use available funding capacity under the Revolver to satisfy letters of credit in amounts up to \$10.0 million. Amounts used to satisfy the letters of credit reduce the available capacity under the Revolver. As of December 31, 2024, we had outstanding letters of credit totaling \$6.5 million.

Senior Notes

On October 22, 2024, we issued \$175.0 million aggregate principal amount of our 5.52% Series A senior notes due October 22, 2029, pursuant to the Note Purchase Agreement, dated as of October 22, 2024, in a private placement exempt from registration under the Securities Act.

Interest on the Notes will be payable semi-annually in arrears on April 22 and October 22 of each year, commencing on April 22, 2025. Interest on the Notes will accrue from and including October 22, 2024. The Notes will mature on October 22, 2029. We may, at our option, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 5% of the aggregate principal amount of the Notes then outstanding at a redemption price equal to 100% of the principal amount thereof plus any applicable "make-whole amount" and accrued and unpaid interest to the redemption date. So long as no default or event of default shall have occurred and be continuing under the Note Purchase Agreement, no make-whole amount will be due if the Notes are paid on or after April 22, 2029.

Debt Obligations of Consolidated Funds

Certain Consolidated Funds may maintain revolving credit facilities that are secured by fund assets to fund investments on a short-term basis. The debt obligations of the Consolidated Funds are non-recourse to us.

In December 2024, one of our consolidated investment funds entered into a credit agreement with Northern Trust Global Service SE (the "Fund Credit Facility"). The Fund Credit Facility provides for a multi-currency revolving credit facility of up to \$125.0 million. Amounts drawn under the facility must be repaid within 180 days. As of December 31, 2024, the outstanding balance on the Fund Credit Facility was \$7.9 million and is presented within other liabilities of Consolidated Funds in the condensed consolidated balance sheets. The outstanding borrowings under the Fund Credit Facility mature in June 2025.

Borrowings under the Fund Credit Facility bear interest at a variable rate per annum. Borrowings in USD will bear interest at the applicable federal funds target rate (upper range) plus a margin of 250 basis points. Borrowings in GBP will bear interest at the Bank of England base rate plus a margin of 250 basis points. Borrowings in EUR will bear interest at the European Central Bank main refinancing rate plus a margin of 250 basis points. The weighted-average interest rate in effect for the Fund Credit Facility as of December 31, 2024 was 5.65%.

Debt Covenants

Under the terms of the Credit Agreement, certain of our assets serve as pledged collateral. In addition, the Credit Agreement contains covenants that, among other things: limit our ability to incur indebtedness; create, incur or allow liens; transfer or dispose of assets; merge with other companies; make certain investments; pay dividends or make distributions in certain circumstances; engage in new or different lines of business; and engage in certain transactions with affiliates. The Credit Agreement also contains financial covenants requiring us to maintain a total net leverage ratio, and a minimum total of fee-earning assets under management. As of December 31, 2024, we were in compliance with the total net leverage ratio and minimum fee-earning assets under management covenants.

The Note Purchase Agreement contains certain covenants, including those requiring us to (a) maintain a total net leverage ratio, (b) maintain a minimum total of fee-earning assets under management, (c) cause at least 80% of all management fees payable by material subsidiaries to us to be collected each period without deferral, waiver or reduction, (d) limit the amount of secured indebtedness to be incurred by us, and (e) other customary covenants. The Note Purchase Agreement also provides for customary events of default, which, if any occur and is continuing, could permit or require the entire unpaid principal amount of any or all Notes, plus all accrued and unpaid interest thereon and any applicable "make-whole amount" to become or to be declared due and payable immediately.

Under the terms of the Fund Credit Facility, certain of the assets of the Consolidated Funds serve as pledged collateral. In addition, the Fund Credit Facility contains covenants that, among other things: limit the ability of the fund to incur indebtedness; create, incur or allow liens; and other customary covenants. The Fund Credit Facility also provides for customary events of default, which, if any occur and are continuing, could permit or require the entire unpaid principal amount of any or all loans under the Fund Credit Facility, plus all accrued and unpaid interest thereon to become or to be declared due and payable immediately.

As of December 31, 2024, we were in compliance with the covenants under our various debt agreements.

Equity Transactions

In June 2024, we issued 1,731,807 shares of Class A common stock to certain limited partners of the Partnership in exchange for 1,731,807 Class B units of the Partnership pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. We also issued 71,766 shares of Class A common stock to certain limited partners of the Partnership in exchange for 71,766 Class C units of the Partnership pursuant to the Class C Exchange Agreement, and a corresponding number of Class A units of the partnership were issued to us.

In September 2024, we conducted an underwritten public offering of 4,099,997 shares of Class A common stock (the "September 2024 Offering") at a public offering price of \$50.00 per share. We used all of the net proceeds from the offering, after underwriting discounts and commissions and expenses, to purchase (i) 300,000 shares of our Class A common stock from certain selling stockholders, (ii) 3,094,981 Class B units of the Partnership from certain holders thereof, including certain of our directors and executive officers, and (iii) 705,016 Class C units of the Partnership from certain holders thereof. 3,094,981 shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and 3,799,997 Class A units of the Partnership were issued to us.

Also in September 2024, we issued 312,112 shares of Class A common stock to certain limited partners of the Partnership in exchange for 312,112 Class B units of the Partnership pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. We also issued 34,027 shares of Class A common stock to certain limited partners of the Partnership in exchange for 34,027 Class C units of the Partnership pursuant to the Class C Exchange Agreement, and a corresponding number of Class A units of the partnership were issued to us.

In December 2024, we issued 2,354,788 shares of Class A common stock to certain limited partners of the Partnership in exchange for 2,354,788 Class B units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. We also issued 75,642 shares of Class A common stock to certain limited partners of the Partnership in exchange for 75,642 Class C units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class C Exchange Agreement, and a corresponding number of Class A units of the Partnership were issued to us. We also issued 729,449 shares of Class A common stock to certain limited partners of the Partnership in exchange for 729,449 Class D units of the Partnership in accordance with the elective exchange notices submitted pursuant to the Class D Exchange Agreement, and a corresponding number of Class A units of the Partnership were issued to us.

Future Sources and Uses of Liquidity

In the future, we may issue additional equity or debt with the objective of increasing our available capital. We believe that we will be able to continue to meet our current and long-term liquidity and capital requirements through our cash flows from operating activities, existing cash and cash equivalents, and our ability to obtain future financing.

Dividend and Distribution Policy

On February 6, 2025, we announced a dividend of \$0.24 per share of Class A common stock, payable on March 14, 2025 to holders of record at the close of business on February 28, 2025.

The following table presents information regarding cash quarterly dividends on Class A common shares for the periods indicated:

Quarterly Fiscal Period ¹	Dividend Payment Date	Dividend Per Share of Class A Common Stock	
First quarter	June 30, 2023	\$	0.20
Supplemental ²	June 30, 2023		0.25
Second quarter	September 15, 2023		0.21
Third quarter	December 15, 2023		0.21
Fourth quarter	March 15, 2024		0.21
Total dividends paid in FY2024		\$	1.08
First quarter	June 28, 2024	\$	0.21
Supplemental ³	June 28, 2024		0.15
Second quarter	September 13, 2024		0.24
Third quarter	December 13, 2024		0.24
Total dividends paid in FY2025		\$	0.84

(1) Dividends paid, as reported in this table, relate to the preceding quarterly period in which they were earned.

(2) The supplemental cash dividend relates to earnings in respect of our full fiscal year 2023.

(3) The supplemental cash dividend relates to earnings in respect of our full fiscal year 2024.

We may pay additional dividends to holders of our Class A common stock in the future. The declaration and payment by us of any future dividends to Class A stockholders is at the sole discretion of our board of directors. Subject to funds being legally available, we will cause the Partnership to make pro rata distributions to its limited partners, including us, in amounts sufficient to make payment of applicable income and other taxes, to make payments under the Tax Receivable Agreements, and to make payment for corporate and other general expenses. Because our board of directors may determine to pay or not pay dividends to our Class A stockholders, our Class A stockholders may not necessarily receive dividend distributions relating to our excess distributions, even if the Partnership makes excess distributions to us.

Tax Receivable Agreements

We have entered into an Exchanges Tax Receivable Agreement with the Class B limited partners, Class C limited partners, and Class D limited partners and a Reorganization Tax Receivable Agreement with certain pre-IPO institutional investors (collectively, the "Tax Receivable Agreements"). The Tax Receivable Agreements provide for payment by SSG to these partners and pre-IPO institutional investors of the Partnership of 85% of the amount of the net cash tax savings, if any, that SSG realizes (or, under certain circumstances, is deemed to realize) as a result of increases in tax basis (and utilization of certain other tax benefits) resulting from (i) SSG's acquisition of such partner's and institutional investor's Partnership units and (ii) in the case of the Exchanges Tax Receivable Agreement, any payments SSG makes under the Exchanges Tax Receivable Agreement (including tax benefits related to imputed interest). SSG will retain the benefit of the remaining 15% of these net cash tax savings under the Tax Receivable Agreements.

Contingent Earn-out Payment

In connection with the Greenspring acquisition, the transaction agreement provides for the payment of an earn-out of up to \$75.0 million payable in calendar year 2025, subject to the achievement of certain management fee revenue targets for calendar year 2024. As of December 31, 2024, the fair value of the contingent earn-out liability was \$67.4 million. In accordance with the contingent consideration arrangement, a portion of the contingent earn-out liability otherwise payable to the sellers included amounts paid to certain of our employees and former employees during the three months ended December 31, 2024. As a result, the contingent consideration liability is recorded net of the amounts paid. We expect to make payment of the contingent earn-out prior to the end of fiscal 2025. See note 6 to our condensed consolidated financial statements included elsewhere in this quarterly report for more information on the contingent consideration obligation.

Option Agreement Payment

In November 2022, we entered into arrangements with the SPW management team (the "Private Wealth Transaction") under which certain members of the SPW team received a profits interest in SPW and concurrently entered into an option agreement which provides that (i) we have the right to acquire the profits interest at the end of any fiscal quarter after June 30, 2027 in exchange for payment of a call price and (ii) the SPW management team, through an entity named CH Equity Partners, LLC, has the right to put the profits interest to us on June 30, 2026 or at the end of any fiscal quarter thereafter, in exchange for payment of a put price. The applicable call or put price is, in certain circumstances, subject to an earn-out or earn-down. The call or put price will be payable in cash unless we elect to pay up to 75% of the consideration in units of the Partnership, each to be exchangeable into shares of our Class A common stock, and, in either case, rights under one or more tax receivable agreements. As of December 31, 2024, based on the fair value of the liability classified awards, the estimated minimum and maximum amount of cash that would be potentially payable under the Private Wealth Transaction was \$136.0 million and \$544.2 million, respectively. The assumptions used in the fair value analysis are inherently subjective; therefore, the ultimate settlement amount for the liability classified awards may differ materially from the current estimate.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that would expose us to any liability or require us to fund losses or guarantee target returns to clients in our funds that are not reflected in our condensed consolidated financial statements. See notes 4 and 14, respectively, to our condensed consolidated financial statements included elsewhere in this quarterly report for information on variable interest entities and commitments and contingencies.

Critical Accounting Estimates

We prepare our condensed consolidated financial statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our condensed consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and judgments, however, are both subjective and subject to change, and actual amounts may differ from our assumptions and estimates. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known.

See note 2 to our condensed consolidated financial statements included elsewhere in this quarterly report, and note 2 to our audited consolidated financial statements in our Form 10-K for the year ended March 31, 2024 for a summary of our significant accounting policies.

Recent Accounting Developments

Information regarding recent accounting developments and their effects to us can be found in note 2 to our condensed consolidated financial statements included elsewhere in this quarterly report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we are exposed to a broad range of risks inherent in the financial markets in which we participate, including price risk, interest-rate risk, access to and cost of financing risk, liquidity risk, counterparty risk and foreign exchange-rate risk. Potentially negative effects of these risks may be mitigated to a certain extent by those aspects of our investment approach, investment strategies, fundraising practices or other business activities that are designed to benefit, either in relative or absolute terms, from periods of economic weakness, tighter credit markets or financial market dislocations.

Market Risk

Our predominant exposure to market risk is related to our role as general partner or investment manager for our focused commingled funds and SMAs and the sensitivities to movements in the fair value of their investments, which may adversely affect our performance fee revenues and investment income.

Our management fee and advisory fee revenue is only marginally affected by changes in investment values because our management fees are generally based on commitments or net invested capital and our advisory fees are fixed. As of December 31, 2024, and March 31, 2024, NAV-based management fees represented approximately 12% and 9%, respectively, of total net management and advisory fees. We estimate that a 10% decline in market values of the investments held in our funds as of December 31, 2024 and March 31, 2024, would result in an approximate decrease to annual management fees of \$9.3 million and \$5.8 million, respectively.

The fair value of the financial assets and liabilities of our focused commingled funds and SMAs may fluctuate in response to changes in the fair value of a fund's underlying investments, foreign currency exchange rates, commodity prices and interest rates. The effect of these risks is as follows:

- Incentive fees from our funds are not materially affected by changes in the fair value of unrealized investments because they are based on realized gains and subject to achievement of performance criteria rather than on the fair value of the fund's assets prior to realization. As of December 31, 2024 and March 31, 2024, we had \$22.8 million and \$20.5 million, respectively, of deferred incentive fee revenue recorded in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets.
- We earn carried interest allocation revenue from certain of the StepStone Funds based on cumulative fund performance to date, subject to specified performance criteria. Our carried interest allocation is affected by changes in market factors. However, the degree of impact will vary depending on several factors, including but not limited to (i) the performance criteria for each individual fund in relation to how that fund's results of operations are affected by changes in market factors; (ii) whether such performance criteria are annual or over the life of the fund; (iii) to the extent applicable, the previous performance of each fund in relation to its performance criteria; and (iv) whether each fund's performance related distributions are subject to contingent repayment. As a result, the impact of changes in market factors on carried interest allocation revenue will vary widely from fund to fund. An overall decrease of 10% in the general equity markets would not necessarily drive the same impact on our funds' valuations, as many of our investments in our funds are illiquid and do not trade on any exchange. Additionally, as a large percentage of our carried interest allocation revenues are paid to employees as carried interest-related compensation, the overall net impact to our income would be mitigated by lower compensation payments. As of December 31, 2024, and March 31, 2024, the maximum amount of carried interest allocations (excluding legacy Greenspring carried interest allocations) subject to contingent repayment, net of tax, was an estimated \$317.2 million and \$287.5 million, respectively, assuming the fair value of all investments was zero, a possibility that we view as remote. The primary driver for the change in the contingent repayment between periods is due to additional carried interest allocation realizations in fiscal 2025 that are potentially subject to clawback.
- Investment income changes in relation to realized and unrealized gains and losses of the underlying investments in our funds in which we have a general partner commitment. Based on investments (excluding legacy Greenspring investments in funds and investments of Consolidated Funds) held as of December 31, 2024 and March 31, 2024, we estimate that a 10% decline in fair value of the investments in funds would result in a decrease in investment income of \$17.3 million and \$13.5 million, respectively.

Exchange Rate Risk

Our business is affected by movements in the exchange rate between the U.S. dollar and non-U.S. dollar currencies in respect of revenues and expenses of our foreign offices that are denominated in non-U.S. dollar currencies and cash and other balances we hold in non-functional currencies. The amount of revenues and expenses attributable to our foreign offices is not material in relation to our U.S. offices. Therefore, changes in exchange rates are not expected to materially affect our condensed consolidated financial statements.

Certain of our focused commingled funds and SMAs hold investments denominated in non-U.S. dollar currencies that may be affected by movements in the exchange rate between the U.S. dollar and foreign currencies, which could affect investment performance. The currency exposure related to investments in foreign currency assets is limited to our general partner interest, which is typically no more than 1% of total capital commitments. Changes in exchange rates are not expected to materially affect our condensed consolidated financial statements.

Interest Rate Risk

As of December 31, 2024, we had \$175.0 million in borrowings outstanding under our Notes and no amount outstanding under our Revolver. As of March 31, 2024, we had \$150.0 million in borrowings outstanding under our Revolver and no amount outstanding under our Notes. The Revolver accrues interest at a variable rate, and the Notes accrue interest at a fixed rate of 5.52%. As of December 31, 2024 and March 31, 2024, we estimate that interest expense would increase by \$1.8 million and \$1.5 million, respectively, on an annualized basis as a result of a 100 basis point increase in interest rates. Based on the \$223.8 million and \$144.1 million of cash, cash equivalents and restricted cash (excluding Consolidated Funds) as of December 31, 2024 and March 31, 2024, we estimate that interest income would increase by \$2.2 million and \$1.4 million, respectively, on an annualized basis as a result of a 100 basis point increase in interest rates.

Credit Risk

We are party to agreements providing for various financial services and transactions that contain an element of risk in the event that the counterparties are unable to meet the terms of such agreements. In such agreements, we depend on the respective counterparty to make payment or otherwise perform. We generally endeavor to minimize our risk of exposure by limiting the counterparties with which we enter into financial transactions to reputable financial institutions. In other circumstances, availability of financing from financial institutions may be uncertain due to market events, and we may not be able to access these financing markets.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective to provide reasonable assurance that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recent quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information required with respect to this item can be found under the heading “Litigation” in note 14, Commitments and Contingencies, to our condensed consolidated financial statements included elsewhere in this quarterly report, and such information is incorporated by reference into this Part II, Item 1.

Item 1A. Risk Factors.

Reference is made to Part I, Item 1A, “Risk Factors” included in our annual report on Form 10-K for the fiscal year ended March 31, 2024 (the “2024 Form 10-K”) for information concerning risk factors. Except as set forth below, there have been no material changes with respect to the risk factors disclosed in the 2024 Form 10-K. The risk factors set forth below update, and should be read together with, the risk factors in our 2024 Form 10-K. You should carefully consider such factors, which could materially and adversely affect our business, financial condition, and/or results of operations. The risks described in this Form 10-Q and the 2024 Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, and/or results of operations.

Difficult or volatile market and political conditions can adversely affect our business by reducing the market value of the assets we manage, causing our clients to reduce their investments in private markets, reducing the number of high-quality investment managers with whom we may invest, and reducing the ability of our funds to raise or deploy capital.

The global financial markets and business climate have recently deteriorated and may continue to deteriorate, including due to continued rising interest rates, ongoing high inflation, reduced availability of credit, regional and international bank failures, changes in laws and regulation, trade policies, terrorism or political uncertainty, war (including the ongoing Russia-Ukraine and Middle East conflicts), and potential recession. For example, while inflation in the U.S. has stabilized, it remains higher than pandemic lows and could increase, and heightened competition for workers, supply chain issues and rising energy and commodity prices have contributed to increasing wages and other inputs, which may put pressure on the profit margins of portfolio companies within our private market funds. Additionally, volatility and disruption in the equity and credit markets can adversely affect the portfolio companies in which private markets funds invest and adversely affect the investment performance of the StepStone Funds and advisory accounts.

The extent and impact of any sanctions imposed in connection with geopolitical conflicts may also cause additional financial market volatility and impact the global economy. For example, sanctions related to Russia’s invasion of Ukraine or potential measures targeting other regions can disrupt global trade and supply chains. Additionally, recently the U.S. has instituted new economic and trade sanctions against China, in response to which China issued countermeasures against U.S. companies. The restrictions on investment in and trade with China may have a negative effect on some of our portfolio companies along with creating weakness in the global economy.

Our ability to manage our exposure to market conditions is limited. Market deterioration could cause us, the StepStone Funds we manage or the funds in which they invest to experience reduced liquidity, earnings and cash flow, recognize impairment charges, or face challenges in raising additional capital, obtaining investment financing and making investments on attractive terms. Adverse market conditions can also affect our ability and the ability of funds in which we and our clients invest to liquidate positions in a timely and efficient manner. More costly and restrictive financing also may adversely affect the investment returns of our co-investments in leveraged buyout transactions and, therefore, adversely affect the results of operations and financial condition of our co-investment funds.

Our business may generate lower revenue as a result of recent and prospective economic contractions, decreases in equity markets and tightening of global credit markets. These events may result in reduced opportunities to find suitable investments and make it more difficult for us, or for the funds in which we and our clients invest, to exit and realize value from existing investments, potentially resulting in a decline in the value of the investments held in our clients' portfolios. Such a decline could cause our revenue and net income to decline by causing some of our clients to reduce their investments in private markets in favor of investments they perceive as offering greater opportunity or lower risk, which would result in lower fees being paid to us.

These events may also reduce the commitments our clients are able to devote to private markets investments generally and make it more difficult for the funds in which we invest to obtain funding for additional investments at attractive rates, which would further reduce our profitability.

Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to reduce other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. If our revenue declines without a commensurate reduction in our expenses, our net income will be lower.

In addition, regulatory oversight and enforcement may become more rigorous for public companies in general, and for the financial services industry in particular, as a result of the recent volatility in the financial markets. See "—Evolving laws and government regulations could adversely affect us."

Evolving laws and government regulations could adversely affect us.

Governmental regulation of the global financial markets and financial institutions is intense and is continually evolving. This includes regulation of investment funds, as well as their managers and activities, through the implementation of compliance, risk management and anti-money laundering procedures; restrictions on specific types of investments and the provision and use of leverage; capital requirements; limitations on compensation to fund managers; and books and records, reporting and disclosure requirements. The effects on us, the StepStone Funds, or on private markets funds generally, of future regulation, or of changes in the interpretation and enforcement of existing regulation, could have an adverse effect on the StepStone Funds' investment strategies or our business model. Policy changes and regulatory reform by the U.S. federal government may create regulatory uncertainty for our funds' portfolio companies and our investment strategies and adversely affect the profitability of the StepStone Funds' portfolio companies.

Ongoing political developments could adversely impact our investment management and investment advisory businesses. The financial services industry is currently experiencing an uncertain political and regulatory environment, in particular under the newly appointed U.S. presidential administration. There was a significant level of SEC enforcement activity under the former administration. The current administration has signaled its intent to revisit and potentially roll back certain regulatory initiatives enacted under the previous administration while simultaneously increasing scrutiny on areas such as foreign investment, national security, and the use of emerging technologies. There is currently a regulatory freeze on rulemaking pending review by newly appointed agency heads. The current administration and the current leadership of the SEC have indicated that they intend to modify or repeal certain regulations perceived as burdensome to private fund advisers, particularly those related to ESG investing and cybersecurity. However, the administration has also proposed new rules aimed at increasing transparency and accountability, such as expanded disclosure requirements for private fund advisers and enhanced oversight of investment practices involving artificial intelligence and digital assets. In addition, the SEC and FinCEN have recently jointly proposed a new rule that will require investment advisers to adopt formal anti-money laundering and customer identification programs, which remains under discussion. The SEC and other regulatory bodies are expected to propose additional changes in the future. Any such changes, including with modifications, whether enacted under current or future leadership, could have a significant effect on private funds and private fund advisers and their operations, including increasing compliance burdens and regulatory costs, restrictions on the ability to receive expense, indemnification and other cost reimbursements, and heightened risk of regulatory enforcement action such as public sanctions, restrictions on activities, fines and reputational damage. Additionally, there is a growing focus on digital asset regulation, with new rules expected to impact the use of cryptocurrencies and blockchain technologies in private fund operations. Any of the foregoing could lead to further regulatory uncertainty, result in changes to our operations and could materially impact our funds and/or their investments (including the funds in which the StepStone Funds and our clients invests) and/or us, including by causing us to incur additional expenses.

Governmental policy changes and regulatory or tax reform could also have a material effect on our funds. For example, regulatory or tax reform in jurisdictions where we may be conducting business (including jurisdictions in which we have established StepStone Funds, such as the Cayman Islands) and jurisdictions in which our clients or investors in StepStone Funds are located may increase administrative costs, increase taxes borne by StepStone Funds or our clients or investors, or otherwise adversely affect our funds or our ability to successfully fundraise on behalf of our funds. A prolonged environment of regulatory uncertainty may make the identification of attractive investment opportunities and the deployment of capital more challenging. In addition, our ability to identify business and other risks associated with new investments depends in part on our ability to anticipate and accurately assess regulatory and other changes that may have a material effect on the businesses in which we choose to invest. The failure to accurately predict the possible outcome of policy changes and regulatory reform could have a material adverse effect on the returns generated from our funds' investments and our revenues.

In recent years, the United States has imposed tariffs on various products imported into the United States. These tariffs have resulted in, and may continue to trigger, retaliatory actions by affected countries, including the imposition of tariffs on the United States by other countries. Under the current administration, trade policy has been a central focus, with renewed scrutiny on trade relationships with China and efforts to renegotiate or withdraw from key agreements such as the United States-Mexico-Canada Agreement (USMCA). This shift has included the potential for additional tariffs, including on Mexican, Canadian and Chinese goods, targeted sanctions, and restrictions on investments linked to industries deemed critical to U.S. national security. Certain foreign governments, such as China, Canada and Mexico, have instituted or are considering imposing trade sanctions on certain U.S. goods and denying U.S. companies access to critical raw materials. Governmental actions related to the imposition of tariffs, sanctions or other trade barriers or changes to international trade agreements or policies, such as USMCA, could increase costs, decrease margins, reduce the competitiveness of products and services offered by current and future portfolio companies and adversely affect the revenues and profitability of companies whose businesses rely on goods imported from outside of the United States. Additionally, the current administration has signaled potential future measures targeting supply chain dependencies on China, including additional restrictions on technology exports and proposed incentives to relocate manufacturing to the United States or allied nations. If we do not adequately monitor and adapt sufficiently to changes in policy and the regulations to which we are or may become subject, we could be subject to enforcement actions, which may materially and adversely affect our businesses, financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(c) Trading Arrangements.

The table below summarizes the terms of “Rule 10b5-1 trading arrangement,” as defined in Item 408 of Regulation S-K, adopted or terminated by our executive officers or directors during the period covered by this quarterly report on Form 10-Q. All of the trading arrangements listed below are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

Name	Title	Date of Adoption or Termination	Duration of Plan ⁽¹⁾	Aggregate number of Class A ordinary shares to be sold pursuant to the trading agreement
Scott Hart	Chief Executive Officer and Director	November 21, 2024	14 months	120,000
Jason Ment	President and Co-Chief Operating Officer	November 20, 2024	15 months	57,308

(1) Each plan will expire on the earlier of the expiration date or the completion of all transactions under the trading arrangement.

Item 6. Exhibits.

Exhibit No.	Description of Exhibit	Incorporated By Reference			Filed or Furnished Herewith
		Form	Exhibit	Filing Date	
<u>3.1</u>	<u>Amended and Restated Certificate of Incorporation of StepStone Group Inc.</u>	8-K	3.1	9/18/2020	001-39510
<u>3.2</u>	<u>Amended and Restated Bylaws of StepStone Group Inc.</u>	10-Q	3.2	2/09/2023	001-39510
<u>4.1</u>	<u>Form of 5.52% Series A Senior Note due October 22, 2029 (included in Exhibit 10.1).</u>	8-K	4.1	10/23/2024	001-39510
<u>10.1*</u>	<u>Note Purchase Agreement, dated October 22, 2024, by StepStone Group LP and acknowledged and agreed to by the purchasers party thereto.</u>	8-K	10.1	10/23/2024	001-39510
<u>31.1</u>	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended</u>				X
<u>31.2</u>	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended</u>				X
<u>32.1</u>	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>				X
<u>32.2</u>	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>				X
101	The following financial information from our quarterly report on Form 10-Q for the quarter ended December 31, 2024 formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Income (Loss); (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss); (iv) the Condensed Consolidated Statements of Stockholders' Equity; (v) the Condensed Consolidated Statements of Cash Flows; (vi) Notes to Condensed Consolidated Financial Statements; and (vii) Part II, Item 5(c).				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X
*	Confidential information in this exhibit has been omitted.				

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 6, 2025.

STEPSTONE GROUP INC.

By: /s/ David Y. Park

David Y. Park

Chief Financial Officer

(Principal Financial Officer and Authorized Signatory)

EXHIBIT 31.1

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott W. Hart, certify that:

1. I have reviewed this quarterly report on Form 10-Q of StepStone Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in

the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2025

By: /s/ Scott W. Hart

Scott W. Hart

Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF
2002**

I, David Y. Park, certify that:

1. I have reviewed this quarterly report on Form 10-Q of StepStone Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2025

By: /s/ David Y. Park

David Y. Park
Chief Financial Officer
(*Principal Financial Officer*)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of StepStone Group Inc. (the "Company") on Form 10-Q for the three months ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Scott W. Hart, Chief Executive Officer of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2025

By: /s/ Scott W. Hart

Scott W. Hart
Chief Executive Officer
(*Principal Executive Officer*)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff on request.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of StepStone Group Inc. (the "Company") on Form 10-Q for the three months ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, David Y. Park, Chief Financial Officer of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2025

By: /s/ David Y. Park

David Y. Park
Chief Financial Officer
(*Principal Financial Officer*)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff on request.