
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 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 _____

333-126751

(Commission File Number)

LAZARD GROUP LLC

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation
or Organization)

51-0278097

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

30 Rockefeller Plaza
New York, NY 10112

(Address of principal executive offices)

Registrant's telephone number: (212) 632-6000

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| None | None | None |

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

If the Registrant is 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

As of April 19, 2024, in addition to profit participation interests, there were two managing member interests outstanding.

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When we use the terms “Lazard Group”, “Lazard”, “we”, “us”, “our” and “the Company”, we mean Lazard Group LLC, a Delaware limited liability company, that is the current holding company for the subsidiaries that conduct our businesses. Lazard Ltd, our ultimate parent, completed its conversion on January 1, 2024 (the “Conversion”) from an exempted company incorporated under the laws of Bermuda named Lazard Ltd to a U.S. C-Corporation named Lazard, Inc., a company incorporated under the laws of the state of Delaware, whose common stock (“common stock”) is publicly traded on the New York Stock Exchange under the symbol “LAZ”. Lazard, Inc.’s subsidiaries include Lazard Group and their respective subsidiaries. Lazard, Inc.’s primary operating asset is its indirect ownership as of March 31, 2024 of all of the common membership interests in Lazard Group. Lazard, Inc. controls Lazard Group through two of its indirect wholly-owned subsidiaries that are co-managing members of Lazard Group.

Lazard Group has granted profit participation interests in Lazard Group to certain of its managing directors. The profit participation interests are discretionary profits interests that are intended to enable Lazard Group to compensate its managing directors in a manner consistent with historical practices. Lazard Group has also granted profits interest participation rights to certain of its managing directors. See Note 13 of Notes to Condensed Consolidated Financial Statements.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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LAZARD GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
MARCH 31, 2024 AND DECEMBER 31, 2023
(UNAUDITED)
(dollars in thousands)

| | March 31, 2024 | December 31, 2023 |
|---|---------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 917,693 | \$ 966,168 |
| Deposits with banks and short-term investments | 247,847 | 219,576 |
| Restricted cash | 33,558 | 34,091 |
| Receivables (net of allowance for credit losses of \$30,086 and \$28,503 at March 31, 2024 and December 31, 2023, respectively): | | |
| Fees | 459,703 | 560,552 |
| Customers and other | 290,780 | 201,767 |
| Lazard, Inc. subsidiaries | 84,616 | 82,451 |
| | <u>835,099</u> | <u>844,770</u> |
| Investments | 620,615 | 701,964 |
| Property (net of accumulated amortization and depreciation of \$419,680 and \$414,547 at March 31, 2024 and December 31, 2023, respectively, including \$71,343 and \$72,921 of property held for sale at March 31, 2024 and December 31, 2023, respectively) | 227,539 | 232,516 |
| Operating lease right-of-use assets | 389,326 | 406,428 |
| Goodwill and other intangible assets (net of accumulated amortization of \$67,696 and \$67,681 at March 31, 2024 and December 31, 2023, respectively) | 373,293 | 373,604 |
| Deferred tax assets | 60,374 | 52,225 |
| Other assets | 478,040 | 398,983 |
| Total Assets | <u>\$ 4,183,384</u> | <u>\$ 4,230,325</u> |

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
MARCH 31, 2024 AND DECEMBER 31, 2023
(UNAUDITED)
(dollars in thousands)

| | March 31, 2024 | December 31, 2023 |
|--|-------------------|----------------------|
| LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND MEMBERS' EQUITY | | |
| Liabilities: | | |
| Deposits and other customer payables | \$ 536,343 | \$ 443,262 |
| Accrued compensation and benefits | 495,352 | 780,789 |
| Operating lease liabilities | 466,603 | 484,380 |
| Senior debt | 1,851,444 | 1,690,200 |
| Payable to Lazard, Inc. subsidiaries | 19,351 | 19,334 |
| Deferred tax liabilities | 2,177 | 3,857 |
| Other liabilities | 573,532 | 538,363 |
| Total Liabilities | 3,944,802 | 3,960,185 |
| Commitments and contingencies | | |
| Redeemable noncontrolling interests | 88,475 | 87,675 |
| MEMBERS' EQUITY | | |
| Members' equity (net of 22,208,342 and 25,300,624 shares of Lazard, Inc. common stock, at a cost of \$823,665 and \$937,112 at March 31, 2024 and December 31, 2023, respectively) | 391,342 | 410,311 |
| Accumulated other comprehensive loss, net of tax | (288,634) | (274,431) |
| Total Lazard Group LLC Members' Equity | 102,708 | 135,880 |
| Noncontrolling interests | 47,399 | 46,585 |
| Total Members' Equity | 150,107 | 182,465 |
| Total Liabilities, Redeemable Noncontrolling Interests and Members' Equity | \$ 4,183,384 | \$ 4,230,325 |

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED)
(dollars in thousands)

| | Three Months Ended March 31, | |
|---|---------------------------------|--------------------|
| | 2024 | 2023 |
| REVENUE | | |
| Investment banking and other advisory fees | \$ 453,027 | \$ 276,511 |
| Asset management fees | 276,849 | 261,479 |
| Interest income | 11,402 | 12,259 |
| Other | 44,781 | 10,483 |
| Total revenue | 786,059 | 560,732 |
| Interest expense | 20,122 | 18,860 |
| Net revenue | 765,937 | 541,872 |
| OPERATING EXPENSES | | |
| Compensation and benefits | 550,815 | 447,603 |
| Occupancy and equipment | 32,599 | 31,701 |
| Marketing and business development | 23,598 | 22,702 |
| Technology and information services | 44,915 | 44,000 |
| Professional services | 19,272 | 23,389 |
| Fund administration and outsourced services | 26,140 | 26,576 |
| Amortization and other acquisition-related costs | 68 | 48 |
| Other | 11,835 | 20,264 |
| Total operating expenses | 709,242 | 616,283 |
| OPERATING INCOME (LOSS) | 56,695 | (74,411) |
| Provision (benefit) for income taxes | 15,748 | (66,988) |
| NET INCOME (LOSS) | 40,947 | (7,423) |
| LESS - NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 4,469 | 6,973 |
| NET INCOME (LOSS) ATTRIBUTABLE TO LAZARD GROUP LLC | <u>\$ 36,478</u> | <u>\$ (14,396)</u> |

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED)
(dollars in thousands)

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------------|
| | 2024 | 2023 |
| NET INCOME (LOSS) | \$ 40,947 | \$ (7,423) |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX: | | |
| Currency translation adjustments | (16,420) | 14,569 |
| Employee benefit plans: | | |
| Actuarial gain (loss) (net of tax expense (benefit) of \$288 and \$(595) for the three months ended March 31, 2024 and 2023, respectively) | 815 | (2,801) |
| Adjustment for items reclassified to earnings (net of tax expense of \$455 and \$376 for the three months ended March 31, 2024 and 2023, respectively) | 1,402 | 1,160 |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX | <u>(14,203)</u> | <u>12,928</u> |
| COMPREHENSIVE INCOME | 26,744 | 5,505 |
| LESS - COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS | <u>4,469</u> | <u>6,973</u> |
| COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO LAZARD GROUP LLC | <u>\$ 22,275</u> | <u>\$ (1,468)</u> |

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED)
(dollars in thousands)

| | Three Months Ended March 31, | |
|--|---------------------------------|---------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ 40,947 | \$ (7,423) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization of property | 9,134 | 11,142 |
| Noncash lease expense | 16,070 | 15,112 |
| Amortization of deferred expenses and share-based incentive compensation | 121,351 | 108,164 |
| Amortization and other acquisition-related costs | 68 | 48 |
| Deferred tax benefit | (11,419) | (5,022) |
| Impairment of equity method investments and other receivables | – | 22,981 |
| Loss on LGAC liquidation | – | 17,929 |
| (Increase) decrease in operating assets and increase (decrease) in operating liabilities: | | |
| Receivables-net | 4,529 | (44,081) |
| Investments | 62,208 | (160,276) |
| Other assets | (88,283) | (9,765) |
| Accrued compensation and benefits and other liabilities | (245,094) | (355,581) |
| Net cash used in operating activities | (90,489) | (406,772) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Additions to property | (6,619) | (4,612) |
| Disposals of property | 12 | 2 |
| Acquisition of business, net of cash acquired | – | (10,516) |
| Net cash used in investing activities | (6,607) | (15,126) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from: | | |
| Issuance of senior debt, net of expenses | 396,000 | – |
| Customer deposits, net | 90,815 | – |
| Contributions from noncontrolling interests | 131 | – |
| Other financing activities | 50 | 50 |
| Payments for: | | |
| Extinguishment of senior debt | (233,073) | – |
| Customer deposits, net | – | (239,051) |
| Distributions to noncontrolling interests | (1,169) | (2,042) |
| Distribution to redeemable noncontrolling interests in connection with LGAC redemption | – | (585,891) |
| Purchase of common stock | (22,005) | (98,925) |
| Distributions to members | (43,715) | (33,684) |
| Settlement of share-based incentive compensation in satisfaction of tax withholding requirements | (55,632) | (45,165) |
| LFI Consolidated Funds redemptions | (26,217) | (21,566) |
| Other financing activities | (6,612) | (5,110) |
| Net cash provided by (used in) financing activities | 98,573 | (1,031,384) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS AND RESTRICTED CASH | (22,214) | 15,665 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH | (20,737) | (1,437,617) |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH— January 1 | 1,219,835 | 2,585,100 |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—March 31 | <u>\$ 1,199,098</u> | <u>\$ 1,147,483</u> |

See notes to condensed consolidated financial statements.

**RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH
WITHIN THE CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL
CONDITION:**

| | March 31, 2024 | December 31, 2023 |
|--|---------------------------|------------------------------|
| Cash and cash equivalents | \$ 917,693 | \$ 966,168 |
| Deposits with banks and short-term investments | 247,847 | 219,576 |
| Restricted cash | 33,558 | 34,091 |
| TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH | \$ 1,199,098 | \$ 1,219,835 |

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2024
(UNAUDITED)
(dollars in thousands)

| | Members' Equity | Accumulated Other Comprehensive Income (Loss), Net of Tax | Total Lazard Group Members' Equity | Noncontrolling Interests | Total Members' Equity | Redeemable Noncontrolling Interests |
|--|--------------------|---|--|-----------------------------|-----------------------------|---|
| Balance - January 1, 2024 (*) | \$ 410,311 | \$ (274,431) | \$ 135,880 | \$ 46,585 | \$ 182,465 | \$ 87,675 |
| Comprehensive income (loss): | | | | | | |
| Net income | 36,478 | | 36,478 | 1,852 | 38,330 | 2,617 |
| Other comprehensive loss - net of tax | | (14,203) | (14,203) | | (14,203) | |
| Amortization of share-based incentive compensation | 70,198 | | 70,198 | | 70,198 | |
| Distributions to members and noncontrolling interests, net | (43,715) | | (43,715) | (1,038) | (44,753) | |
| Purchase of common stock | (22,005) | | (22,005) | | (22,005) | |
| Delivery of common stock in connection with share-based incentive compensation and related tax expense of \$30 | (55,663) | | (55,663) | | (55,663) | |
| Business acquisitions and related equity transactions: | | | | | | |
| Common stock issuable | 1,235 | | 1,235 | | 1,235 | |
| LFI Consolidated Funds | | | | | | (1,817) |
| Dividend-equivalents | (5,527) | | (5,527) | | (5,527) | |
| Other | 30 | | 30 | | 30 | |
| Balance - March 31, 2024 (*) | \$ 391,342 | \$ (288,634) | \$ 102,708 | \$ 47,399 | \$ 150,107 | \$ 88,475 |

(*) At January 1, 2024 and March 31, 2024, in addition to profit participation interests, there were two managing member interests.

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023
(UNAUDITED)
(dollars in thousands)

| | Members' Equity | Accumulated Other Comprehensive Income (Loss), Net of Tax | Total Lazard Group Members' Equity | Noncontrolling Interests | Total Members' Equity | Redeemable Noncontrolling Interests |
|---|--------------------|---|--|-----------------------------|-----------------------------|---|
| Balance - January 1, 2023 (*) | \$ 638,956 | \$ (280,587) | \$ 358,369 | \$ 108,144 | \$ 466,513 | \$ 583,471 |
| Comprehensive income (loss): | | | | | | |
| Net income (loss) | (14,396) | | (14,396) | 776 | (13,620) | 6,197 |
| Other comprehensive income - net of tax | | 12,928 | 12,928 | | 12,928 | |
| Amortization of share-based incentive compensation | 70,534 | | 70,534 | | 70,534 | |
| Distributions to members and noncontrolling interests, net | (33,684) | | (33,684) | (2,042) | (35,726) | |
| Purchase of common stock | (98,925) | | (98,925) | | (98,925) | |
| Delivery of common stock in connection with share-based incentive compensation and related tax expense of \$2 | (45,167) | | (45,167) | | (45,167) | |
| Business acquisitions and related equity transactions: | | | | | | |
| Common stock issuable | 1,775 | | 1,775 | | 1,775 | |
| LFI Consolidated Funds | | | | (74,164) | (74,164) | 85,106 |
| Change in redemption value of redeemable noncontrolling interests | (412) | | (412) | (177) | (589) | 589 |
| LGAC liquidation: | | | | | | |
| Distribution to redeemable noncontrolling interests | | | | | | (585,891) |
| Reversal to net loss of amounts previously charged to members' equity and noncontrolling interests | 13,195 | | 13,195 | 4,734 | 17,929 | |
| Reversal of deferred offering cost liability | 14,087 | | 14,087 | 6,038 | 20,125 | |
| Dividend-equivalents | (5,087) | | (5,087) | | (5,087) | |
| Other | 50 | | 50 | (17) | 33 | |
| Balance - March 31, 2023 (*) | \$ 540,926 | \$ (267,659) | \$ 273,267 | \$ 43,292 | \$ 316,559 | \$ 89,472 |

(*) At January 1, 2023 and March 31, 2023, in addition to profit participation interests, there were two managing member interests.

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in thousands, unless otherwise noted)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

The accompanying condensed consolidated financial statements are those of Lazard Group LLC and its subsidiaries (collectively referred to as “Lazard Group”, “we” or the “Company”). Lazard Group is a Delaware limited liability company, which is governed by an Amended and Restated Operating Agreement that is effective as of January 1, 2023 (the “Operating Agreement”).

Lazard, Inc. and its subsidiaries (collectively referred to as “Lazard, Inc.”) is one of the world’s preeminent financial advisory and asset management firms, incorporated in Delaware, that specializes in crafting solutions to the complex financial and strategic challenges of our clients. We serve a diverse set of clients around the world, including corporations, governments, institutions, partnerships, family offices and individuals.

On January 1, 2024, Lazard Ltd completed its conversion (the “Conversion”) from an exempted company incorporated under the laws of Bermuda named Lazard Ltd to a U.S. C-Corporation named Lazard, Inc.

Lazard, Inc. indirectly held 100% of all outstanding common membership interests of Lazard Group as of March 31, 2024 and December 31, 2023. Lazard, Inc., through its control of the managing members of Lazard Group, controls Lazard Group.

Lazard Group’s principal operating activities are included in two business segments:

- Financial Advisory, which offers corporate, partnership, institutional, government, sovereign and individual clients across the globe a wide array of financial advisory services regarding strategic and mergers and acquisitions (“M&A”) advisory, capital markets advisory, shareholder advisory, restructuring and liability management, sovereign advisory, geopolitical advisory and other strategic advisory matters and capital raising and placement, and
- Asset Management, which offers a broad range of global investment solutions and investment and wealth management services in equity and fixed income strategies, asset allocation strategies, alternative investments and private equity funds to corporations, public funds, sovereign entities, endowments and foundations, labor funds, financial intermediaries and private clients.

In addition, we record selected other activities in our Corporate segment, including management of cash, investments and outstanding indebtedness.

Basis of Presentation

The accompanying condensed consolidated financial statements of Lazard have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in Lazard Group’s Annual Report on Form 10-K for the year ended December 31, 2023. The accompanying December 31, 2023 unaudited condensed consolidated statement of financial condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP for annual financial statement purposes. The accompanying condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented.

Preparing financial statements requires management to make estimates and assumptions that affect the amounts that are reported in the condensed consolidated financial statements and the accompanying disclosures. For example, discretionary compensation and benefits expense for interim periods is accrued based on the year-to-date amount of revenue earned, and an estimated annual ratio of compensation and benefits expense to revenue, with the applicable

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued) (UNAUDITED)

(dollars in thousands, unless otherwise noted)

amounts adjusted for certain items. Although these estimates are based on management's knowledge of current events and actions that Lazard may undertake in the future, actual results may differ materially from the estimates.

The condensed consolidated results of operations for the three month period ended March 31, 2024 are not indicative of the results to be expected for any future interim or annual period.

The condensed consolidated financial statements include Lazard Group and Lazard Group's principal operating subsidiaries: Lazard Frères & Co. LLC ("LFNY"), a New York limited liability company, along with its subsidiaries, including Lazard Asset Management LLC and its subsidiaries (collectively referred to as "LAM"); the French limited liability companies Compagnie Financière Lazard Frères SAS ("CFLF"), along with its subsidiaries, Lazard Frères Banque SA ("LFB") and Lazard Frères Gestion SAS ("LFG"), and Maison Lazard SAS and its subsidiaries; and Lazard & Co., Limited ("LCL"), through Lazard & Co., Holdings Limited ("LCH"), an English private limited company, together with their jointly owned affiliates and subsidiaries.

The Company's policy is to consolidate entities in which it has a controlling financial interest. The Company consolidates:

- Voting interest entities ("VOEs") where the Company holds a majority of the voting interest in such VOEs and
- Variable interest entities ("VIEs") where the Company is the primary beneficiary having the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of, or receive benefits from, the VIE that could be potentially significant to the VIE (see Note 20).

When the Company does not have a controlling interest in an entity, but exerts significant influence over such entity's operating and financial decisions, the Company either (i) applies the equity method of accounting in which it records a proportionate share of the entity's net earnings or losses or (ii) elects the option to measure its investment at fair value.

Intercompany transactions and balances have been eliminated.

Lazard Growth Acquisition Corp. I

In February 2021, Lazard Growth Acquisition Corp. I ("LGAC") consummated its \$575,000 initial public offering (the "LGAC IPO"). LGAC was a special purpose acquisition company, that was incorporated as a Cayman Islands exempted company for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (a "Business Combination"). LGACo 1 LLC, a Delaware series limited liability company and the Company's subsidiary, was the sponsor of LGAC. LGAC was considered to be a VIE. The Company held a controlling financial interest in LGAC through the sponsor's ownership of Class B founder shares of LGAC. As a result, both LGAC and the sponsor were consolidated in the Company's financial statements.

"Redeemable noncontrolling interests" of \$583,471 associated with the publicly held LGAC Class A ordinary shares were recorded on the Company's consolidated statements of financial condition as of December 31, 2022 at redemption value and classified as temporary equity. Changes in redemption value were recognized immediately as they occurred and adjusted the carrying value of redeemable noncontrolling interests to equal the redemption value at the end of each reporting period. Increases or decreases in the carrying amount of redeemable noncontrolling interests were affected by credits or charges to members' equity and noncontrolling interests attributable to certain members of LGACo 1 LLC based on pro rata ownership.

On February 23, 2023, LGAC redeemed all of its outstanding publicly held Class A ordinary shares as a result of LGAC not consummating a Business Combination within the time period required by its amended and restated memorandum and articles of association resulting in the distribution of \$585,891 of the cash held in the trust account to the LGAC shareholders. The Company recognized \$17,929 of losses on the liquidation of LGAC in "revenue-other" on the condensed consolidated statement of operations for the three month period ended March 31, 2023. In addition, the \$20,125 of non-cash deferred underwriting fees was no longer probable of being incurred and therefore was reversed from other

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, unless otherwise noted)

liabilities to members' equity. There were no redemption rights or liquidating distributions with respect to the LGAC warrants.

2. RECENT ACCOUNTING DEVELOPMENTS

Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures—In November 2023, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update to improve the disclosures about a public entity’s reportable segments and address requests from investors for additional, more detailed information about each reportable segment’s expenses. The amendments include new annual and interim disclosure requirements primarily related to significant segment expenses, reportable segments’ profit or loss, and information on the chief operating decision maker. The new guidance is effective for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024. The amendments shall be applied retrospectively to all prior periods presented in the consolidated financial statements. The Company is currently evaluating the new guidance.

Income Taxes (Topic 740): Improvements to Income Tax Disclosures —In December 2023, the FASB issued an accounting standard update to enhance the transparency and decision usefulness of income tax disclosures. The amendments include new annual disclosure requirements related to the rate reconciliation, information about income taxes paid, and disaggregated information on pre-tax income or loss and income tax expense from continuing operations. The amendments also eliminated certain disclosure requirements. The new guidance is effective for annual periods beginning after December 15, 2024, and shall be applied on a prospective basis. The Company is currently evaluating the new guidance.

Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards — In March 2024, the FASB issued an accounting standard update that provides guidance in determining whether profits interest and similar awards should be accounted for as share-based arrangements within the scope of Topic 718. The amendments are effective for annual periods beginning after December 15, 2024, and shall be applied either retrospectively or prospectively. The Company is currently evaluating the new guidance.

3. REVENUE RECOGNITION

The Company disaggregates revenue based on its business segment results and believes that the following information provides a reasonable representation of how performance obligations relate to the nature, amount, timing and uncertainty of revenue and cash flows:

| | Three Months Ended | |
|-------------------------------|---------------------------|-------------------|
| | March 31, | |
| | 2024 | 2023 |
| Net Revenue: | | |
| Financial Advisory (a) | \$ 454,094 | \$ 276,677 |
| Asset Management: | | |
| Management fees and other (b) | \$ 286,540 | \$ 278,598 |
| Incentive fees (c) | 8,936 | 5,446 |
| Total Asset Management | \$ 295,476 | \$ 284,044 |

(a) Financial Advisory is comprised of a wide array of financial advisory services regarding M&A advisory, capital markets advisory, shareholder advisory, restructuring and liability management, sovereign advisory, geopolitical advisory and other strategic advisory and capital raising and placement work for clients. The benefits of these advisory services are generally transferred to the Company’s clients over time, and consideration for these advisory services typically includes transaction completion, transaction announcement and retainer fees. Retainer fees are generally fixed and recognized over the period in which the advisory services are performed. However, transaction announcement and transaction completion fees are variable and subject to constraints, and they are typically not recognized until there is an announcement date or a completion date, respectively, due to the uncertainty associated

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with those events. Therefore, in any given period, advisory fees recognized for certain transactions may relate to services performed in prior periods. The advisory fees that may be unrecognized as of the end of a reporting period, primarily comprised of fees associated with transaction announcements and transaction completions, generally remain unrecognized due to the uncertainty associated with those events.

- (b) Management fees and other is primarily comprised of management services. The benefits of these management services are transferred to the Company's clients over time. Consideration for these management services generally includes management fees, which are based on assets under management and recognized over the period in which the management services are performed. The selling or distribution of fund interests is a separate performance obligation within management fees and other, and the benefits of such services are transferred to the Company's clients at the point in time that such fund interests are sold or distributed.
- (c) Incentive fees is primarily comprised of management services. The benefits of these management services are transferred to the Company's clients over time. Consideration for these management services is generally variable and includes performance or incentive fees. The fees allocated to these management services that are unrecognized as of the end of the reporting period are generally amounts that are subject to constraints due to the uncertainty associated with performance targets and clawbacks.

In addition to the above, contracts with clients include trade-based commission income, which is recognized at the point in time of execution and presented within other revenue. Such income may be earned by providing trade facilitation, execution, clearance and settlement, custody, and trade administration services to clients.

With regard to the disclosure requirement for remaining performance obligations, the Company elected the practical expedients permitted in the guidance to (i) exclude contracts with a duration of one year or less; and (ii) exclude variable consideration, such as transaction completion and transaction announcement fees, that is allocated entirely to unsatisfied performance obligations. Excluded variable consideration typically relates to contracts with a duration of one year or less, and is generally constrained due to uncertainties.

At March 31, 2024, the Company had deferred revenue of \$136,272 included in "other liabilities" on the condensed consolidated statements of financial condition. During the three months ended March 31, 2024, the Company recognized \$5,676 in revenue that was included in the deferred revenue balance as of December 31, 2023 of \$140,417.

4. **RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES**

The Company's receivables represent fee receivables, amounts due from customers and other receivables and amounts due from Lazard, Inc. subsidiaries. Where applicable, receivables are stated net of an estimated allowance for credit losses determined in accordance with the CECL model.

Of the Company's fee receivables at March 31, 2024 and December 31, 2023, \$98,834 and \$113,929, respectively, represented financing receivables for our Private Capital Advisory fees.

At March 31, 2024 and December 31, 2023, customers and other receivables included \$81,911 and \$86,412, respectively, of customer loans provided by LFB to high net worth individuals and families, which are fully collateralized and monitored for counterparty creditworthiness, with such collateral having a fair value in excess of the carrying amount of the loans as of both March 31, 2024 and December 31, 2023.

The aggregate carrying amount of other fees and customers and other receivables and amounts due from Lazard, Inc. subsidiaries was \$654,354 and \$644,429 at March 31, 2024 and December 31, 2023, respectively.

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Activity in the allowance for credit losses for the three month periods ended March 31, 2024 and 2023 was as follows:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2024 | 2023 |
| Beginning Balance | \$ 28,503 | \$ 17,737 |
| Bad debt expense, net of reversals | 4,998 | 7,825 |
| Charge-offs | (3,223) | (843) |
| Foreign currency translation and other adjustments | (192) | 209 |
| Ending Balance | <u>\$ 30,086</u> | <u>\$ 24,928</u> |

Bad debt expense, net of reversals represents the current period provision of expected credit losses and is included in “operating expenses-other” on the condensed consolidated statements of operations.

The allowance for credit losses is substantially all related to Financial Advisory fee receivables and other receivables.

5. INVESTMENTS

The Company’s investments consist of the following at March 31, 2024 and December 31, 2023:

| | March 31, 2024 | December 31, 2023 |
|-----------------------------|-------------------|----------------------|
| Debt | \$ 546 | \$ 4,285 |
| Equity | 59,148 | 54,717 |
| Funds: | | |
| Alternative investments (a) | 59,418 | 61,680 |
| Debt (a) | 156,269 | 191,325 |
| Equity (a) | 297,877 | 343,139 |
| Private equity | 47,357 | 46,818 |
| Total funds | <u>560,921</u> | <u>642,962</u> |
| Investments, at fair value | <u>\$ 620,615</u> | <u>\$ 701,964</u> |

- (a) Interests in alternative investment funds, debt funds and equity funds include investments, including those held by LFI Consolidated Funds (see Note 20), with fair values of \$23,912, \$140,132 and \$235,299, respectively, at March 31, 2024 and \$27,454, \$175,449 and \$284,099, respectively, at December 31, 2023, held in order to satisfy the Company’s obligation upon vesting of previously granted Lazard Fund Interests (“LFI”) and other similar deferred compensation arrangements. LFI represent grants by the Company to eligible employees of interests in a number of Lazard-managed funds, subject to service-based vesting conditions (see Notes 7 and 13).

Debt securities primarily consists of investments in government securities held within separately managed accounts in order to seed strategies in our Asset Management business.

Equity securities primarily consist of investments in marketable equity securities of large-, mid- and small-cap domestic, international and global companies held within separately managed accounts in order to seed strategies in our Asset Management business.

Alternative investment funds primarily consist of interests in various Lazard-managed hedge funds, funds of funds and mutual funds. Such amounts primarily consist of investments in funds in order to seed strategies in our Asset Management business, and amounts related to LFI discussed above.

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Debt funds primarily consist of investments in debt securities in order to seed strategies in our Asset Management business, amounts related to LFI discussed above and an investment in a Lazard-managed debt fund.

Equity funds primarily consist of investments in equity securities in order to seed strategies in our Asset Management business, and amounts related to LFI discussed above.

Private equity investments include those owned by Lazard and those consolidated but not owned by Lazard. Private equity investments owned by Lazard are primarily comprised of investments in private equity funds. Such investments primarily include (i) Edgewater Growth Capital Partners III, L.P. (“EGCP III”), a fund primarily making equity and buyout investments in middle market companies, (ii) a fund targeting significant noncontrolling-stake investments in established private companies and (iii) a seed investment in a fund that invests in sustainable private infrastructure opportunities.

Private equity investments consolidated but not owned by Lazard relate to the economic interests that are owned by the management team and other investors in the Edgewater Funds (“Edgewater”).

During the three month periods ended March 31, 2024 and 2023, the Company reported in “revenue-other” on its condensed consolidated statements of operations net unrealized investment gains and losses pertaining to equity securities and trading debt securities still held as of the reporting date as follows:

| | Three Months Ended March 31, | |
|---------------------------------|---------------------------------|-----------|
| | 2024 | 2023 |
| Net unrealized investment gains | \$ 11,001 | \$ 24,787 |

6. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy of Investments and Certain Other Assets and Liabilities—Lazard categorizes its investments and certain other assets and liabilities recorded at fair value into a three-level fair value hierarchy as follows:

- Level 1.* Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Lazard has the ability to access.
- Level 2.* Assets and liabilities whose values are based on (i) quoted prices for similar assets or liabilities in an active market, or quoted prices for identical or similar assets or liabilities in non-active markets, or (ii) inputs other than quoted prices that are directly observable or derived principally from, or corroborated by, market data.
- Level 3.* Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect our own assumptions about the assumptions a market participant would use in pricing the asset or liability. Items included in Level 3 include securities or other financial assets whose trading volume and level of activity have significantly decreased when compared with normal market activity and there is no longer sufficient frequency or volume to provide pricing information on an ongoing basis.

The fair value of debt securities, including instruments reported as either cash and cash equivalents or investments, is classified as Level 1 when the fair values are based on unadjusted quoted prices in active markets.

The fair value of equity securities is classified as Level 1 or Level 3 as follows: marketable equity securities are classified as Level 1 and are valued based on the last trade price on the primary exchange for that security as provided by external pricing services; equity interests in private companies are generally classified as Level 3.

The fair value of investments in alternative investment funds, debt funds and equity funds is classified as Level 1 when the fair values are based on the publicly reported closing price for the fund, or Level 2 when based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

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The fair value of investments in certain private equity funds is classified as Level 3 for (i) certain investments that are valued based on the potential transaction value and (ii) when the acquisition price is considered the best measure of fair value.

The fair value of securities sold, not yet purchased, is classified as Level 1 when the fair values are based on unadjusted quoted prices in active markets.

The fair value of the contingent consideration liability is classified as Level 3. The contingent consideration liability is initially recorded at fair value on the acquisition date and is included in “other liabilities” on the condensed consolidated statements of financial condition. The fair value of the contingent consideration liability is remeasured at each reporting period. The inputs used to derive the fair value of the contingent consideration include the application of probabilities when assessing certain performance thresholds for the relevant periods. Any change in the fair value is recognized in “amortization and other acquisition-related costs” in the condensed consolidated statements of operations. Our business acquisitions may involve the potential payment of contingent consideration upon the achievement of certain performance thresholds.

The fair value of derivatives classified as Level 2 is based on the values of the related underlying assets, indices or reference rates as follows: the fair value of forward foreign currency exchange rate contracts is a function of the spot rate and the interest rate differential of the two currencies from the trade date to settlement date; the fair value of total return swaps is based on the change in fair value of the related underlying equity security, financial instrument or index and a specified notional holding; the fair value of interest rate swaps is based on the interest rate yield curve; and the fair value of derivative liabilities related to LFI and other similar deferred compensation arrangements is based on the value of the underlying investments, adjusted for forfeitures. See Note 7.

Investments Measured at Net Asset Value (“NAV”)—As a practical expedient, the Company uses NAV or its equivalent to measure the fair value of certain investments. NAV is primarily determined based on information provided by external fund administrators. The Company’s investments valued at NAV as a practical expedient in (i) alternative investment funds, debt funds and equity funds are redeemable in the near term, and (ii) private equity funds are not redeemable in the near term as a result of redemption restrictions.

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The following tables present, as of March 31, 2024 and December 31, 2023, the classification of (i) investments and certain other assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy and (ii) investments measured at NAV or its equivalent as a practical expedient:

| | March 31, 2024 | | | | |
|------------------------------------|-------------------|-------------------|-----------------|------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | NAV | Total |
| Assets: | | | | | |
| Cash and cash equivalents: | | | | | |
| U.S. treasury securities | \$ 164,589 | \$ – | \$ – | \$ – | \$ 164,589 |
| Investments: | | | | | |
| Debt | – | 546 | – | – | 546 |
| Equity | 58,673 | – | 475 | – | 59,148 |
| Funds: | | | | | |
| Alternative investments | 12,263 | – | – | 47,155 | 59,418 |
| Debt | 140,310 | 15,954 | – | 5 | 156,269 |
| Equity | 263,067 | 34,761 | – | 49 | 297,877 |
| Private equity | – | – | 267 | 47,090 | 47,357 |
| Derivatives | – | 3,257 | – | – | 3,257 |
| Total | <u>\$ 638,902</u> | <u>\$ 54,518</u> | <u>\$ 742</u> | <u>\$ 94,299</u> | <u>\$ 788,461</u> |
| Liabilities: | | | | | |
| Securities sold, not yet purchased | \$ 6,166 | \$ – | \$ – | \$ – | \$ 6,166 |
| Contingent consideration liability | – | – | 4,336 | – | 4,336 |
| Derivatives | – | 286,036 | – | – | 286,036 |
| Total | <u>\$ 6,166</u> | <u>\$ 286,036</u> | <u>\$ 4,336</u> | <u>\$ –</u> | <u>\$ 296,538</u> |
| December 31, 2023 | | | | | |
| | Level 1 | Level 2 | Level 3 | NAV | Total |
| Assets: | | | | | |
| Investments: | | | | | |
| Debt | \$ 4,285 | \$ – | \$ – | \$ – | \$ 4,285 |
| Equity | 54,224 | – | 493 | – | 54,717 |
| Funds: | | | | | |
| Alternative investments | 15,676 | – | – | 46,004 | 61,680 |
| Debt | 180,907 | 10,413 | – | 5 | 191,325 |
| Equity | 343,094 | – | – | 45 | 343,139 |
| Private equity | – | – | 273 | 46,545 | 46,818 |
| Derivatives | – | 2,789 | – | – | 2,789 |
| Total | <u>\$ 598,186</u> | <u>\$ 13,202</u> | <u>\$ 766</u> | <u>\$ 92,599</u> | <u>\$ 704,753</u> |
| Liabilities: | | | | | |
| Securities sold, not yet purchased | \$ 4,809 | \$ – | \$ – | \$ – | \$ 4,809 |
| Contingent consideration liability | – | – | 6,583 | – | 6,583 |
| Derivatives | – | 368,673 | – | – | 368,673 |
| Total | <u>\$ 4,809</u> | <u>\$ 368,673</u> | <u>\$ 6,583</u> | <u>\$ –</u> | <u>\$ 380,065</u> |

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The following tables provide a summary of changes in fair value of the Company's Level 3 assets and liabilities for the three month periods ended March 31, 2024 and 2023:

| Three Months Ended March 31, 2024 | | | | | | |
|--|----------------------|--|-------------------------|-----------------------|---|-------------------|
| | Beginning Balance | Net Unrealized/ Realized Gains/Losses Included In Earnings (a) | Purchases/ Issuances | Sales/ Settlements | Foreign Currency Translation Adjustments | Ending Balance |
| Assets: | | | | | | |
| Investments: | | | | | | |
| Equity | \$ 493 | \$ – | \$ – | \$ – | \$ (18) | \$ 475 |
| Private equity funds | 273 | – | – | – | (6) | 267 |
| Total Level 3 assets | \$ 766 | \$ – | \$ – | \$ – | \$ (24) | \$ 742 |
| Liabilities: | | | | | | |
| Contingent consideration liability (b) | \$ 6,583 | \$ 53 | \$ – | \$ (2,300) | \$ – | \$ 4,336 |
| Total Level 3 liabilities | \$ 6,583 | \$ 53 | \$ – | \$ (2,300) | \$ – | \$ 4,336 |

| Three Months Ended March 31, 2023 | | | | | | |
|--|----------------------|--|--|-----------------------|---|-------------------|
| | Beginning Balance | Net Unrealized/ Realized Gains/Losses Included In Earnings (a) | Purchases/ Acquisitions/ Issuances | Sales/ Settlements | Foreign Currency Translation Adjustments | Ending Balance |
| Assets: | | | | | | |
| Investments: | | | | | | |
| Equity | \$ 646 | \$ 1 | \$ – | \$ – | \$ (13) | \$ 634 |
| Private equity funds | 18,772 | – | – | – | 367 | 19,139 |
| Total Level 3 assets | \$ 19,418 | \$ 1 | \$ – | \$ – | \$ 354 | \$ 19,773 |
| Liabilities: | | | | | | |
| Contingent consideration liability (b) | \$ – | \$ 33 | \$ 7,754 | \$ (1,445) | \$ – | \$ 6,342 |
| Total Level 3 liabilities | \$ – | \$ 33 | \$ 7,754 | \$ (1,445) | \$ – | \$ 6,342 |

- (a) Unrealized losses of \$53 and \$33 were recorded in “amortization and other acquisition-related costs” for the contingent consideration liability for the three month periods ended March 31, 2024 and 2023, respectively.
- (b) For the three month period ended March 31, 2023, acquisitions represent the initial recognition of the contingent consideration liability (noncash transaction). Settlements for the three month periods ended March 31, 2024 and 2023 represent aggregate cash and noncash settlement of contingent consideration after the acquisition date.

There were no transfers into or out of Level 3 within the fair value hierarchy during the three month periods ended March 31, 2024 and 2023.

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The following tables present, at March 31, 2024 and December 31, 2023, certain investments that are valued using NAV or its equivalent as a practical expedient in determining fair value:

| | March 31, 2024 | | | | |
|-------------------------------|----------------|-------------------------|----------------------------------|-------------------------|-----------------------------|
| | NAV | Unfunded Commitments | % of NAV Not Redeemable | Investments Redeemable | |
| | | | | Redemption Frequency | Redemption Notice Period |
| Alternative investment funds: | | | | | |
| Hedge funds | \$ 46,475 | \$ – | NA | (a) | 30-60 days |
| Other | 680 | – | NA | (b) | <30-30 days |
| Debt funds | 5 | – | NA | (c) | <30 days |
| Equity funds | 49 | – | NA | (d) | <30-60 days |
| Private equity funds: | | | | | |
| Equity growth | 47,090 | 5,487 (e) | 100 % (f) | NA | NA |
| Total | \$ 94,299 | \$ 5,487 | | | |

(a) monthly (75%) and quarterly (25%)

(b) daily (4%) and monthly (96%)

(c) daily (100%)

(d) monthly (31%) and annually (69%)

(e) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$9,356 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders.

(f) Distributions from each fund will be received as the underlying investments of the funds are liquidated.

| | December 31, 2023 | | | | |
|-------------------------------|-------------------|-------------------------|----------------------------------|-------------------------|-----------------------------|
| | NAV | Unfunded Commitments | % of NAV Not Redeemable | Investments Redeemable | |
| | | | | Redemption Frequency | Redemption Notice Period |
| Alternative investment funds: | | | | | |
| Hedge funds | \$ 45,324 | \$ – | NA | (a) | 30-60 days |
| Other | 680 | – | NA | (b) | <30-30 days |
| Debt funds | 5 | – | NA | (c) | <30 days |
| Equity funds | 45 | – | NA | (d) | <30-60 days |
| Private equity funds: | | | | | |
| Equity growth | 46,545 | 5,505 (e) | 100 % (f) | NA | NA |
| Total | \$ 92,599 | \$ 5,505 | | | |

(a) monthly (74%) and quarterly (26%)

(b) daily (4%) and monthly (96%)

(c) daily (100%)

(d) monthly (34%) and annually (66%)

(e) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$9,605 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders.

(f) Distributions from each fund will be received as the underlying investments of the funds are liquidated.

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7. DERIVATIVES

The tables below present the fair value of the Company's derivative instruments reported within "other assets" and "other liabilities" and the fair value of the Company's derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements reported within "accrued compensation and benefits" (see Note 13) on the accompanying condensed consolidated statements of financial condition as of March 31, 2024 and December 31, 2023. Notional amounts provide an indication of the volume of the Company's derivative activity.

Derivative assets and liabilities, as well as the related cash collateral from the same counterparty, have been netted on the condensed consolidated statements of financial condition where the Company has a right to set off under an enforceable master netting agreement.

In addition to the cash collateral received and transferred that is presented on a net basis with derivative assets and liabilities, the Company receives and transfers additional securities and cash collateral. These amounts mitigate counterparty credit risk associated with the Company's derivative instruments, but are not eligible for net presentation on the condensed consolidated statements of financial condition.

| | March 31, 2024 | | | |
|---|--------------------------|-------------------|-------------------------------|-------------------|
| | Derivative Assets | | Derivative Liabilities | |
| | Fair Value | Notional | Fair Value | Notional |
| Forward foreign currency exchange rate contracts | \$ 3,370 | \$ 157,982 | \$ 2,320 | \$ 185,038 |
| Total return swaps and other | 115 | 1,574 | 9,966 | 132,962 |
| LFI and other similar deferred compensation arrangements | – | – | 282,148 | 273,820 |
| Total gross derivatives | 3,485 | <u>\$ 159,556</u> | 294,434 | <u>\$ 591,820</u> |
| Counterparty and cash collateral netting: | | | | |
| Forward foreign currency exchange rate contracts | (113) | | (114) | |
| Total return swaps and other | <u>(115)</u> | | <u>(8,284)</u> | |
| Net derivatives in "other assets" and "other liabilities" | 3,257 | | 286,036 | |
| Amounts not netted on the statement of financial condition | | | | |
| (a): | | | | |
| Cash collateral | – | | (811) | |
| Securities collateral | – | | – | |
| | <u>\$ 3,257</u> | | <u>\$ 285,225</u> | |

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| | December 31, 2023 | | | |
|---|-------------------|-------------------|------------------------|-------------------|
| | Derivative Assets | | Derivative Liabilities | |
| | Fair Value | Notional | Fair Value | Notional |
| Forward foreign currency exchange rate contracts | \$ 3,400 | \$ 283,635 | \$ 1,847 | \$ 170,704 |
| Total return swaps and other | 133 | 4,478 | 12,290 | 117,139 |
| LFI and other similar deferred compensation arrangements | – | – | 365,420 | 352,891 |
| Total gross derivatives | 3,533 | <u>\$ 288,113</u> | 379,557 | <u>\$ 640,734</u> |
| Counterparty and cash collateral netting: | | | | |
| Forward foreign currency exchange rate contracts | (604) | | (603) | |
| Total return swaps and other | (140) | | (10,281) | |
| Net derivatives in "other assets" and "other liabilities" | 2,789 | | 368,673 | |
| Amounts not netted on the statement of financial condition (a): | | | | |
| Cash collateral | – | | (243) | |
| Securities collateral | – | | – | |
| | <u>\$ 2,789</u> | | <u>\$ 368,430</u> | |

- (a) Amounts are subject to master netting arrangements but do not meet the criteria for netting on the condensed consolidated statements of financial condition under U.S. GAAP. For some counterparties, the amounts of securities and cash collateral pledged may exceed the derivative assets and derivative liabilities balances. Where this is the case, the amount of collateral offset within net derivatives is limited to the net derivative assets and net derivative liabilities balances with that counterparty.

Net gains (losses) with respect to derivative instruments (included in “revenue-other”) and the Company’s derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements (included in “compensation and benefits” expense) as reflected on the accompanying condensed consolidated statements of operations for the three month periods ended March 31, 2024 and 2023, were as follows:

| | Three Months Ended March 31, | |
|--|---------------------------------|--------------------|
| | 2024 | 2023 |
| Forward foreign currency exchange rate contracts | \$ 1,331 | \$ 97 |
| LFI and other similar deferred compensation arrangements | (9,373) | (16,453) |
| LGAC Warrants | – | 115 |
| Total return swaps and other | (6,364) | (6,410) |
| Total | <u>\$ (14,406)</u> | <u>\$ (22,651)</u> |

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(dollars in thousands, unless otherwise noted)

8. PROPERTY, NET

At March 31, 2024 and December 31, 2023, property consisted of the following:

| | Estimated Depreciable Life in Years | March 31, 2024 | December 31, 2023 |
|--|---|-------------------|----------------------|
| Buildings (a) | 33 | \$ 167,135 | \$ 170,830 |
| Leasehold improvements (a) | 3-20 | 233,243 | 233,732 |
| Furniture and equipment | 3-10 | 231,961 | 230,713 |
| Construction in progress | | 14,880 | 11,788 |
| Total | | 647,219 | 647,063 |
| Less - Accumulated depreciation and amortization (a) | | 419,680 | 414,547 |
| Property, net | | <u>\$ 227,539</u> | <u>\$ 232,516</u> |

(a) The Company classified assets relating to an owned office building as held for sale as of March 31, 2024 and December 31, 2023, the carrying amount of which was \$71,343 and \$72,921 (net of accumulated depreciation), respectively. The owned office building is available for immediate sale in its present condition and the Company expects the owned office building to be sold during 2024. The property held for sale is reported within the Corporate segment. Effective January 1, 2024, depreciation expense is no longer being recorded on this asset. In addition, a \$6,550 receivable (included in "other assets") related to operating lease income on the owned office building is classified as held for sale as of March 31, 2024 and December 31, 2023.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

The components of goodwill and other intangible assets at March 31, 2024 and December 31, 2023 are presented below:

| | March 31, 2024 | December 31, 2023 |
|---|-------------------|----------------------|
| Goodwill | \$ 373,278 | \$ 373,574 |
| Other intangible assets (net of accumulated amortization) | 15 | 30 |
| | <u>\$ 373,293</u> | <u>\$ 373,604</u> |

Changes in the carrying amount of goodwill for the three month periods ended March 31, 2024 and 2023 are as follows:

| | Three Months Ended March 31, | | | | | |
|--|------------------------------|---------------------|-------------------|-----------------------|---------------------|-------------------|
| | 2024 | | | 2023 | | |
| | Financial Advisory | Asset Management | Total | Financial Advisory | Asset Management | Total |
| Balance, January 1 | \$ 292,304 | \$ 81,270 | \$ 373,574 | \$ 291,828 | \$ 64,541 | \$ 356,369 |
| Acquisition of business | - | - | - | - | 16,706 | 16,706 |
| Foreign currency translation adjustments | (296) | - | (296) | 259 | - | 259 |
| Balance, March 31 | <u>\$ 292,008</u> | <u>\$ 81,270</u> | <u>\$ 373,278</u> | <u>\$ 292,087</u> | <u>\$ 81,247</u> | <u>\$ 373,334</u> |

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10. SENIOR DEBT

Senior debt is comprised of the following as of March 31, 2024 and December 31, 2023:

| | Initial Principal Amount | Maturity Date | Annual Interest Rate(b) | Outstanding as of | | | | | |
|--|--------------------------------|------------------|-------------------------------|---------------------|---------------------------|---------------------|---------------------|---------------------------|---------------------|
| | | | | March 31, 2024 | | | December 31, 2023 | | |
| | | | | Principal | Unamortized Debt Costs | Carrying Value | Principal | Unamortized Debt Costs | Carrying Value |
| Lazard Group 2025 Senior Notes (a) | \$ 400,000 | 2/13/25 | 3.75 % | \$ 164,347 | \$ 170 | \$ 164,177 | \$ 400,000 | \$ 531 | \$ 399,469 |
| Lazard Group 2027 Senior Notes | 300,000 | 3/1/27 | 3.625 % | 300,000 | 1,138 | 298,862 | 300,000 | 1,235 | 298,765 |
| Lazard Group 2028 Senior Notes | 500,000 | 9/19/28 | 4.50 % | 500,000 | 3,799 | 496,201 | 500,000 | 4,012 | 495,988 |
| Lazard Group 2029 Senior Notes | 500,000 | 3/11/29 | 4.375 % | 500,000 | 3,828 | 496,172 | 500,000 | 4,022 | 495,978 |
| Lazard Group 2031 Senior Notes (a) | 400,000 | 3/15/31 | 6.00 % | 400,000 | 3,968 | 396,032 | – | – | – |
| Total | | | | <u>\$ 1,864,347</u> | <u>\$ 12,903</u> | <u>\$ 1,851,444</u> | <u>\$ 1,700,000</u> | <u>\$ 9,800</u> | <u>\$ 1,690,200</u> |

- (a) In March 2024, Lazard Group completed an offering of \$400,000 aggregate principal amount of 6.00% senior notes due 2031. Interest on the 2031 Notes is payable semi-annually on March 15 and September 15 of each year, beginning September 15, 2024. Lazard Group used a portion of the net proceeds from the 2031 Notes to purchase in a tender offer \$235,653 aggregate principal amount of the 2025 Notes.
- (b) The effective interest rates of the 2025 Notes, the 2027 Notes, the 2028 Notes, the 2029 Notes and the 2031 Notes are 3.79%, 3.76%, 4.67%, 4.53% and 6.14%, respectively.

The Company's senior debt is carried at its principal amount outstanding, net of unamortized debt costs. At March 31, 2024 and December 31, 2023, the fair value of such senior debt was approximately \$1,815,000 and \$1,652,000, respectively. The fair value of the Company's senior debt is based on market quotations. The Company's senior debt would be categorized within Level 2 of the hierarchy of fair value measurements if carried at fair value.

On June 6, 2023, Lazard Group entered into a Second Amended and Restated Credit Agreement with a group of lenders for a five-year, \$200,000 senior revolving credit facility expiring in June 2028 (the "Second Amended and Restated Credit Agreement"). The Second Amended and Restated Credit Agreement amended and restated the three-year, \$200,000 senior revolving credit facility that was due to expire in July 2023 (the "Previous Credit Agreement") in its entirety. Borrowings under the Second Amended and Restated Credit Agreement generally will bear interest at adjusted term SOFR plus an applicable margin for specific interest periods determined based on Lazard Group's highest credit rating from an internationally recognized credit agency. The Second Amended and Restated Credit Agreement contains certain covenants, events of default and other customary provisions, including customary benchmark-replacement mechanics.

As of March 31, 2024, the Company had approximately \$209,200 in unused lines of credit available to it, including the credit facility provided under the Second Amended and Restated Credit Agreement.

The Second Amended and Restated Credit Agreement and the indenture and the supplemental indentures relating to Lazard Group's senior notes contain certain covenants, events of default and other customary provisions, including a

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customary make-whole provision in the event of early redemption, where applicable. As of March 31, 2024, the Company was in compliance with such provisions. All of the Company’s senior debt obligations are unsecured.

11. COMMITMENTS AND CONTINGENCIES

Commitments—See Notes 6 and 14 for information regarding commitments relating to investment capital funding commitments and obligations to fund our pension plans, respectively.

The fulfillment of the commitments described herein should not have a material adverse effect on the Company’s condensed consolidated financial position or results of operations.

Legal—The Company is involved from time to time in judicial, governmental, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required accrual if a loss is probable and the amount of such loss can be reasonably estimated. The Company may experience significant variation in its revenue and earnings on a quarterly basis. Accordingly, the results of any pending matter or matters could be significant when compared to the Company’s earnings in any particular quarter. The Company believes, however, based on currently available information, that the results of any pending matters, in the aggregate, will not have a material effect on its business or financial condition.

12. MEMBERS’ EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

Lazard Group Distributions—Distributions in respect of Lazard Group’s common membership interests are allocated to the holders of such interests in accordance with the provisions of the Operating Agreement. Such distributions primarily represent amounts necessary to fund (i) any dividends Lazard, Inc. may declare on its common stock (“common stock”), and (ii) tax distributions in respect of income taxes that Lazard, Inc.’s subsidiaries incur.

During the three months ended March 31, 2024 and 2023, Lazard Group distributed \$43,715 and \$33,684, respectively, to the subsidiaries of Lazard, Inc.

In addition, in March 2023, Lazard Group distributed 1,521,620 shares of common stock to one of its managing members, which is a subsidiary of Lazard, Inc., in a non-cash transaction, in connection with the settlement of profits interest participation rights (see Note 13). There was no impact on total members’ equity resulting from such distributions.

Pursuant to Lazard Group’s Operating Agreement, Lazard Group allocates and distributes to its members a substantial portion of its distributable profits in installments as soon as practicable after the end of each fiscal year. Such installment distributions usually begin in February.

Share Repurchase Program—The Board of Directors of Lazard authorized the repurchase of common stock as set forth in the table below:

| Date | Repurchase Authorization | Expiration |
|---------------|-------------------------------------|-------------------|
| February 2022 | \$ 300,000 | December 31, 2024 |
| July 2022 | \$ 500,000 | December 31, 2024 |

The Company’s purchases under the share repurchase program over time are used to offset most or all of the shares that have been or will be issued under Lazard, Inc.’s 2018 Incentive Compensation Plan, as amended (the “2018 Plan”). Pursuant to the share repurchase program, purchases have been made in the open market or through privately negotiated transactions. The rate at which the Company purchases shares in connection with the share repurchase program

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may vary from period to period due to a variety of factors. Purchases with respect to such program are set forth in the table below:

| <u>Three Months Ended March 31:</u> | <u>Number of Shares Purchased</u> | <u>Average Price Per Share</u> |
|-------------------------------------|---|--|
| 2023 | 2,692,161 | \$ 36.75 |
| 2024 | 564,692 | \$ 38.97 |

During the three month periods ended March 31, 2024 and 2023, certain of our executive officers received common stock in connection with the vesting or settlement of previously-granted deferred equity incentive awards. The vesting or settlement of such equity awards gave rise to a tax payable by the executive officers, and, consistent with our past practice, the Company purchased shares of common stock from certain of our executive officers equal in value to all or a portion of the estimated amount of such tax. The aggregate value of all such purchases during the three month periods ended March 31, 2024 and 2023 was approximately \$11,200 and \$11,100, respectively. Such shares of common stock are reported at cost.

As of March 31, 2024, a total of \$178,090 of share repurchase authorization remaining available under Lazard, Inc.'s share repurchase program will expire on December 31, 2024.

During the three month period ended March 31, 2024, Lazard, Inc. had in place trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which it effected stock repurchases in the open market.

Accumulated Other Comprehensive Income (Loss) ("AOCI"), Net of Tax—The tables below reflect the balances of each component of AOCI at March 31, 2024 and 2023 and activity during the three month periods then ended:

| | <u>Three Months Ended March 31, 2024</u> | | | | |
|--|---|---------------------------------------|-----------------------|--|--|
| | <u>Currency Translation Adjustments</u> | <u>Employee Benefit Plans</u> | <u>Total AOCI</u> | <u>Amount Attributable to Noncontrolling Interests</u> | <u>Total Lazard Group AOCI</u> |
| Balance, January 1, 2024 | \$ (106,969) | \$ (167,460) | \$ (274,429) | \$ 2 | \$ (274,431) |
| Activity: | | | | | |
| Other comprehensive income (loss) before reclassifications | (16,420) | 815 | (15,605) | – | (15,605) |
| Adjustments for items reclassified to earnings, net of tax | – | 1,402 | 1,402 | – | 1,402 |
| Net other comprehensive income (loss) | (16,420) | 2,217 | (14,203) | – | (14,203) |
| Balance, March 31, 2024 | <u>\$ (123,389)</u> | <u>\$ (165,243)</u> | <u>\$ (288,632)</u> | <u>\$ 2</u> | <u>\$ (288,634)</u> |

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| | Three Months Ended March 31, 2023 | | | | |
|--|-----------------------------------|------------------------|--------------|---|-------------------------|
| | Currency Translation Adjustments | Employee Benefit Plans | Total AOCI | Amount Attributable to Noncontrolling Interests | Total Lazard Group AOCI |
| Balance, January 1, 2023 | \$ (140,102) | \$ (140,483) | \$ (280,585) | \$ 2 | \$ (280,587) |
| Activity: | | | | | |
| Other comprehensive income (loss) before reclassifications | 14,569 | (2,801) | 11,768 | – | 11,768 |
| Adjustments for items reclassified to earnings, net of tax | – | 1,160 | 1,160 | – | 1,160 |
| Net other comprehensive income (loss) | 14,569 | (1,641) | 12,928 | – | 12,928 |
| Balance, March 31, 2023 | \$ (125,533) | \$ (142,124) | \$ (267,657) | \$ 2 | \$ (267,659) |

The table below reflects adjustments for items reclassified out of AOCI, by component, for the three month periods ended March 31, 2024 and 2023:

| | Three Months Ended March 31, | |
|---|------------------------------|----------|
| | 2024 | 2023 |
| Employee benefit plans: | | |
| Amortization relating to employee benefit plans (a) | \$ 1,857 | \$ 1,536 |
| Less - related income taxes | 455 | 376 |
| Total reclassifications, net of tax | \$ 1,402 | \$ 1,160 |

(a) Included in the computation of net periodic benefit cost (see Note 14). Such amounts are included in “operating expenses–other” on the condensed consolidated statements of operations.

Noncontrolling Interests—Noncontrolling interests principally represent (i) interests held in Edgewater’s management vehicles that the Company is deemed to control, but does not own, (ii) LGAC interests (see Note 1) and (iii) consolidated VIE interests held by employees (see Note 20).

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The tables below summarize net income attributable to noncontrolling interests for the three month periods ended March 31, 2024 and 2023 and noncontrolling interests as of March 31, 2024 and December 31, 2023 in the Company's condensed consolidated financial statements:

| | Net Income Attributable to Noncontrolling Interests | |
|--|---|-----------------|
| | Three Months Ended March 31, | |
| | 2024 | 2023 |
| Edgewater | \$ 1,852 | \$ 639 |
| LGAC | – | 136 |
| Other | – | 1 |
| Total noncontrolling interests (nonredeemable) | 1,852 | 776 |
| LFI Consolidated Funds | 2,617 | 4,365 |
| LGAC | – | 1,832 |
| Total noncontrolling interests (redeemable) | 2,617 | 6,197 |
| Total noncontrolling interests | <u>\$ 4,469</u> | <u>\$ 6,973</u> |

| | Noncontrolling Interests as of | |
|-------|--------------------------------|----------------------|
| | March 31, 2024 | December 31, 2023 |
| | Edgewater | \$ 47,386 |
| Other | 13 | 14 |
| Total | <u>\$ 47,399</u> | <u>\$ 46,585</u> |

Redeemable Noncontrolling Interests—Redeemable noncontrolling interests principally represent consolidated VIE interests held by employees (vested LFI awards), which may be redeemed at any time at the option of the holder for cash, are recorded on the Company's condensed consolidated statements of financial position at redemption value and classified as temporary equity. Changes in redemption value are recognized immediately as they occur and will adjust the carrying value of redeemable noncontrolling interests to equal the redemption value at the end of each reporting period (see Note 20).

13. INCENTIVE PLANS

Share-Based Incentive Plan Awards

A description of the 2018 Plan and Lazard, Inc.'s 2008 Incentive Compensation Plan (the "2008 Plan") and activity with respect thereto during the three month periods ended March 31, 2024 and 2023 is presented below.

Shares Available Under the 2018 Plan and 2008 Plan

Total shares available for issuance under incentive compensation plans are primarily from the 2018 Plan, which became effective on April 24, 2018. The aggregate number of shares authorized for issuance under the 2018 Plan is 50,000,000. Such shares may be issued pursuant to the grant or exercise of stock options, stock appreciation rights, restricted stock units ("RSUs"), performance-based restricted stock units ("PRSUs"), restricted stock awards ("RSAs"), profits interest participation rights ("PIPRs"), and other share-based awards, as further discussed below.

The 2008 Plan authorized the issuance of shares of common stock pursuant to the grant or exercise of stock options, stock appreciation rights, RSUs, PRSUs and other share-based awards. The 2008 Plan was terminated on April 24, 2018, although outstanding deferred stock unit ("DSU") awards granted under the 2008 Plan before its termination continue to be subject to its terms.

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Expense

The following reflects the expense recorded with respect to share-based incentive plans within “compensation and benefits” expense (with respect to RSUs, PRSUs, RSAs and PIPRs) and “professional services” expense (with respect to DSUs) within the Company’s accompanying condensed consolidated statements of operations for the three month periods ended March 31, 2024 and 2023:

| | Three Months Ended March 31, | |
|-------------------------------|---------------------------------|-----------|
| | 2024 | 2023 |
| Share-based incentive awards: | | |
| RSUs | \$ 57,100 | \$ 43,576 |
| PRSUs | 405 | 789 |
| RSAs | 3,903 | 6,926 |
| PIPRs | 8,673 | 19,062 |
| DSUs | 58 | 90 |
| Total | \$ 70,139 | \$ 70,443 |

Compensation and benefits expense relating to share-based awards with service and/or performance conditions is reversed if the awards are forfeited due to these conditions not being met. Compensation and benefits expense relating to share-based awards with market-based conditions is not reversed if these awards are forfeited based solely on failing to meet such market-based conditions.

The Company periodically assesses forfeiture rates, including as a result of any applicable performance conditions. A change in estimated forfeiture rates or performance results in a cumulative adjustment to compensation and benefits expense and also would cause the aggregate amount of compensation expense recognized in future periods to differ from the estimated unrecognized compensation expense described below.

The Company’s share-based incentive plans and awards are described below.

RSUs, PRSUs and DSUs

RSUs generally require future service as a condition for vesting (unless the recipient is then eligible for retirement under the Company’s retirement policy) and convert into shares of common stock on a one-for-one basis after the stipulated vesting periods. The grant date fair value of the RSUs, net of an estimated forfeiture rate, is expensed over the requisite service periods (generally, one-third after two years and the remaining two-thirds after the third year), and is adjusted for actual forfeitures over such period.

RSUs generally include a dividend participation right that provides that, during the applicable vesting period, each RSU is attributed additional RSUs equivalent to any dividends paid on common stock during such period. During the three month period ended March 31, 2024, dividend participation rights required the issuance of 230,377 RSUs. In connection with RSUs and PRSUs that settled during the three month period ended March 31, 2024, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 1,240,025 and 29,690 shares, respectively, of common stock during such three month period. Accordingly, 1,788,672 and 33,479 shares, respectively, of common stock held by the Company were delivered during the three month period ended March 31, 2024.

PRSUs are RSUs that are subject to performance-based and service-based vesting conditions, and beginning with awards granted in February 2021, a market-based condition. The number of shares of common stock that a recipient receives upon vesting of a PRSU is calculated by reference to certain performance-based and market-based metrics that relate to Lazard, Inc.’s performance over a three-year period. The target number of shares of common stock subject to each PRSU is one; however, based on the achievement of both the performance-based and market-based conditions, the number of shares of common stock that may be received will range from zero to 2.4 times the target number. PRSUs vest on a

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single date approximately three years following the date of the grant, provided the applicable service and performance conditions are satisfied. PRSUs include dividend participation rights that are subject to the same vesting restrictions (including performance conditions) as the underlying PRSUs to which they relate and are settled in cash at the same rate that dividends are paid on common stock. Compensation expense recognized for PRSU awards is determined by multiplying the number of shares of common stock underlying such awards that, based on the Company's estimate, are considered probable of vesting, by the grant date fair value.

Non-executive members of the Board of Directors of Lazard Group, who are the same Non-Executive Directors of Lazard, Inc. ("Non-Executive Directors") receive a portion of their compensation for service on the Board of Directors and its committees in the form of DSUs and can elect to receive the cash-portion of their compensation in DSUs in lieu of cash. Total DSUs granted to Non-Executive Directors during the three month period ended March 31, 2024 were 3,146. DSUs are convertible into shares of common stock on a one-for-one basis at the time of cessation of service to the Board of Directors. DSUs include a cash dividend participation right equivalent to dividends paid on common stock. DSU awards are expensed at their fair value on their date of grant.

The following is a summary of activity relating to RSUs, PRSUs and DSUs during the three month period ended March 31, 2024:

| | RSUs | | PRSUs | | DSUs | |
|---|-------------------|--|---------------|--|----------------|--|
| | Units | Weighted Average Grant Date Fair Value | Units | Weighted Average Grant Date Fair Value | Units | Weighted Average Grant Date Fair Value |
| Balance, January 1, 2024 | 11,068,351 | \$ 36.15 | 125,465 | \$ 41.07 | 328,730 | \$ 36.74 |
| Granted (including 230,377 RSUs relating to dividend participation) | 8,012,750 | \$ 38.75 | – | \$ – | 3,146 | \$ 37.22 |
| Forfeited | (40,438) | \$ 37.53 | – | \$ – | – | \$ – |
| Settled | (3,028,697) | \$ 38.45 | (63,169) | \$ 46.63 | – | \$ – |
| Balance, March 31, 2024 | <u>16,011,966</u> | \$ 37.01 | <u>62,296</u> | \$ 35.44 | <u>331,876</u> | \$ 36.74 |

The weighted-average grant date fair value of RSUs granted in the three month periods ended March 31, 2024 and 2023 was \$38.75 and \$37.44, respectively. The weighted-average grant date fair value of DSUs granted in the three month periods ended March 31, 2024 and 2023 was \$37.22 and \$37.85, respectively.

As of March 31, 2024, the total estimated unrecognized compensation expense of RSUs and PRSUs was \$365,760 and \$704, respectively. The Company expects to expense such amounts over weighted-average periods of approximately 1.1 and 0.2 years, respectively, subsequent to March 31, 2024.

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RSAs

The following is a summary of activity related to RSAs associated with compensation arrangements during the three month period ended March 31, 2024:

| | RSAs | Weighted Average Grant Date Fair Value |
|---|----------------|---|
| Balance, January 1, 2024 | 1,235,946 | \$ 36.10 |
| Granted (including 16,268 relating to dividend participation) | 16,268 | \$ 36.13 |
| Forfeited | (4,376) | \$ 37.77 |
| Settled | (411,988) | \$ 37.40 |
| Balance, March 31, 2024 | <u>835,850</u> | <u>\$ 35.45</u> |

The weighted-average grant date fair value of RSAs granted in the three month periods ended March 31, 2024 and 2023 was \$36.13 and \$37.75, respectively.

In connection with RSAs that settled during the three month period ended March 31, 2024, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 173,767 shares of common stock during such three month period. Accordingly, 238,221 shares of common stock held by the Company were delivered during the three month period ended March 31, 2024.

RSAs granted in 2024 generally include a dividend participation right that provides that during the applicable vesting period each RSA is attributed additional RSAs equivalent to any dividends paid on common stock during such period. During the three month period ended March 31, 2024, dividend participation rights required the issuance of 16,268 RSAs.

At March 31, 2024, estimated unrecognized RSAs expense was \$11,912, with such expense to be recognized over a weighted average period of approximately 0.7 years subsequent to March 31, 2024.

Profits Interest Participation Rights

PIPRs are equity incentive awards that, subject to certain vesting and other conditions described below, may be exchanged for shares of common stock pursuant to the 2018 Plan. They are a class of membership interests in the Company that are intended to qualify as “profits interests” for U.S. federal income tax purposes and are recorded within members’ equity in the Company’s condensed consolidated statements of financial condition.

PIPRs, with the exception of Stock Price PIPRs (“SP-PIPRs”), as explained below, generally provide for vesting approximately three years following the grant date, so long as applicable vesting and other conditions have been satisfied. Like outstanding RSUs and similar awards, PIPRs are subject to continued employment and other conditions and restrictions and are forfeited if those conditions and restrictions are not fulfilled.

A recipient generally realizes value from PIPRs only to the extent that applicable vesting and other conditions are satisfied, and an amount of economic appreciation in the assets of the Company occurs as necessary to satisfy certain partnership tax rules (referred to as the “Minimum Value Condition”), otherwise the PIPRs will be forfeited. Upon satisfaction of such conditions, PIPRs that are in parity with the value of common stock will be exchanged on a one-for-one basis for shares of common stock. If forfeited based solely on failing to meet the Minimum Value Condition, or, if applicable, common stock price milestones as described below, the associated compensation expense would not be reversed.

All PIPR awards are subject to service-based vesting conditions. In addition to PIPR awards with only service based vesting conditions (“Ordinary PIPRs”) granted to certain of our executive officers and a limited number of

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employees, the Company has granted the following types of PIPRs to certain of our executive officers, that are subject to additional vesting and market-based conditions:

- Performance PIPRs (“P-PIPRs”), which are subject to service-based and performance-based vesting conditions, and beginning in February 2021, incremental market-based conditions.
- SP-PIPRs, which are subject to service-based vesting conditions and common stock price milestones and are eligible to vest in three tranches.

The number of shares of common stock that a recipient will receive upon the exchange of a P-PIPR award is calculated by reference to applicable performance-based vesting conditions and, beginning with P-PIPRs granted in 2021, incremental market-based conditions and only result in value to the recipient to the extent the vesting and other conditions are satisfied. The target number of shares of common stock subject to each P-PIPR is one. Based on the achievement of performance conditions, as determined and approved by the Compensation Committee, the number of shares of common stock that may be received in connection with the P-PIPR awards granted prior to February 2021 will range from zero to two times the target number. For the P-PIPR awards granted beginning in February 2021, subject to both performance-based and incremental market-based conditions, the number of shares that may be received will range from zero to 2.4 times the target number. Unless applicable vesting and other conditions are satisfied during the three-year performance period, and the Minimum Value Condition is satisfied within five years following the grant date, all P-PIPRs will be forfeited.

SP-PIPRs are eligible to vest in three tranches (each, a “Tranche”) based on the achievement of service conditions and Tranche-specific common stock price milestones measured as of a specified anniversary of the date of grant, as described below. Their aggregate fair value at the grant date, which based on the estimated probability of achieving the common stock price milestones is approximately \$33,900, is expensed over the requisite service periods.

SP-PIPRs will vest:

- 20% if, during the three years following the date of grant, the common stock price has appreciated 25% above the average trailing 30 consecutive day stock price preceding the date of grant (the “Grant Date Stock Price”);
- 40% if, during the five years following the date of grant, the common stock price has appreciated 50% above the Grant Date Stock Price;
- 40% if, during the seven years following the date of grant, the common stock price has appreciated 100% above the Grant Date Stock Price.

Each Tranche is subject to the executive’s continued employment through the applicable anniversary of the date of grant and requires that the applicable common stock price milestone is sustained for any 30 consecutive day period prior to the anniversary of the date of grant of the applicable Tranche (the “Expiration Date”).

If the service conditions and common stock price milestones, as described above, are not achieved as of the Expiration Date, all SP-PIPRs in such Tranche will be forfeited.

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The following is a summary of activity relating to all PIPRs during the three month period ended March 31, 2024:

| | Ordinary PIPRs (a) | | P-PIPRs | | SP-PIPRs | |
|--------------------------|--------------------|--|----------------|--|------------------|--|
| | Units | Weighted Average Grant Date Fair Value | Units | Weighted Average Grant Date Fair Value | Units | Weighted Average Grant Date Fair Value |
| Balance, January 1, 2024 | 2,640,769 | \$ 36.19 | 1,958,829 | \$ 41.12 | 2,250,000 | \$ 15.06 |
| Granted | 1,368,964 | \$ 38.26 | – | \$ – | – | \$ – |
| Forfeited | – | \$ – | – | \$ – | – | \$ – |
| Settled | (601,433) | \$ 43.23 | (995,169) | \$ 46.63 | – | \$ – |
| Balance, March 31, 2024 | <u>3,408,300</u> | \$ 35.78 | <u>963,660</u> | \$ 35.44 | <u>2,250,000</u> | \$ 15.06 |

(a) Includes PIPR awards with only service-based vesting conditions.

Fair values shown above represent the weighted average as of grant date. The weighted-average grant date fair value of ordinary PIPRs granted in the three month periods ended March 31, 2024 and 2023 was \$38.26 and \$35.94, respectively.

Compensation expense recognized for ordinary PIPRs and P-PIPRs is determined by multiplying the number of shares of common stock underlying such awards that, based on the Company’s estimate, are considered probable of vesting, by the grant date fair value. Compensation expense recognized for SP-PIPRs is determined by multiplying the number of shares of common stock underlying such awards by the grant date fair value. As of March 31, 2024, the total estimated unrecognized compensation expense of all profits interest participation rights was \$100,467 and the Company expects to expense such amount over a weighted-average period of approximately 1.3 years subsequent to March 31, 2024.

LFI and Other Similar Deferred Compensation Arrangements

In connection with LFI and other similar deferred compensation arrangements, granted to eligible employees, which generally require future service as a condition for vesting, the Company records a prepaid compensation asset and a corresponding compensation liability on the grant date based upon the fair value of the award. The prepaid asset is amortized on a straight-line basis over the applicable requisite service periods (which are generally similar to the comparable periods for RSUs) and is charged to “compensation and benefits” expense within the Company’s condensed consolidated statements of operations. LFI and similar deferred compensation arrangements that do not require future service are expensed immediately. The related compensation liability is accounted for at fair value as a derivative liability, which contemplates the impact of estimated forfeitures, and is adjusted for changes in fair value primarily related to changes in value of the underlying investments.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(UNAUDITED)

(dollars in thousands, unless otherwise noted)

The following is a summary of activity relating to LFI and other similar deferred compensation arrangements during the three month period ended March 31, 2024:

| | Prepaid Compensation Asset | Compensation Liability |
|--|----------------------------------|---------------------------|
| Balance, January 1, 2024 | \$ 115,972 | \$ 365,420 |
| Granted | 39,318 | 39,318 |
| Settled | – | (133,152) |
| Amortization and the impact of forfeitures | (33,031) | 2,668 |
| Change in fair value of underlying investments | – | 9,373 |
| Other | (24) | (1,479) |
| Balance, March 31, 2024 | <u>\$ 122,235</u> | <u>\$ 282,148</u> |

The amortization of the prepaid compensation asset will generally be recognized over a weighted average period of approximately 0.8 years subsequent to March 31, 2024.

The following is a summary of the impact of LFI and other similar deferred compensation arrangements on “compensation and benefits” expense within the accompanying condensed consolidated statements of operations for the three month periods ended March 31, 2024 and 2023:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2024 | 2023 |
| Amortization and the impact of forfeitures | \$ 35,699 | \$ 34,528 |
| Change in the fair value of underlying investments | 9,373 | 16,453 |
| Total | <u>\$ 45,072</u> | <u>\$ 50,981</u> |

Cash Retention Awards

In the first quarter of 2024, the Company granted and paid approximately \$92,000 of cash retention awards that are subject to repayment in full in connection with a termination of employment for cause or resignation without good reason on or prior to the three-year service period.

In connection with these awards, the Company recorded a prepaid compensation asset on the grant date based upon the amount paid. The prepaid compensation asset is amortized over the requisite service period beginning on the grant date and is charged to “compensation and benefits” expense in the condensed consolidated statements of operations.

Amortization expense for the three months ended March 31, 2024 was approximately \$11,000. The remaining prepaid compensation asset was approximately \$81,000 as of March 31, 2024.

14. EMPLOYEE BENEFIT PLANS

The Company provides retirement and other post-retirement benefits to certain of its employees through defined benefit pension plans (the “pension plans”). The Company also offers defined contribution plans to its employees. The pension plans generally provide benefits to participants based on average levels of compensation. Expenses related to the Company’s employee benefit plans are included in “compensation and benefits” expense for the service cost component, and “operating expenses-other” for the other components of benefit costs on the condensed consolidated statements of operations.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, unless otherwise noted)

Employer Contributions to Pension Plans—The Company’s funding policy for its U.S. and non-U.S. pension plans is to fund when required or when applicable upon an agreement with the plans’ trustees. Management also evaluates from time to time whether to make voluntary contributions to the plans.

The following table summarizes the components of net periodic benefit cost (credit) related to the Company’s pension plans for the three month periods ended March 31, 2024 and 2023:

| | Pension Plans | |
|--|------------------------------|-----------------|
| | Three Months Ended March 31, | |
| | 2024 | 2023 |
| Components of Net Periodic Benefit Cost (Credit): | | |
| Service cost | \$ 83 | \$ 98 |
| Interest cost | 5,192 | 5,152 |
| Expected return on plan assets | (6,511) | (5,816) |
| Amortization of: | | |
| Prior service cost | 133 | 26 |
| Net actuarial loss (gain) | 1,724 | 1,510 |
| Settlement loss | – | 759 |
| Net periodic benefit cost (credit) | <u>\$ 621</u> | <u>\$ 1,729</u> |

15. COST-SAVING INITIATIVES

The Company conducted firm-wide cost-saving initiatives over the course of 2023 and during the first quarter of 2024.

Expenses and losses associated with the cost-saving initiatives for the three month periods ended March 31, 2024 and 2023 consisted of the following:

| | Three Months Ended March 31, 2024 | | | |
|---|-----------------------------------|------------------|-----------------|------------------|
| | Financial Advisory | Asset Management | Corporate | Total |
| Severance and other employee termination expenses (included in "compensation and benefits" expense) | \$ 32,773 | \$ 11,545 | \$ 2,292 | \$ 46,610 |
| Other | 39 | 14 | 1,397 | 1,450 |
| Total | <u>\$ 32,812</u> | <u>\$ 11,559</u> | <u>\$ 3,689</u> | <u>\$ 48,060</u> |

| | Three Months Ended March 31, 2023 | | | |
|---|-----------------------------------|------------------|---------------|------------------|
| | Financial Advisory | Asset Management | Corporate | Total |
| Severance and other employee termination expenses (included in "compensation and benefits" expense) | \$ 8,777 | \$ 11,235 | \$ 728 | \$ 20,740 |
| Total | <u>\$ 8,777</u> | <u>\$ 11,235</u> | <u>\$ 728</u> | <u>\$ 20,740</u> |

LAZARD GROUP LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(UNAUDITED)
(dollars in thousands, unless otherwise noted)

Activity related to the obligations pursuant to the cost-saving initiatives during the three month period ended March 31, 2024 was as follows:

| | Accrued Compensation and Benefits | Other | Total |
|--------------------------|---|--------------|------------------|
| Balance, January 1, 2024 | \$ 51,346 | \$ 952 | \$ 52,298 |
| Total expenses | 46,610 | 1,450 | 48,060 |
| Less: | | | |
| Noncash expenses (a) | 9,111 | 2,330 | 11,441 |
| Payments and settlements | 52,349 | 16 | 52,365 |
| Balance, March 31, 2024 | <u>\$ 36,496</u> | <u>\$ 56</u> | <u>\$ 36,552</u> |

- (a) Noncash expenses reflected in “accrued compensation and benefits” activity principally represents accelerated amortization of deferred incentive compensation awards. Noncash expenses reflected in “other” activity principally relates to impairments of certain operating lease right-of-use assets.

16. INCOME TAXES

Lazard Group primarily operates in the U.S. as a limited liability company that is treated as a partnership for U.S. federal income tax purposes. As a result, Lazard Group’s income pertaining to the limited liability company is not subject to U.S. federal income tax because taxes associated with such income represent obligations of its partners. Lazard Group, through its subsidiaries, is subject to state and local taxes on its income apportioned to various state and local jurisdictions. Lazard Group operates principally through subsidiary corporations including through those domiciled outside the U.S. that are subject to local income taxes in foreign jurisdictions. In addition, Lazard Group is subject to Unincorporated Business Tax (“UBT”) attributable to its operations apportioned to New York City.

The Company recorded an income tax provision of \$15,748 and an income tax benefit of \$66,988 for the three month periods ended March 31, 2024 and 2023, respectively, representing effective tax rates of 27.8% and 90.0%, respectively. The difference between the U.S. federal statutory rate of 21.0% and the effective tax rates reflected above principally relates to (i) Lazard Group primarily operating as a limited liability company in the U.S., (ii) taxes payable to foreign jurisdictions, (iii) the tax impact of differences in the value of share based incentive compensation and other discrete items, (iv) change in the valuation allowance affecting the provision for income taxes and (v) U.S. state and local taxes, which are incremental to the U.S. federal statutory tax rate.

17. RELATED PARTIES

Sponsored Funds

The Company serves as an investment advisor for certain affiliated investment companies and fund entities and receives management fees and, for the alternative investment funds, performance-based incentive fees for providing such services. Asset management fees relating to such services were \$134,220 and \$133,523 for the three month periods ended March 31, 2024 and 2023, respectively, and are included in “asset management fees” on the condensed consolidated statements of operations. Of such amounts, \$56,134 and \$67,598 remained as receivables at March 31, 2024 and December 31, 2023, respectively, and are included in “fees receivable” on the condensed consolidated statements of financial condition.

Other

See Note 12 for information regarding related party transactions pertaining to shares repurchased from certain of our executive officers.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, unless otherwise noted)

18. REGULATORY AUTHORITIES

LFNY is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Under the basic method permitted by this rule, the minimum required net capital, as defined, is a specified fixed percentage (6 2/3%) of total aggregate indebtedness recorded in LFNY's Financial and Operational Combined Uniform Single ("FOCUS") report filed with the Financial Industry Regulatory Authority ("FINRA"), or \$5, whichever is greater. In addition, the ratio of aggregate indebtedness (as defined) to net capital may not exceed 15:1. At March 31, 2024, LFNY's regulatory net capital was \$117,818, which exceeded the minimum requirement by \$114,006. LFNY's aggregate indebtedness to net capital ratio was 0.49:1 as of March 31, 2024.

Certain U.K. subsidiaries of the Company, including LCL, Lazard Fund Managers Limited and Lazard Asset Management Limited (collectively, the "U.K. Subsidiaries") are regulated by the Financial Conduct Authority. At March 31, 2024, the aggregate regulatory net capital of the U.K. Subsidiaries was \$179,432, which exceeded the minimum requirement by \$113,985.

CFLF, under which asset management and commercial banking activities are carried out in France, is subject to regulation by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR") for its banking activities conducted through its subsidiary, LFB. LFB, as a registered bank, is engaged primarily in commercial and private banking services for clients and funds managed by LFG (asset management) and other clients, and asset-liability management. The investment services activities exercised through LFB and other subsidiaries of CFLF, primarily LFG, also are subject to regulation and supervision by the Autorité des Marchés Financiers. At December 31, 2023, the consolidated regulatory net capital of CFLF was \$156,703, which exceeded the minimum requirement set for regulatory capital levels by \$62,519. In addition, pursuant to the consolidated supervision rules in the European Union, LFB, in particular, as a French credit institution, is required to be supervised by a regulatory body, either in the U.S. or in the European Union. LFB and certain other non-Financial Advisory subsidiaries of the Company in the European Union (referred to herein, on a combined basis, as the "combined European regulated group") is subject to consolidated supervision based on an agreement with the ACPR and under such rules is required to comply with minimum requirements for regulatory net capital. At December 31, 2023, the regulatory net capital of the combined European regulated group was \$181,665, which exceeded the minimum requirement set for regulatory capital levels by \$78,796. Additionally, the combined European regulated group, together with our Financial Advisory entities in the European Union, is required to perform an annual risk assessment and provide certain other information on a periodic basis.

Certain other U.S. and non-U.S. subsidiaries are subject to various capital adequacy requirements promulgated by various regulatory and exchange authorities in the countries in which they operate. At March 31, 2024, for those subsidiaries with regulatory capital requirements, their aggregate net capital was \$101,442, which exceeded the minimum required capital by \$78,564.

At March 31, 2024, each of these subsidiaries individually was in compliance with its regulatory capital requirements.

19. SEGMENT INFORMATION

The Company's reportable segments offer different products and services and are managed separately, as different levels and types of expertise are required to effectively manage the segments' transactions. Each segment is reviewed to determine the allocation of resources and to assess its performance. The Company's principal operating activities are included in its Financial Advisory and Asset Management business segments as described in Note 1. In addition, as described in Note 1, the Company records selected other activities in its Corporate segment.

The Company's segment information for the three month periods ended March 31, 2024 and 2023 is prepared using the following methodology:

- Revenue and expenses directly associated with each segment are included in determining operating income.
- Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including revenue, headcount, square footage and other factors.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, unless otherwise noted)

- Segment assets are based on those directly associated with each segment, and include an allocation of certain assets relating to various segments, based on the most relevant measures applicable, including headcount, square footage and other factors.

The Company records other revenue, interest income and interest expense among the various segments based on the segment in which the underlying asset or liability is reported.

Each segment's operating expenses include (i) compensation and benefits expenses incurred directly in support of the businesses and (ii) other operating expenses, which include directly incurred expenses for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced services and indirect support costs (including compensation and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, human resources, legal, information technology, facilities management and senior management activities.

Management evaluates segment results based on net revenue and operating income (loss) and believes that the following information provides a reasonable representation of each segment's contribution with respect to net revenue, operating income (loss) and total assets:

| | | Three Months Ended March 31, | |
|---------------------------|-------------------------|---|-------------|
| | | 2024 | 2023 |
| Financial Advisory | Net Revenue | \$ 454,094 | \$ 276,677 |
| | Operating Expenses | 427,715 | 326,419 |
| | Operating Income (Loss) | \$ 26,379 | \$ (49,742) |
| Asset Management | Net Revenue | \$ 295,476 | \$ 284,044 |
| | Operating Expenses | 261,680 | 248,051 |
| | Operating Income | \$ 33,796 | \$ 35,993 |
| Corporate | Net Revenue (Loss) | \$ 16,367 | \$ (18,849) |
| | Operating Expenses | 19,847 | 41,813 |
| | Operating Loss | \$ (3,480) | \$ (60,662) |
| Total | Net Revenue | \$ 765,937 | \$ 541,872 |
| | Operating Expenses | 709,242 | 616,283 |
| | Operating Income (Loss) | \$ 56,695 | \$ (74,411) |

| | | As Of | |
|---------------------|--|-----------------------|--------------------------|
| | | March 31, 2024 | December 31, 2023 |
| Total Assets | | | |
| Financial Advisory | | \$ 1,004,331 | \$ 1,131,657 |
| Asset Management | | 1,275,371 | 1,232,364 |
| Corporate | | 1,903,682 | 1,866,304 |
| Total | | \$ 4,183,384 | \$ 4,230,325 |

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, unless otherwise noted)

20. CONSOLIDATED VIEs

The Company's consolidated VIEs as of March 31, 2024 and December 31, 2023 include certain funds ("LFI Consolidated Funds") that were established for the benefit of employees participating in the Company's existing LFI deferred compensation arrangement. Lazard invests in these funds and is the investment manager and is therefore deemed to have both the power to direct the most significant activities of the funds and the right to receive benefits (or the obligation to absorb losses) that could potentially be significant to these funds. The assets of LFI Consolidated Funds, except as it relates to \$78,135 and \$113,174 of LFI held by Lazard Group as of March 31, 2024 and December 31, 2023, respectively, can only be used to settle the obligations of LFI Consolidated Funds. The Company's consolidated VIE assets and liabilities for LFI Consolidated Funds as reflected in the condensed consolidated statements of financial condition consist of the following at March 31, 2024 and December 31, 2023.

| | March 31, 2024 | December 31, 2023 |
|--------------------------------------|-----------------------|--------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 4,404 | \$ 4,627 |
| Customers and other receivables | 35 | 23,277 |
| Investments | 161,700 | 196,112 |
| Other assets | 803 | 683 |
| Total assets | \$ 166,942 | \$ 224,699 |
| LIABILITIES | | |
| Deposits and other customer payables | \$ 73 | \$ 23,498 |
| Other liabilities | 259 | 353 |
| Total liabilities | \$ 332 | \$ 23,851 |

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

The following discussion should be read in conjunction with Lazard Group’s condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q (the “Form 10-Q”), as well as Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “Form 10-K”). All references to “2024,” “2023,” “first quarter” or “the period” refer to, as the context requires, the three month periods ended March 31, 2024 and 2023.

Forward-Looking Statements and Certain Factors that May Affect Our Business

Management has included in Parts I and II of this Form 10-Q, including in its MD&A, statements that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “target,” “goal” or “continue,” and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies, business plans and initiatives and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. These factors include, but are not limited to, those discussed in our Form 10-K under the caption “Risk Factors,” including the following:

- a decline in general economic conditions or the global or regional financial markets;
- a decline in our revenues, for example due to a decline in overall mergers and acquisitions (“M&A”) activity, our share of the M&A market or our assets under management (“AUM”);
- losses caused by financial or other problems experienced by third parties;
- losses due to unidentified or unanticipated risks;
- a lack of liquidity, i.e., ready access to funds, for use in our businesses;
- competitive pressure on our businesses and on our ability to retain and attract employees at current compensation levels; and
- changes in relevant tax laws, regulations or treaties or an adverse interpretation of those items.

These risks and uncertainties are not exhaustive. Other sections of the Form 10-K and this Form 10-Q describe additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the statements reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance, achievements or events. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this Form 10-Q to conform our prior statements to actual results or revised expectations and we do not intend to do so.

Forward-looking statements include, but are not limited to, statements about:

- financial goals, including ratios of compensation and benefits expense to adjusted net revenue;
- ability to deploy surplus cash through distributions to members, purchases of common stock and debt repurchases;
- possible or assumed future results of operations and operating cash flows;
- strategies and investment policies;
- financing plans and the availability of short-term borrowing;

- competitive position;
- future acquisitions, including the consideration to be paid and the timing of consummation;
- potential growth opportunities available to our businesses;
- potential impact of investments in our technology infrastructure and data science capabilities;
- recruitment and retention of our managing directors and employees;
- potential levels of compensation expense, including adjusted compensation and benefits expense, and non-compensation expense;
- potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts;
- statements regarding environmental, social and governance (“ESG”) goals and initiatives;
- likelihood of success and impact of litigation;
- expected tax rates, including effective tax rates;
- changes in interest and tax rates;
- availability of certain tax benefits, including certain potential deductions;
- potential impact of certain events or circumstances on our financial statements and operations;
- changes in foreign currency exchange rates;
- expectations with respect to the economy, the securities markets, the market for mergers, acquisitions, restructuring and other financial advisory activity, the market for asset management activity and other macroeconomic, regional and industry trends;
- effects of competition on our business; and
- impact of new or future legislation and regulation, including tax laws and regulations, on our business.

The Company is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, Lazard and its operating companies use their websites, and other social media sites to convey information about their businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information, and the posting of updates of AUM in various mutual funds, hedge funds and other investment products managed by Lazard Asset Management LLC (together with its subsidiaries) (“LAM”) and Lazard Frères Gestion SAS (“LFG”). Investors can link to Lazard, Inc., Lazard Group and their operating company websites through <http://www.lazard.com>. Our websites and social media sites and the information contained therein or connected thereto shall not be deemed to be incorporated into this Form 10-Q.

Business Summary

Lazard, one of the world’s preeminent financial advisory and asset management firms, operates in North and South America, Europe, the Middle East, Asia and Australia. With origins dating to 1848, we have long specialized in crafting solutions to the complex financial and strategic challenges of a diverse set of clients around the world, including corporations, governments, institutions, partnerships, family offices and individuals.

Our primary business purpose is to serve our clients. Our deep roots in business centers around the world form a global network of relationships with key decision-makers in corporations, governments and investing institutions. This network is both a competitive strength and a powerful resource for Lazard and our clients. As a firm that competes on the quality of our advice, we have two fundamental assets: our people and our reputation.

We operate in cyclical businesses across multiple geographies, industries and asset classes. In recent years, we have expanded our geographic reach, bolstered our industry expertise and continued to build in growth areas. Companies, government bodies and investors seek independent advice with a geographic perspective, deep understanding of capital structure, informed research and knowledge of global, regional and local economic conditions. We believe that our business model as an independent advisor will continue to create opportunities for us to attract new clients and key personnel.

Our principal sources of revenue are derived from activities in the following business segments:

- Financial Advisory, which offers corporate, partnership, institutional, government, sovereign and individual clients across the globe a wide array of financial advisory services regarding strategic and mergers and acquisitions (“M&A”) advisory, capital markets advisory, shareholder advisory, restructuring and liability management, sovereign advisory, geopolitical advisory, and other strategic advisory matters and capital raising and placement, and
- Asset Management, which offers a broad range of global investment solutions and investment and wealth management services in equity and fixed income strategies, asset allocation strategies, alternative investments and private equity funds to corporations, public funds, sovereign entities, endowments and foundations, labor funds, financial intermediaries and private clients.

In addition, we record selected other activities in our Corporate segment, including the management of cash, investments and outstanding indebtedness. We also invest our own capital from time to time, generally alongside capital of qualified institutional and individual investors in alternative investments or private equity investments, and make investments to seed our Asset Management strategies.

Our consolidated net revenue was derived from the following segments:

| | Three Months Ended March 31, | |
|---------------------------|---------------------------------|--------------|
| | 2024 | 2023 |
| Financial Advisory | 59 % | 51 % |
| Asset Management | 39 | 52 |
| Corporate | 2 | (3) |
| Total | <u>100 %</u> | <u>100 %</u> |

Business Environment and Outlook

Economic and global financial market conditions can materially affect our financial performance. As described above, our principal sources of revenue are derived from activities in our Financial Advisory and Asset Management business segments. Our Financial Advisory revenues are primarily dependent on the successful completion of merger, acquisition, sale, restructuring, capital raising or similar transactions, and our Asset Management revenues are primarily driven by the levels of assets under management (“AUM”). Weak global economic and financial market conditions can result in a challenging business environment for M&A and capital-raising activity as well as our Asset Management business, but may provide opportunities for our restructuring business.

The global macroeconomic environment is improving and capital market trends are positive. Market expectations have become more closely aligned with the higher for longer interest rate environment. At the same time, there is a high degree of geopolitical uncertainty that continues to be top of mind for decision-makers. In our Financial Advisory business, we are seeing M&A activity strengthen while financing, valuation, and regulatory headwinds abate. In our Asset Management business, we continue to see investor interest across a range of our actively managed strategies. However, with short term global interest rates rising significantly over the past years, cash and short duration investments are now accumulating as investors are showing patience in allocating additional capital into risk assets.

Our outlook with respect to our Financial Advisory and Asset Management businesses is described below.

- Financial Advisory—M&A announcements are up year-over-year with 2023 being at their lowest levels in a decade. We remained actively engaged with our clients. The global scale and breadth of our Financial Advisory business, with particular strength in both the U.S. and Europe, enables us to advise on a wide range of strategic and restructuring transactions across a variety of industries. Throughout 2024, we could see increased M&A activity occurring alongside greater restructuring activity as rates remain high and debt maturities approach. In addition, we continue to invest in our Financial Advisory business by selectively hiring

talented senior professionals in an effort to enhance our capabilities and sector expertise in M&A, capital structure, restructuring, and public and private capital markets.

- **Asset Management**—Given our diversified, actively managed investment platform and our ability to provide investment solutions for a global mix of clients, we believe we are positioned to benefit from opportunities across the asset management industry. We are continually developing new investment strategies that extend our existing platforms and assessing potential product acquisitions or other inorganic growth opportunities.

We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge continuously, and it is not possible for our management to predict all risks and uncertainties, nor can we assess the impact of all potentially applicable factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. See Item 1A, “Risk Factors” in our Form 10-K. Furthermore, net income and revenue in any period may not be indicative of full-year results or the results of any other period and may vary significantly from year to year and quarter to quarter.

Overall, we continue to focus on the development of our business, including the generation of revenue growth, earnings growth and member returns, the evaluation of potential growth opportunities, the investment in new technology to support the development of existing and new business opportunities, the prudent management of our costs and expenses, the efficient use of our assets and the return of equity to our members.

Certain market data with respect to our Financial Advisory and Asset Management businesses is included below.

Financial Advisory

The following table sets forth global M&A industry statistics for completed and announced M&A transactions.

| | Three Months Ended March 31, | | | % Incr / (Decr) |
|--|---------------------------------|--------|--|--------------------|
| | 2024 | 2023 | | |
| (\$ in billions) | | | | |
| Completed M&A Transactions: | | | | |
| All deals: | | | | |
| Value | \$ 559 | \$ 733 | | (24)% |
| Number | 6,811 | 10,455 | | (35)% |
| Deals Greater than \$500 million: | | | | |
| Value | \$ 431 | \$ 538 | | (20)% |
| Number | 196 | 255 | | (23)% |
| Announced M&A Transactions: | | | | |
| All deals: | | | | |
| Value | \$ 840 | \$ 626 | | 34 % |
| Number | 7,680 | 10,451 | | (27)% |
| Deals Greater than \$500 million: | | | | |
| Value | \$ 676 | \$ 441 | | 53 % |
| Number | 238 | 226 | | 5 % |

Source: Dealogic as of April 1, 2024.

Global restructuring activity during the first quarter of 2024, one measure of which is the number of corporate defaults, decreased as compared to the first quarter of 2023. The number of defaulting issuers was 34 in the first quarter of 2024 according to Moody’s Investors Service, Inc., as compared to 38 in the first quarter of 2023.

Net revenue trends in Financial Advisory are generally correlated to the level of completed industry-wide M&A transactions and restructuring transactions occurring subsequent to corporate debt defaults, respectively. However, deviations from this relationship can occur in any given year for a number of reasons. For instance, our results can diverge

from industry-wide activity where there are material variances from the level of industry-wide M&A activity in a particular market where Lazard has greater or lesser relative market share, or regarding the relative number of our advisory engagements with respect to larger-sized transactions, and where we are involved in non-public or sovereign advisory assignments.

Asset Management

The percentage change in major equity market indices at March 31, 2024, as compared to such indices at December 31, 2023 and at March 31, 2023, is shown in the table below:

| | Percentage Changes March 31, 2024 vs. | |
|----------------------|--|----------------|
| | December 31, 2023 | March 31, 2023 |
| MSCI World Index | 9 % | 25 % |
| Euro Stoxx | 13 % | 22 % |
| MSCI Emerging Market | 2 % | 8 % |
| S&P 500 | 11 % | 30 % |

The fees that we receive for providing investment management and advisory services are primarily driven by the level of AUM and the nature of the AUM product mix. Accordingly, market movements, foreign currency exchange rate volatility and changes in our AUM product mix will impact the level of revenues we receive from our Asset Management business when comparing periodic results. A substantial portion of our AUM is invested in equities. Movements in AUM during the period generally reflect the changes in equity market indices.

Financial Statement Overview

Net Revenue

The majority of Lazard’s Financial Advisory net revenue historically has been earned from advice and other services provided in M&A transactions. The amount of the fee earned can vary depending upon the type, size and complexity of the transaction Lazard is advising on. M&A fees can be earned as a retainer, working fee, announcement fee, milestone fee, opinion fee or transaction completion fee. Most fees are paid upon completion of a transaction, the timing of which can be impacted by delays to securing financing, board approvals, regulatory approvals, shareholder votes, changing market conditions or other factors.

Our restructuring and liability management team advises on situations where our clients are financially distressed, providing advice on financial debt restructurings, liability management and M&A. Bankruptcy proceedings may require court approval of our fees. The capital markets advisory team advises both public and private issuers on the raising of capital, while the private capital advisory team provides fundraising and secondary advisory services for private equity, private credit, real estate and real assets-focused investment firms. Additionally, Lazard earns fees from providing strategic advice to clients, which may include shareholder advisory, geopolitical advisory and other strategic advisory matters, with such fees not being dependent on the completion of a transaction.

Our Financial Advisory businesses may be impacted by overall M&A activity levels in the market, the level of corporate debt defaults and the environment for capital raising activities, among other factors.

Significant fluctuations in Financial Advisory net revenue can occur over the course of any given year, because a significant portion of such net revenue is earned upon the successful completion of a transaction, restructuring or capital raising activity, the timing of which is uncertain and is not subject to Lazard’s control.

Lazard’s Asset Management segment principally includes LAM, LFG, Lazard Frères Banque SA (“LFB”) and the Edgewater Funds (“Edgewater”). Asset Management net revenue is derived from fees for investment management and advisory services provided to clients. As noted above, the main driver of Asset Management net revenue is the level and product mix of AUM, which is generally influenced by the performance of the global equity markets and, to a lesser extent, fixed income markets as well as Lazard’s investment performance, which impacts its ability to successfully attract and retain assets. As a result, fluctuations (including timing thereof) in financial markets and client asset inflows and outflows have a direct effect on Asset Management net revenue and operating income. Asset Management fees are generally based on the level of AUM measured daily, monthly or quarterly, and an increase or reduction in AUM, due to market price

fluctuations, currency fluctuations, changes in product mix, or net client asset flows will result in a corresponding increase or decrease in management fees. Our investment advisory contracts are generally terminable at any time or on notice of 30 days or less. Institutional and individual clients, and firms with which we have strategic alliances, can terminate their relationship with us, reduce the aggregate amount of AUM or shift their funds to other types of accounts with different rate structures for a number of reasons, including investment performance, changes in prevailing interest rates and financial market performance. In addition, as Lazard's AUM includes significant amounts of assets that are denominated in currencies other than U.S. Dollars, changes in the value of the U.S. Dollar relative to foreign currencies will impact the value of Lazard's AUM and the overall amount of management fees generated by the AUM. Fees vary with the type of assets managed and the vehicle in which they are managed, with higher fees earned on equity assets and alternative investment funds, such as hedge funds and private equity funds, and lower fees earned on fixed income and cash management products.

The Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds, such as hedge funds and private equity funds.

For hedge funds, incentive fees are calculated based on a specified percentage of a fund's net appreciation, in some cases in excess of established benchmarks or thresholds. The Company records incentive fees on traditional products and hedge funds at the end of the relevant performance measurement period, when potential uncertainties regarding the ultimate realizable amounts have been determined. The incentive fee measurement period is generally an annual period (unless an account terminates or redemption occurs during the year). The incentive fees received at the end of the measurement period are not subject to reversal or payback. Incentive fees on hedge funds are often subject to loss carryforward provisions in which losses incurred by the hedge funds in any year are applied against certain gains realized by the hedge funds in future periods before any further incentive fees can be earned.

For private equity funds, incentive fees may be earned in the form of a "carried interest" if profits arising from realized investments exceed a specified threshold. Typically, such carried interest is ultimately calculated on a whole-fund or investment by investment basis and, therefore, clawback of carried interest toward the end of the life of the fund can occur. As a result, the Company recognizes incentive fees earned on our private equity funds only when it is probable that a clawback will not occur.

Corporate segment net revenue consists primarily of investment gains and losses on the Company's investments to seed strategies in our Asset Management business, net of hedging activities, and principal investments in private equity funds, as well as gains and losses on investments held in connection with Lazard Fund Interests ("LFI") and interest income and interest expense. Corporate net revenue can fluctuate due to changes in the fair value of debt and equity securities, as well as due to changes in interest and currency exchange rates and the levels of cash, investments and indebtedness.

Corporate segment total assets represented 46% of Lazard's consolidated total assets as of March 31, 2024, which are attributable to cash and cash equivalents, investments in debt and equity securities, interests in alternative investment, debt, equity and private equity funds.

Operating Expenses

The majority of Lazard's operating expenses relate to compensation and benefits for managing directors and employees. Our compensation and benefits expense includes (i) salaries and benefits, (ii) amortization of the relevant portion of previously granted deferred incentive compensation awards, including (a) share-based incentive compensation under Lazard's 2018 Incentive Compensation Plan, as amended (the "2018 Plan") and (b) LFI and other similar deferred compensation arrangements (see Note 13 of Notes to Condensed Consolidated Financial Statements), (iii) a provision for discretionary or guaranteed cash bonuses and profit pools and (iv) when applicable, severance payments and cash retention awards. Compensation expense in any given period is dependent on many factors, including general economic and market conditions, our actual and forecasted operating and financial performance, staffing levels, estimated forfeiture rates, competitive pay conditions and the nature of revenues earned, as well as the mix between current and deferred compensation.

We use "adjusted compensation and benefits expense" and the ratio of "adjusted compensation and benefits expense" to "adjusted net revenue," both non-GAAP measures, for comparison of compensation and benefits expense between periods. For the reconciliations and calculations with respect to "adjusted compensation and benefits expense" and related ratios to "adjusted net revenue," see the table under "Consolidated Results of Operations" below.

Compensation and benefits expense is the largest component of our operating expenses. We seek to maintain discipline with respect to compensation, including the rate at which we award deferred compensation. We focus on a ratio of adjusted compensation and benefits expense to adjusted net revenue to manage costs, balancing a view of current conditions in the market for talent alongside our objective to drive long-term shareholder value. Our goal remains to deliver a ratio of adjusted compensation and benefits expense to adjusted net revenue over the cycle in the mid-to high-50s percentage range, while targeting a consistent deferral policy. While we have implemented policies and initiatives that we believe will assist us in maintaining ratios within this range, there can be no guarantee that we will be able to maintain such ratios, or that our policies or initiatives will not change, in the future. Our practice is to pay our employees competitively to foster retention and motivate performance and, in doing so, we look to the market for talent and other factors, which are typically correlated with industry revenues, but may vary year by year. At the same time, the amount of compensation we award in a particular year is, in part, deferred and amortized over the successive years. Increased competition for professionals, changes in the macroeconomic environment or the financial markets generally, lower adjusted net revenue resulting from, for example, a decrease in M&A activity, our share of the M&A market or our AUM levels, changes in the mix of revenues from our businesses, investments in our businesses or various other factors could prevent us from achieving this goal.

Our operating expenses also include “non-compensation expense”, which includes costs for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced services, amortization and other acquisition-related costs and other expenses. Our occupancy costs represent a significant portion of our aggregate operating expenses and are subject to change from time to time, particularly as leases for real property expire and are renewed or replaced with new, long-term leases for the same or other real property.

We believe that “adjusted non-compensation expense”, a non-GAAP measure, when presented in conjunction with measures prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), provides a meaningful and useful basis for our investors to assess our operating results. For calculations with respect to “adjusted non-compensation expense”, see the table under “Consolidated Results of Operations” below.

To the extent inflation results in rising interest rates and has other effects upon the securities markets or general macroeconomic conditions, it may adversely affect our financial position and results of operations by impacting overall levels of M&A activity, reducing our AUM or net revenue, increasing non-compensation expense, or otherwise.

Cost-Saving Initiatives

The Company conducted firm-wide cost-saving initiatives over the course of 2023 and during the first quarter of 2024. See Note 15 of Notes to Condensed Consolidated Financial Statements.

Provision for Income Taxes

Lazard Group primarily operates in the U.S. as a limited liability company that is treated as a partnership for U.S. federal income tax purposes. As a result, Lazard Group’s income pertaining to the limited liability company is not subject to U.S. federal income tax because taxes associated with such income represent obligations of its partners. Lazard Group, through its subsidiaries, is subject to state and local taxes on its income apportioned to various state and local jurisdictions. Lazard Group operates principally through subsidiary corporations including through those domiciled outside the U.S. that are subject to local income taxes in foreign jurisdictions. In addition, Lazard Group is subject to Unincorporated Business Tax (“UBT”) attributable to its operations apportioned to New York City.

Additionally, the Organization for Economic Cooperation and Development (the “OECD”) reached agreement among various countries, including the EU member states, to establish a 15% minimum tax on certain multinational companies, commonly called “Pillar Two”. Many countries continue to announce changes in their tax laws and regulations to implement the OECD Pillar Two proposals. Lazard is continuing to evaluate the potential impact on future periods of the Pillar Two proposals, as new guidance becomes available.

See “Critical Accounting Policies and Estimates—Income Taxes” below and Note 16 of Notes to Condensed Consolidated Financial Statements for additional information regarding income taxes and our deferred tax assets.

Net Income Attributable to Noncontrolling Interests

Noncontrolling interests primarily consist of (i) amounts related to Edgewater's management vehicles that the Company is deemed to control but not own, (ii) Lazard Growth Acquisition Corp. I ("LGAC") interests (see Note 1 of Notes to Condensed Consolidated Financial Statements) and (iii) consolidated VIE interests held by employees. See Notes 12 and 20 of Notes to Condensed Consolidated Financial Statements for information regarding the Company's noncontrolling interests and consolidated VIEs.

Consolidated Results of Operations

Lazard's condensed consolidated financial statements are presented in U.S. Dollars. Many of our non-U.S. subsidiaries have a functional currency (*i.e.*, the currency in which operational activities are primarily conducted) that is other than the U.S. Dollar, generally the currency of the country in which the subsidiaries are domiciled. Such subsidiaries' assets and liabilities are translated into U.S. Dollars using exchange rates as of the respective balance sheet date, while revenue and expenses are translated at average exchange rates during the respective periods based on the daily closing exchange rates. Adjustments that result from translating amounts from a subsidiary's functional currency are reported as a component of members' equity. Foreign currency remeasurement gains and losses on transactions in non-functional currencies are included in the condensed consolidated statements of operations.

The condensed consolidated financial statements are prepared in conformity with U.S. GAAP. Selected financial data derived from the Company's reported condensed consolidated results of operations is set forth below, followed by a more detailed discussion of both the consolidated and business segment results.

| | Three Months Ended | |
|--|--------------------|--------------------|
| | March 31, | |
| | 2024 | 2023 |
| | (\$ in thousands) | |
| <i>Net Revenue</i> | \$ 765,937 | \$ 541,872 |
| <i>Operating Expenses:</i> | | |
| Compensation and benefits | 550,815 | 447,603 |
| Non-compensation | 158,427 | 168,680 |
| Total operating expenses | 709,242 | 616,283 |
| <i>Operating Income (Loss)</i> | 56,695 | (74,411) |
| Provision (benefit) for income taxes | 15,748 | (66,988) |
| <i>Net Income (Loss)</i> | 40,947 | (7,423) |
| <i>Less - Net Income Attributable to Noncontrolling Interests</i> | 4,469 | 6,973 |
| <i>Net Income (Loss) Attributable to Lazard Group</i> | \$ 36,478 | \$ (14,396) |
| <i>Operating Income (Loss), as a % of net revenue</i> | 7.4 % | (13.7)% |

The tables below describe the components of adjusted net revenue, adjusted compensation and benefits expense, adjusted non-compensation expense, adjusted operating income (loss) and related key ratios, which are non-GAAP measures used by the Company to manage its business. We believe such non-GAAP measures in conjunction with U.S. GAAP measures provide a meaningful and useful basis for comparison between present, historical and future periods, as described above.

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------------|
| | 2024 | 2023 |
| (\$ in thousands) | | |
| <i>Adjusted Net Revenue:</i> | | |
| Net revenue | \$ 765,937 | \$ 541,872 |
| Adjustments: | | |
| Interest expense (a) | 20,043 | 18,795 |
| Distribution fees, reimbursable deal costs, bad debt expense and other (b) | (22,949) | (26,683) |
| Asset impairment charges | – | 19,129 |
| Revenue related to noncontrolling interests (c) | (7,103) | (10,823) |
| Gains related to LFI (d) | (9,373) | (16,453) |
| Adjusted net revenue (e) | <u>\$ 746,555</u> | <u>\$ 525,837</u> |

- (a) Interest expense (excluding interest expense incurred by LFB) is added back in determining adjusted net revenue because such expense relates to corporate financing activities and is not considered to be a cost directly related to the revenue of our business.
- (b) Represents certain distribution, introducer and management fees paid to third parties, reimbursable deal costs and bad debt expenses relating to fees and other receivables that are deemed uncollectible for which an equal amount is excluded for purposes of determining adjusted non-compensation expense.
- (c) Revenue or loss related to the consolidation of noncontrolling interests is excluded from adjusted net revenue because the Company has no economic interest in such amount.
- (d) Represents changes in the fair value of investments held in connection with LFI and other similar deferred compensation arrangements for which a corresponding equal amount is excluded from compensation and benefits expense.
- (e) Adjusted net revenue is a non-GAAP measure.

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------------|
| | 2024 | 2023 |
| (\$ in thousands) | | |
| <i>Adjusted Compensation and Benefits Expense:</i> | | |
| Total compensation and benefits expense | \$ 550,815 | \$ 447,603 |
| Adjustments: | | |
| Compensation related to noncontrolling interests (a) | (2,108) | (3,010) |
| Charges pertaining to LFI (b) | (9,373) | (16,453) |
| Expenses associated with senior management transition (c) | – | (10,674) |
| Expenses associated with cost-saving initiatives | (46,610) | (20,740) |
| Adjusted compensation and benefits expense (d) | <u>\$ 492,724</u> | <u>\$ 396,726</u> |
| Adjusted compensation and benefits expense, as a % of adjusted net revenue | <u>66.0 %</u> | <u>75.4 %</u> |

- (a) Expenses related to the consolidation of noncontrolling interests are excluded because Lazard has no economic interest in such amounts.
- (b) Represents changes in fair value of the compensation liability recorded in connection with LFI and other similar deferred incentive compensation awards for which a corresponding equal amount is excluded from adjusted net revenue.
- (c) Represents expenses associated with senior management transition reflecting the departure of certain executive officers.
- (d) Adjusted compensation and benefits expense is a non-GAAP measure.

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------------|
| | 2024 | 2023 |
| (\$ in thousands) | | |
| <i>Adjusted Non-Compensation Expense:</i> | | |
| Total non-compensation expense | \$ 158,427 | \$ 168,680 |
| Adjustments: | | |
| Distribution fees, reimbursable deal costs, bad debt expense and other (a) | (22,949) | (26,683) |
| Amortization and other acquisition-related costs | (68) | (48) |
| Non-compensation expense related to noncontrolling interests (b) | (526) | (841) |
| Expenses associated with cost-saving initiatives | (1,450) | – |
| Adjusted non-compensation expense (c) | <u>\$ 133,434</u> | <u>\$ 141,108</u> |
| Adjusted non-compensation expense, as a % of adjusted net revenue | <u>17.9 %</u> | <u>26.8 %</u> |

- (a) Represents certain distribution, introducer and management fees paid to third parties, reimbursable deal costs and bad debt expenses relating to fees and other receivables that are deemed uncollectible for which an equal amount is included for purposes of determining adjusted net revenue.
- (b) Expenses related to the consolidation of noncontrolling interests are excluded because the Company has no economic interest in such amounts.
- (c) Adjusted non-compensation expense is a non-GAAP measure.

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------|
| | 2024 | 2023 |
| (\$ in thousands) | | |
| Adjusted Operating Income (Loss) (a): | | |
| Adjusted net revenue | \$ 746,555 | \$ 525,837 |
| Deduct: | | |
| Adjusted compensation and benefits expense | (492,724) | (396,726) |
| Adjusted non-compensation expense | (133,434) | (141,108) |
| Adjusted operating income (loss) | \$ 120,397 | \$ (11,997) |
| Adjusted operating income (loss), as a % of adjusted net revenue | 16.1 % | (2.3)% |

(a) Adjusted operating income (loss) is a non-GAAP measure.

Headcount information is set forth below:

| | As of | | |
|---|-------------------|----------------------|-------------------|
| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Headcount: | | | |
| Managing Directors: | | | |
| Financial Advisory | 199 | 210 | 229 |
| Asset Management | 117 | 114 | 124 |
| Corporate | 21 | 26 | 24 |
| Total Managing Directors | 337 | 350 | 377 |
| Other Business Segment Professionals and Support Staff: | | | |
| Financial Advisory | 1,287 | 1,392 | 1,459 |
| Asset Management | 1,063 | 1,107 | 1,106 |
| Corporate | 426 | 440 | 486 |
| Total | 3,113 | 3,289 | 3,428 |

Operating Results

The Company's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality, the performance of equity markets and other factors. Accordingly, the revenue and profits in any particular quarter may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended March 31, 2024 versus March 31, 2023

The Company reported net income attributable to Lazard Group of \$36 million, as compared to net loss attributable to Lazard Group of \$14 million in the 2023 period.

Net revenue increased \$224 million, or 41%, with adjusted net revenue increasing \$221 million, or 42%, as compared to the 2023 period. Fee revenue from investment banking and other advisory activities increased \$177 million, or 64%, as compared to the 2023 period. Asset management fees, including incentive fees, increased \$15 million, or 6%, as compared to the 2023 period. In the aggregate, interest income, other revenue and interest expense increased \$32 million as compared to the 2023 period, the majority of which is recorded in the Corporate segment.

Compensation and benefits expense increased \$103 million, or 23%, as compared to the 2023 period.

Adjusted compensation and benefits expense (which excludes certain items and which we believe allows for improved comparability between periods, as described above) was \$493 million, an increase of \$96 million, or 24%, as compared to \$397 million in the 2023 period. The ratio of adjusted compensation and benefits expense to adjusted net revenue was 66.0% for the 2024 period, as compared to 75.4% for the 2023 period.

Non-compensation expense decreased \$10 million, or 6%, as compared to the 2023 period reflecting lower professional services and other expenses. Adjusted non-compensation expense decreased \$8 million, or 5%, as compared to the 2023 period. The ratio of adjusted non-compensation expense to adjusted net revenue was 17.9% for the 2024 period, as compared to 26.8% for the 2023 period.

The Company reported operating income of \$57 million, as compared to an operating loss of \$74 million in the 2023 period.

The Company reported adjusted operating income of \$120 million as compared to an adjusted operating loss of \$12 million in the 2023 period, and, as a percentage of adjusted net revenue, was 16.1% for the 2024 period, as compared to (2.3)% in the 2023 period.

The provision for income taxes reflects an effective tax rate of 27.8%, as compared to 90.0% for the 2023 period. The change in the effective tax rate principally relates to changes in the geographic mix of earnings inclusive of losses without tax benefits in 2023 and the impact of discrete items.

Net income attributable to noncontrolling interests decreased \$3 million, or 36% as compared to the 2023 period.

Business Segments

The following is a discussion of net revenue and operating income (loss) for the Company's segments: Financial Advisory, Asset Management and Corporate. See Note 19 of Notes to Condensed Consolidated Financial Statements for further information regarding segments.

Financial Advisory

The following table summarizes the reported operating results attributable to the Financial Advisory segment:

| | Three Months Ended March 31, | |
|--|---------------------------------|--------------------|
| | 2024 | 2023 |
| | (\$ in thousands) | |
| Net Revenue | \$ 454,094 | \$ 276,677 |
| Operating Expenses (a) | 427,715 | 326,419 |
| Operating Income (Loss) | <u>\$ 26,379</u> | <u>\$ (49,742)</u> |
| Operating Income (Loss), as a % of net revenue | <u>5.8 %</u> | <u>(18.0)%</u> |

(a) See Note 15 of Notes to Condensed Consolidated Financial Statements for information regarding cost-saving initiatives.

Certain Lazard fee and transaction statistics for the Financial Advisory segment are set forth below:

| | Three Months Ended March 31, | |
|---|---------------------------------|------|
| | 2024 | 2023 |
| Lazard Statistics: | | |
| Number of clients with fees greater than \$1 million: | | |
| Financial Advisory | 77 | 55 |
| Percentage of total Financial Advisory net revenue from top 10 clients | 45% | 38% |
| Number of M&A transactions completed with values greater than \$500 million (a) | 17 | 9 |

(a) Source: Dealogic as of April 1, 2024.

The geographical distribution of Financial Advisory net revenue is set forth below in percentage terms and is based on the Lazard offices that generate Financial Advisory net revenue, which are located in the Americas (primarily in the U.S.), EMEA (primarily in the U.K., France, Germany, Italy and Spain) and the Asia Pacific region and therefore may not be reflective of the geography in which the clients are located.

| | Three Months Ended March 31, | |
|--------------|---------------------------------|-------|
| | 2024 | 2023 |
| Americas | 63 % | 49 % |
| EMEA | 37 | 50 |
| Asia Pacific | – | 1 |
| Total | 100 % | 100 % |

The Company's managing directors and many of its professionals have significant experience, and many of them are able to use this experience to advise on a combination of M&A, restructuring and other strategic advisory matters, depending on clients' needs. This adaptability enables Lazard to more effectively deploy its professionals to best advantage based on the often counter-cyclical nature of restructuring as compared to our M&A business. While Lazard measures revenue by practice area, Lazard does not separately measure the costs or profitability of M&A services as compared to restructuring or other services. Accordingly, Lazard measures performance in its Financial Advisory segment based on overall segment adjusted net revenue and operating income margins.

Financial Advisory Results of Operations

Financial Advisory's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality and other factors. Accordingly, the revenue and profits in any particular quarter or period may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended March 31, 2024 versus March 31, 2023

Financial Advisory net revenue increased \$177 million, or 64%, as compared to the 2023 period. The increase in Financial Advisory net revenue was primarily driven by increased number of completed M&A transactions with values greater than \$500 million as compared to the 2023 period, despite a decline in industry-wide completed M&A transactions.

Operating expenses increased \$101 million, or 31%, as compared to the 2023 period primarily due to increased compensation and benefits expense associated with increased adjusted net revenue.

The Financial Advisory operating income was \$26 million as compared to an operating loss of \$50 million in the 2023 period and, as a percentage of net revenue, was 5.8%, as compared to (18.0)% in the 2023 period.

Asset Management

Assets Under Management

AUM primarily consists of debt and equity instruments, which have a value that is readily available based on either prices quoted on a recognized exchange or prices provided by external pricing services.

Prices of equity and debt securities and other instruments that comprise our AUM are provided by well-recognized, independent, third-party vendors. Such third-party vendors rely on prices provided by external pricing services which are obtained from recognized exchanges or markets, or, for certain fixed income securities, from evaluated bids or other similarly sourced price.

Either directly, or through our third-party vendors, we perform a variety of regular due diligence procedures on our pricing service providers.

The following table shows the composition of AUM for the Asset Management segment (see Item 1, “Business—Principal Business Lines—Asset Management—Investment Strategies”):

| | As of | |
|--------------------------------------|-------------------|----------------------|
| | March 31, 2024 | December 31, 2023 |
| (\$ in millions) | | |
| AUM by Asset Class: | | |
| Equity: | | |
| Emerging Markets | \$ 24,779 | \$ 25,288 |
| Global | 55,544 | 53,528 |
| Local | 54,841 | 52,208 |
| Multi-Regional | 60,089 | 59,114 |
| Total Equity | 195,253 | 190,138 |
| Fixed Income: | | |
| Emerging Markets | 9,080 | 9,525 |
| Global | 10,664 | 10,762 |
| Local | 6,378 | 6,080 |
| Multi-Regional | 21,098 | 21,740 |
| Total Fixed Income | 47,220 | 48,107 |
| Alternative Investments | 3,201 | 3,330 |
| Other Alternative Investments | 2,643 | 2,799 |
| Private Equity | 1,486 | 1,623 |
| Cash Management | 629 | 654 |
| Total AUM | \$ 250,432 | \$ 246,651 |

Total AUM at March 31, 2024 was \$250 billion, an increase of \$3 billion, or 2%, as compared to total AUM of \$247 billion at December 31, 2023 due to market appreciation partially offset by net outflows and foreign exchange depreciation. Average AUM for the first quarter of 2024 increased 9% as compared to the first quarter of 2023 and increased 6% as compared to the fourth quarter of 2023.

As of March 31, 2024, approximately 84% of our AUM was managed on behalf of institutional and intermediary clients, including corporations, labor unions, public pension funds, insurance companies and banks, and through sub-advisory relationships, mutual fund sponsors, broker-dealers and registered advisors, compared to 85% as of December 31, 2023. As of March 31, 2024, approximately 16% of our AUM was managed on behalf of individual client relationships, compared to approximately 15% as of December 31, 2023.

As of March 31, 2024, AUM with foreign currency exposure represented approximately 60% of our total AUM as compared to 64% at December 31, 2023. AUM with foreign currency exposure generally declines in value with the strengthening of the U.S. Dollar and increases in value as the U.S. Dollar weakens, with all other factors held constant.

The following is a summary of changes in AUM by asset class for the three month periods ended March 31, 2024 and 2023:

| Three Months Ended March 31, 2024 | | | | | | | |
|-----------------------------------|-----------------------------|-----------------|--------------------|-------------------|---|--|--------------------------|
| | AUM Beginning Balance | Inflows | Outflows | Net Flows | Market Value Appreciation/ (Depreciation) | Foreign Exchange Appreciation/ (Depreciation) | AUM Ending Balance |
| (\$ in millions) | | | | | | | |
| Equity | \$ 190,138 | \$ 4,027 | \$ (10,485) | \$ (6,458) | \$ 14,182 | \$ (2,609) | \$ 195,253 |
| Fixed Income | 48,107 | 1,782 | (1,571) | 211 | (199) | (899) | 47,220 |
| Other | 8,406 | 275 | (658) | (383) | (12) | (52) | 7,959 |
| Total | <u>\$ 246,651</u> | <u>\$ 6,084</u> | <u>\$ (12,714)</u> | <u>\$ (6,630)</u> | <u>\$ 13,971</u> | <u>\$ (3,560)</u> | <u>\$ 250,432</u> |

Net flows were primarily driven by outflows across all platforms within the Equity asset class.

| Three Months Ended March 31, 2023 | | | | | | | |
|-----------------------------------|-----------------------------|------------------|--------------------|-----------------|---|--|--------------------------|
| | AUM Beginning Balance | Inflows | Outflows | Net Flows | Market Value Appreciation/ (Depreciation) | Foreign Exchange Appreciation/ (Depreciation) | AUM Ending Balance |
| (\$ in millions) | | | | | | | |
| Equity | \$ 167,395 | \$ 7,027 | \$ (7,289) | \$ (262) | \$ 10,750 | \$ 745 | \$ 178,628 |
| Fixed Income | 43,386 | 3,352 | (2,622) | 730 | 721 | 624 | 45,461 |
| Other | 5,344 | 3,281 | (750) | 2,531 | 149 | 27 | 8,051 |
| Total | <u>\$ 216,125</u> | <u>\$ 13,660</u> | <u>\$ (10,661)</u> | <u>\$ 2,999</u> | <u>\$ 11,620</u> | <u>\$ 1,396</u> | <u>\$ 232,140</u> |

Inflows include approximately \$3.9 billion related to a wealth management acquisition.

Average AUM for the three month periods ended March 31, 2024 and 2023 for each significant asset class is set forth below. Average AUM generally represents the average of the monthly ending AUM balances for the period.

| | Three Months Ended March 31, | |
|------------------------------------|---------------------------------|-------------------|
| | 2024 | 2023 |
| (\$ in millions) | | |
| Average AUM by Asset Class: | | |
| Equity | \$ 191,619 | \$ 175,372 |
| Fixed Income | 47,312 | 45,190 |
| Alternative Investments | 3,150 | 4,057 |
| Other Alternative Investments | 2,722 | 826 |
| Private Equity | 1,519 | 876 |
| Cash Management | 628 | 528 |
| Total Average AUM | <u>\$ 246,950</u> | <u>\$ 226,849</u> |

The following table summarizes the reported operating results attributable to the Asset Management segment:

| | Three Months Ended March 31, | |
|---|---------------------------------|------------------|
| | 2024 | 2023 |
| (\$ in thousands) | | |
| Net Revenue | \$ 295,476 | \$ 284,044 |
| Operating Expenses (a) | 261,680 | 248,051 |
| Operating Income | <u>\$ 33,796</u> | <u>\$ 35,993</u> |
| Operating Income, as a % of net revenue | <u>11.4 %</u> | <u>12.7 %</u> |

(a) See Note 15 of Notes to Condensed Consolidated Financial Statements for information regarding cost-saving initiatives.

The geographical distribution of Asset Management net revenue is set forth below in percentage terms, and is based on the Lazard offices that manage and distribute the respective AUM amounts. Such geographical distribution may not be reflective of the geography of the investment products or clients.

| | Three Months Ended March 31, | |
|--------------|---------------------------------|--------------|
| | 2024 | 2023 |
| Americas | 41 % | 41 % |
| EMEA | 46 | 45 |
| Asia Pacific | 13 | 14 |
| Total | <u>100 %</u> | <u>100 %</u> |

Asset Management Results of Operations

Asset Management's quarterly revenue and profits in any particular quarter or period may not be indicative of future results and may fluctuate based on the performance of the equity and other capital markets. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended March 31, 2024 versus March 31, 2023

Asset Management net revenue increased \$11 million, or 4%, as compared to the 2023 period. Management fees and other revenue was \$287 million, an increase of \$8 million, or 3%, as compared to \$279 million in the 2023 period. Incentive fees were \$9 million, an increase of \$4 million as compared to \$5 million in the 2023 period.

Operating expenses increased \$14 million, or 5%, as compared to the 2023 period.

Asset Management operating income was \$34 million, a decrease of \$2 million, or 6%, as compared to operating income of \$36 million in the 2023 period and, as a percentage of net revenue, was 11.4%, as compared to 12.7% in the 2023 period.

Corporate

The following table summarizes the reported operating results attributable to the Corporate segment:

| | Three Months Ended March 31, | |
|------------------------|---------------------------------|-------------|
| | 2024 | 2023 |
| | (\$ in thousands) | |
| Interest income | \$ 6,725 | \$ 6,972 |
| Interest expense | (20,036) | (18,781) |
| Net Interest Expense | (13,311) | (11,809) |
| Other Revenue (Loss) | 29,678 | (7,040) |
| Net Revenue (Loss) | 16,367 | (18,849) |
| Operating Expenses (a) | 19,847 | 41,813 |
| Operating Loss | \$ (3,480) | \$ (60,662) |

(a) See Note 15 of Notes to Condensed Consolidated Financial Statements for information regarding cost-saving initiatives.

Corporate Results of Operations

Corporate operating results in any particular quarter or period may not be indicative of future results and may fluctuate based on a variety of factors. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended March 31, 2024 versus March 31, 2023

Net interest expense increased \$2 million, or 13%, as compared to the 2023 period.

Other revenue (loss) was positively impacted by investment gains in the 2024 period, as compared to losses incurred from the impairment of equity method investments and the liquidation of LGAC in the 2023 period.

Operating expenses decreased \$22 million as compared to the 2023 period reflecting lower professional services and other expenses.

Cash Flows

The Company's cash flows are influenced primarily by the timing of the receipt of Financial Advisory and Asset Management fees, the timing of distributions to members, payments of incentive compensation to managing directors and employees and purchases of common stock.

M&A and other advisory and Asset Management fees are generally collected within 60 days of billing, while Restructuring fee collections may extend beyond 60 days, particularly those that involve bankruptcies with court-ordered holdbacks. Fees from our Private Capital Advisory activities are generally collected over a four-year period from billing and typically include an interest component.

The Company makes cash payments for a significant portion of its incentive compensation with respect to the prior year's results during the first three months of each calendar year. See the Condensed Consolidated Financial Statements—Consolidated Statements of Cash Flows for further detail.

Summary of Cash Flows:

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------------|
| | 2024 | 2023 |
| (\$ in millions) | | |
| Cash Provided By (Used In): | | |
| Operating activities: | | |
| Net income (loss) | \$ 41 | \$ (7) |
| Adjustments to reconcile net income to net cash provided by operating activities (a) | 135 | 170 |
| Other operating activities (b) | <u>(267)</u> | <u>(570)</u> |
| Net cash provided by (used in) operating activities | <u>(91)</u> | <u>(407)</u> |
| Investing activities | (7) | (15) |
| Financing activities (c) | 99 | (1,031) |
| Effect of exchange rate changes | <u>(22)</u> | <u>15</u> |
| Net Decrease in Cash and Cash Equivalents and Restricted Cash | (21) | (1,438) |
| Cash and Cash Equivalents and Restricted Cash (d): | | |
| Beginning of Period | 1,220 | 2,585 |
| End of Period | <u>\$ 1,199</u> | <u>\$ 1,147</u> |

- (a) Consists primarily of amortization of deferred expenses and share-based incentive compensation, noncash lease expenses, depreciation and amortization of property and deferred tax provision (benefit).
- (b) Includes net changes in operating assets and liabilities.
- (c) Consists primarily of purchases of shares of common stock, tax withholdings related to the settlement of vested RSUs, vested RSAs and vested PRSUs, changes in customer deposits, distributions to members and noncontrolling interest holders, activity related to borrowings (including in 2024, the issuance of the 2031 Notes and the partial redemption of the 2025 Notes), distributions to redeemable noncontrolling interests associated with LGAC's redemption of all its outstanding Class A ordinary shares in 2023.
- (d) Consists of cash and cash equivalents, deposits with banks and short-term investments and restricted cash.

Liquidity and Capital Resources

Sources and Uses of Liquidity

Net revenue, operating income and cash receipts fluctuate significantly between periods and could be affected by various risks and uncertainties. While cash flow from Asset Management activities is relatively stable, in the case of Financial Advisory, fee receipts are generally dependent upon the successful completion of client transactions, the occurrence and timing of which is irregular and not subject to Lazard's control.

Liquidity is significantly impacted by cash payments for incentive compensation, a significant portion of which are made during the first three months of the year. As a consequence, cash on hand generally declines in the beginning of the year and gradually builds over the remainder of the year. We also pay certain tax advances during the year on behalf of certain managing directors, which serve to reduce their respective incentive compensation payments. Additionally, we made payments in the first quarter of 2024 relating to severance and other employee termination costs associated with the cost-saving initiatives. (See Note 15 of Notes to Condensed Consolidated Financial Statements). Also see "Senior Debt" below for senior debt refinancing in the first quarter of 2024.

Liquidity is also affected by the level of LFB customer-related demand deposits, primarily from clients and funds managed by LFG. To the extent that such deposits rise or fall, and assuming unchanged asset allocation, this has a corresponding impact on liquidity held at LFB, with the majority of such amounts generally being recorded in "deposits with banks and short-term investments". LFB is subject to, and in compliance with, regulatory liquidity coverage ratios and liquidity levels are monitored on a daily basis.

We regularly monitor our liquidity position, including cash levels, lease obligations, investments, credit lines, principal investment commitments, interest and principal payments on debt, capital expenditures, distributions to members, purchases of shares of common stock, compensation and matters relating to liquidity and to compliance with regulatory net capital requirements. At March 31, 2024, Lazard had approximately \$918 million of cash and cash equivalents, including approximately \$427 million held at Lazard's operations outside the U.S. Lazard provides for income taxes on substantially all of its foreign earnings. We expect that no material amount of additional taxes would be recognized upon receipt of dividends or distributions of such earnings from our foreign operations.

As of March 31, 2024, the Company's remaining lease obligations were \$62 million for 2024 (April 1 through December 31), \$139 million from 2025 through 2026, \$123 million from 2027 through 2028 and \$222 million through 2034.

As of March 31, 2024, Lazard had approximately \$209 million in unused lines of credit available to it, including a \$200 million, five-year, senior revolving credit facility under the Second Amended and Restated Credit Agreement.

The Second Amended and Restated Credit Agreement contains customary terms and conditions, including limitations on consolidations, mergers, indebtedness and certain payments, as well as financial condition covenants relating to leverage and interest coverage ratios. Lazard Group's obligations under the Second Amended and Restated Credit Agreement may be accelerated upon customary events of default, including non-payment of principal or interest, breaches of covenants, cross-defaults to other material debt, a change in control and specified bankruptcy events. Borrowings under the Second Amended and Restated Credit Agreement generally will bear interest at adjusted term SOFR plus an applicable margin for specific interest periods determined based on Lazard Group's highest credit rating from an internationally recognized credit agency.

The Second Amended and Restated Credit Agreement includes financial covenants that require that Lazard Group not permit (i) its Consolidated Leverage Ratio (as defined in the Second Amended and Restated Credit Agreement) for the 12-month period ending on the last day of any fiscal quarter to be greater than 3.25 to 1.00, provided that the Consolidated Leverage Ratio may be greater than 3.25 to 1.00 for four (consecutive or nonconsecutive) quarters so long as it is not greater than 3.50 to 1.00 on the last day of any such quarter, or (ii) its Consolidated Interest Coverage Ratio (as defined in the Second Amended and Restated Credit Agreement) for the 12-month period ending on the last day of any fiscal quarter to be less than 3.00 to 1.00. For the 12-month period ended March 31, 2024, Lazard Group was in compliance with such ratios. In any event, no amounts were outstanding under the Second Amended and Restated Credit Agreement as of March 31, 2024.

In addition, the Second Amended and Restated Credit Agreement contains certain other covenants (none of which relate to financial condition), events of default and other customary provisions. At March 31, 2024, the Company was in compliance with all of these provisions.

Lazard's annual cash flow generated from operations historically has been sufficient to enable it to meet its annual obligations. We believe that the sources of liquidity described above should be sufficient for us to fund our current obligations for the next 12 months.

See also Notes 11, 13, 14, 16 and 18 of Notes to Condensed Consolidated Financial Statements regarding information in connection with commitments, incentive plans, employee benefit plans, income taxes and regulatory requirements, respectively.

Senior Debt

The table below sets forth our corporate indebtedness as of March 31, 2024 and December 31, 2023. The agreements with respect to this indebtedness are discussed in more detail in our condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and in our Form 10-K.

| Senior Debt | Maturity | Outstanding as of | | | | | |
|--------------------------------|----------|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | | March 31, 2024 | | | December 31, 2023 | | |
| | | Principal | Unamortized Debt Costs | Carrying Value | Principal | Unamortized Debt Costs | Carrying Value |
| (\$ in millions) | | | | | | | |
| Lazard Group 2025 Senior Notes | 2025 | \$ 164.3 | \$ 0.2 | \$ 164.1 | \$ 400.0 | \$ 0.5 | \$ 399.5 |
| Lazard Group 2027 Senior Notes | 2027 | 300.0 | 1.1 | 298.9 | 300.0 | 1.3 | 298.7 |
| Lazard Group 2028 Senior Notes | 2028 | 500.0 | 3.8 | 496.2 | 500.0 | 4.0 | 496.0 |
| Lazard Group 2029 Senior Notes | 2029 | 500.0 | 3.8 | 496.2 | 500.0 | 4.0 | 496.0 |
| Lazard Group 2031 Senior Notes | 2031 | 400.0 | 4.0 | 396.0 | — | — | — |
| | | <u>\$ 1,864.3</u> | <u>\$ 12.9</u> | <u>\$ 1,851.4</u> | <u>\$ 1,700.0</u> | <u>\$ 9.8</u> | <u>\$ 1,690.2</u> |

In the first quarter of 2024, we issued \$400 million of 6.0% senior notes due March 2031 to refinance the upcoming maturity of our 2025 Notes. We used part of the net proceeds to purchase in a tender offer \$236 million of the 2025 Notes (\$164 million remains outstanding). We invested the net proceeds in short-term U.S. Treasury securities which are included in cash and cash equivalents on the condensed consolidated statements of financial condition as of March 31, 2024.

The indenture and supplemental indentures relating to Lazard Group's senior notes contain certain covenants (none of which relate to financial condition), events of default and other customary provisions. At March 31, 2024, the Company was in compliance with all of these provisions. We may, to the extent required and subject to restrictions contained in our financing arrangements, use other financing sources, which may cause us to be subject to additional restrictions or covenants.

See Note 10 of Notes to Condensed Consolidated Financial Statements for additional information regarding senior debt.

Members' Equity

At March 31, 2024, total members' equity was \$150 million, as compared to \$182 million at December 31, 2023, including \$103 million and \$136 million attributable to Lazard Group on the respective dates. The net activity in members' equity during the three month period ended March 31, 2024 is reflected in the table below (in millions of dollars):

| | |
|---|---------------|
| Members' Equity - January 1, 2024 | \$ 182 |
| Increase (decrease) due to: | |
| Net income (a) | 38 |
| Other comprehensive loss | (14) |
| Amortization of share-based incentive compensation | 70 |
| Purchase of common stock | (22) |
| Settlement of share-based incentive compensation (b) | (56) |
| Distributions to members and noncontrolling interests | (45) |
| Other - net | (3) |
| Members' Equity - March 31, 2024 | <u>\$ 150</u> |

- (a) Excludes net income associated with redeemable noncontrolling interests of \$3 million in 2024.
(b) The tax withholding portion of share-based compensation is settled in cash, not shares.

See the Consolidated Financial Statements—Consolidated Statements of Changes in Members' Equity and Redeemable Noncontrolling Interests for further detail.

The Board of Directors of Lazard has issued a series of authorizations to repurchase common stock, which help offset the dilutive effect of our share-based incentive compensation plans. The Company aims to repurchase at least as many shares as it expects to issue pursuant to such compensation plans in respect of year-end incentive compensation over time. The rate at which the Company purchases shares in connection with this annual objective may vary from period to period due to a variety of factors. Purchases with respect to such program are set forth in the table below:

| <u>Three Months Ended March 31:</u> | <u>Number of Shares Purchased</u> | <u>Average Price Per Share</u> |
|-------------------------------------|---|--|
| 2023 | 2,692,161 | \$ 36.75 |
| 2024 | 564,692 | \$ 38.97 |

As of March 31, 2024, a total of \$178 million of share repurchase authorization remaining available under Lazard, Inc.'s share repurchase program will expire on December 31, 2024.

During the three month period ended March 31, 2024, Lazard, Inc. had in place trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which it effected stock repurchases in the open market.

See Notes 12 and 13 of Notes to Condensed Consolidated Financial Statements for additional information regarding Lazard's members' equity and incentive plans, respectively.

Regulatory Capital

We actively monitor our regulatory capital base. Our principal subsidiaries are subject to regulatory requirements in their respective jurisdictions to ensure their general financial soundness and liquidity, which require, among other things, that we comply with rules regarding certain minimum capital requirements. These regulatory requirements may restrict the flow of funds to and from affiliates. See Note 18 of Notes to Condensed Consolidated Financial Statements for further information. These regulations differ in the U.S., the U.K., France and other countries in which we operate. Our capital structure is designed to provide each of our subsidiaries with capital and liquidity consistent with its business and regulatory requirements. For a discussion of regulations relating to us, see Item 1, "Business—Regulation" included in our Form 10-K.

Critical Accounting Policies and Estimates

The preparation of Lazard's condensed consolidated financial statements, in conformity with U.S. GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, Lazard evaluates its estimates, including those related to revenue recognition, the allowance for credit losses, compensation liabilities, income taxes and goodwill. Lazard bases these estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments, including judgments regarding the carrying values of assets and liabilities, that are not readily apparent from other sources. Actual results may differ from these estimates.

The following is a description of Lazard's critical accounting estimates and judgments used in the preparation of its condensed consolidated financial statements.

Revenue Recognition

Lazard generates substantially all of its revenue from providing Financial Advisory and Asset Management services to clients. Lazard recognizes revenue in accordance with the criteria in Note 2 of Notes to Consolidated Financial Statements in our Form 10-K.

Assessment of these criteria requires the application of judgment in determining the timing and amount of revenue recognized, including the probability of collection of fees.

Allowance for Credit Losses

We maintain an allowance for credit losses to provide coverage for estimated losses from our receivables. We determine the adequacy of the allowance under the current expected credit losses ("CECL") guidance by (i) applying a bad debt charge-off rate based on historical charge-off experience; (ii) estimating the probability of loss based on our analysis of the client's creditworthiness resulting in specific reserves against exposures where we determine the receivables are uncollectible, which may include situations where a fee is in dispute or litigation has commenced; and (iii) performing qualitative assessments to monitor economic risks that may require additional adjustments.

The allowance for credit losses involves judgment including the incorporation of historical loss experience and assessment of risk characteristics of our clients. The bad debt charge-off rate based on historical charge-off experience was an average annual rate estimated using the most recent two years of charge-off data. When assessing risk characteristics of individual clients, we considered the macroeconomic environment in the local market, our collection experience and recent communication with the client, as well as any potential future engagement with the client.

Compensation Liabilities

Annual discretionary compensation represents a significant portion of our annual compensation and benefits expense. We allocate the estimated amount of such annual discretionary compensation to interim periods in proportion to the amount of adjusted net revenue earned in such periods based on an estimated annual ratio of adjusted compensation and benefits expense to adjusted net revenue. See "Financial Statement Overview—Operating Expenses" for more information on our periodic compensation and benefits expense.

Income Taxes

As part of the process of preparing our consolidated financial statements, we estimate our income taxes for each of our tax-paying entities in its respective jurisdiction. In addition to estimating actual current tax liabilities for these jurisdictions, we also must account for the tax effects of differences between the financial reporting and tax reporting of items, such as basis adjustments, compensation and benefits expense, and depreciation and amortization. Differences which are temporary in nature result in deferred tax assets and liabilities. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, any valuation allowance recorded against our deferred tax assets and our unrecognized tax benefits.

We recognize a deferred tax asset if it is more likely than not (defined as a likelihood of greater than 50%) that a tax benefit will be accepted by the relevant taxing authority. The measurement of deferred tax assets and liabilities is based upon currently enacted tax rates in the applicable jurisdictions.

Subsequent to the initial recognition of deferred tax assets, we also must continually assess the likelihood that such deferred tax assets will be realized. If we determine that we may not fully derive the benefit from a deferred tax asset, we consider whether it would be appropriate to apply a valuation allowance against the applicable deferred tax asset, taking into account all available information. The ultimate realization of a deferred tax asset for a particular entity depends, among other things, on the generation of taxable income by such entity in the applicable jurisdiction.

We consider multiple possible sources of taxable income when assessing a valuation allowance against a deferred tax asset. See Note 2 of Notes to Consolidated Financial Statements in our Form 10-K for additional information on sources of taxable income, and the information considered when assessing whether a valuation allowance is required.

The weight we give to any particular item is, in part, dependent upon the degree to which it can be objectively verified. We give greater weight to the recent results of operations of a relevant entity. Pre-tax operating losses on a three year cumulative basis or lack of sustainable profitability are considered objectively verifiable evidence and will generally outweigh a projection of future taxable income.

Certain of our tax-paying entities have individually experienced losses on a cumulative three year basis or have tax attributes that may expire unused. In addition, some of our tax-paying entities have recorded a valuation allowance on substantially all of their deferred tax assets due to the combined effect of operating losses in certain subsidiaries of these entities as well as foreign taxes that together substantially offset any U.S. tax liability. Taking into account all available information, we cannot determine that it is more likely than not that deferred tax assets held by these entities will be realized. Consequently, we have recorded valuation allowances on deferred tax assets held by these entities as of December 31, 2023.

We record tax positions taken or expected to be taken in a tax return based upon our estimates regarding the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, we recognize liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. Such liabilities are evaluated periodically as new information becomes available and any changes in the amounts of such liabilities are recorded as adjustments to "income tax expense." Liabilities for unrecognized tax benefits involve significant judgment and the ultimate resolution of such matters may be materially different from our estimates.

In addition to the discussion above regarding deferred tax assets and associated valuation allowances, as well as unrecognized tax benefit liability estimates, other factors affect our provision for income taxes, including changes in the geographic mix of our business, the level of our annual pre-tax income, transfer pricing and intercompany transactions.

See Item 1A, "Risk Factors" in our Form 10-K and Note 16 of Notes to Condensed Consolidated Financial Statements for additional information related to income taxes.

Goodwill

Goodwill has an indefinite life and is tested for impairment annually, as of November 1, or more frequently if circumstances indicate impairment may have occurred. The Company performs a qualitative assessment about whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount in lieu of actually calculating the fair value of the reporting unit. The qualitative assessment includes significant judgment on the business outlook assumptions of each reporting unit based on historical data, current economic conditions, stock performance and industry trends. If events indicate that it is more likely than not that the reporting unit's fair value is less than its carrying value, the Company performs a quantitative assessment to determine the fair value of the reporting unit and compares it to its carrying values. If the carrying value of a reporting unit exceeds its fair value, the Company would recognize an impairment loss equal to the excess. The goodwill impairment tests indicated no reporting units were at risk of impairment. See Note 9 of Notes to Condensed Consolidated Financial Statements for additional information regarding goodwill.

Consolidation

The condensed consolidated financial statements include entities in which Lazard has a controlling financial interest. Lazard determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity ("VOE") or a variable interest entity ("VIE") under U.S. GAAP.

- **Voting Interest Entities.** VOEs are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance itself independently and (ii) the equity holders have the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. Lazard is required to consolidate a VOE if it holds a majority of the voting interest in such VOE.
- **Variable Interest Entities.** VIEs are entities that lack one or more of the characteristics of a VOE. If Lazard has a variable interest, or a combination of variable interests, in a VIE, it is required to analyze whether it needs to consolidate such VIE. Lazard is required to consolidate a VIE if we are the primary beneficiary having (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of, or receive benefits from, the VIE that could be potentially significant to the VIE.

Lazard's involvement with various entities that are VOEs or VIEs primarily arises from LFI investments, seed and other investments in our Asset Management business. Lazard consolidates these entities when it has a controlling financial interest.

The impact of seed and LFI investment entities that require consolidation on the condensed consolidated financial statements, including any consolidation or deconsolidation of such entities, is not material to our financial statements. Our exposure to loss from entities in which we have made such investments is limited to the extent of our investment in, or investment commitment to, such entities.

Generally, when the Company initially invests to seed an investment entity, the Company is the majority owner of the entity. Our majority ownership in seed investment entities represents a controlling financial interest, except when we are the general partner in such entities and the third-party investors have the right to replace the general partner. To the extent material, we consolidate seed and LFI investment entities in which we own a controlling financial interest, and we would deconsolidate any such entity when we no longer have a controlling financial interest in such entity.

Seed investments held in entities in which the Company maintained a controlling financial interest were \$109 million in eleven entities as of March 31, 2024, as compared to \$114 million in eleven entities as of December 31, 2023. LFI investments held in entities in which the Company maintained a controlling financial interest were \$105 million in nine entities as of March 31, 2024, as compared to \$144 million in nine entities as of December 31, 2023.

As of March 31, 2024 and December 31, 2023, the Company did not consolidate any seed investment entities or LFI investment entities, with the exception of the consolidation of certain LFI funds (see Note 20 of Notes to Condensed Consolidated Financial Statements). As such, seed investments and substantially all of LFI investments included in "investments" on the condensed consolidated statements of financial condition represented the Company's economic interest in the seed and LFI investments.

Risk Management

Investments

Investments consist primarily of debt and equity securities, and interests in alternative investment, debt, equity and private equity funds. These investments are carried at fair value on the condensed consolidated statements of financial condition, and any increases or decreases in the fair value of these investments are reflected in earnings. The fair value of investments is generally based upon market prices or the net asset value ("NAV") or its equivalent for investments in funds.

See Note 6 of Notes to Condensed Consolidated Financial Statements for additional information on the measurement of the fair value of investments.

Lazard is subject to market and other risks on investments held. As such, gains and losses on investment positions held, which arise from sales or changes in the fair value of the investments, are not predictable and can cause periodic fluctuations in net income.

Data relating to investments is set forth below:

| | March 31, 2024 | December 31, 2023 |
|--|-------------------|----------------------|
| | (\$ in thousands) | |
| Seed investments by asset class: | | |
| Debt | \$ 546 | \$ 4,285 |
| Equity (a) | 120,771 | 112,807 |
| Fixed income | 16,120 | 15,860 |
| Alternative investments | 34,337 | 33,073 |
| Private equity | 18,807 | 19,361 |
| Total seed investments | <u>190,581</u> | <u>185,386</u> |
| Other investments owned: | | |
| Private equity | 11,168 | 10,963 |
| Fixed income and other | 2,141 | 2,119 |
| Total other investments owned | <u>13,309</u> | <u>13,082</u> |
| Subtotal | 203,890 | 198,468 |
| Private equity consolidated, not owned | 17,382 | 16,494 |
| LFI | 399,343 | 487,002 |
| Total investments | <u>\$ 620,615</u> | <u>\$ 701,964</u> |

- (a) At March 31, 2024 and December 31, 2023, seed investments in directly owned equity securities were invested as follows:

| | March 31, 2024 | December 31, 2023 |
|-------------------------|-------------------|----------------------|
| Percentage invested in: | | |
| Financials | 14 % | 14 % |
| Consumer | 31 | 32 |
| Industrial | 15 | 15 |
| Technology | 21 | 20 |
| Other | 19 | 19 |
| Total | <u>100 %</u> | <u>100 %</u> |

The Company makes investments primarily to seed strategies in our Asset Management business or to reduce exposure arising from LFI and other similar deferred compensation arrangements. The Company manages its net economic exposure to market and other risks arising from seed investments and other investments owned. The Company does not hedge investments associated with LFI and other similar deferred compensation arrangements, or investments in funds owned entirely by the noncontrolling interest holders as there is no net economic exposure.

The market risk associated with investments held in connection with LFI and other similar deferred compensation arrangements is equally offset by the market risk associated with the derivative liability with respect to awards expected to vest. The Company is subject to market risk associated with any portion of such investments that employees may forfeit. See “—Risk Management—Risks Related to Derivatives” for risk management information relating to derivatives.

Risk sensitivities include the effects of economic hedging. For equity market price risk, investment portfolios and their corresponding hedges are beta-adjusted to the All-Country World equity index. Interest rate and credit spread risk and foreign exchange rate risk are hedged using relevant benchmark indices. Private equity risk is not hedged due to lack of proxy hedging instruments. Fair value and sensitivity measurements presented herein are based on various portfolio exposures at a particular point in time and may not be representative of future results. Risk exposures may change as a result of ongoing portfolio activities and changing market conditions, among other things.

Equity Market Price Risk—At March 31, 2024 and December 31, 2023, the Company’s exposure to equity market price risk in its investment portfolio, which primarily relates to investments in equity securities, equity funds and hedge funds, was approximately \$158 million and \$150 million, respectively. The Company hedges market exposure arising from a significant portion of our equity investment portfolios by entering into total return swaps. The Company estimates that a hypothetical 10% adverse change in market prices would result in a net decrease of approximately \$1.5 million as of March 31, 2024 and a net increase of approximately \$0.2 million as of December 31, 2023, in the carrying value of such investments, including the effect of the hedging transactions.

Interest Rate and Credit Spread Risk—At both March 31, 2024 and December 31, 2023, the Company’s exposure to interest rate and credit spread risk in its investment portfolio related to investments in debt securities or funds which invest primarily in debt securities was \$18 million. The Company hedges market exposure arising from a portion of our debt investment portfolios by entering into total return swaps. The Company estimates that a hypothetical 100 basis point adverse change in interest rates or credit spreads would not result in a net change in the carrying value of such investments as of March 31, 2024 and December 31, 2023, respectively, including the effect of the hedging transactions.

Foreign Exchange Rate Risk—At March 31, 2024 and December 31, 2023, the Company’s exposure to foreign exchange rate risk in its investment portfolio, which primarily relates to investments in foreign currency denominated equity and debt securities and, at December 31, 2023, private equity investments, was \$72 million and \$69 million, respectively. A significant portion of the Company’s foreign currency exposure related to our equity and debt investment portfolios is hedged through the aforementioned total return swaps. The Company estimates that a 10% adverse change in foreign exchange rates versus the U.S. Dollar would result in a net decrease of approximately \$2.9 million and \$2.0 million in the carrying value of such investments as of March 31, 2024 and December 31, 2023, respectively, including the effect of the hedging transactions.

Private Equity—The Company invests in private equity primarily as a part of its co-investment activities and in connection with certain legacy businesses. At both March 31, 2024 and December 31, 2023, the Company’s exposure to changes in fair value of such investments was approximately \$30 million. The Company estimates that a hypothetical 10% adverse change in fair value would result in a decrease of approximately \$3.0 million in the carrying value of such investments as of both March 31, 2024 and December 31, 2023, respectively.

For additional information regarding risks associated with our investments, see Item 1A, “Risk Factors—Other Business Risks—Our results of operations may be affected by fluctuations in the fair value of positions held in our investment portfolios” in our Form 10-K.

Risks Related to Receivables

We maintain an allowance for credit losses to provide coverage for expected losses from our receivables. At March 31, 2024, total receivables amounted to \$835 million, net of an allowance for credit losses of \$30 million. As of that date, Financial Advisory and Asset Management fees, receivables from Lazard, Inc. subsidiaries and customers and other receivables comprised 55%, 10% and 35% of total receivables, respectively. At December 31, 2023, total receivables amounted to \$845 million, net of an allowance for credit losses of \$29 million. As of that date, Financial Advisory and Asset Management fees, receivables from Lazard, Inc. subsidiaries and customers and other receivables comprised 66%, 10% and 24% of total receivables, respectively. See also “Critical Accounting Policies and Estimates—Revenue Recognition” above and Note 4 of Notes to Condensed Consolidated Financial Statements for additional information regarding receivables.

LFG and LFB offer wealth management and banking services to high net worth individuals and families. At March 31, 2024 and December 31, 2023, customers and other receivables included \$82 million and \$86 million, respectively, of such LFB loans which are fully collateralized and monitored for counterparty creditworthiness. Therefore, there was no allowance for credit losses required at those dates related to such receivables.

Credit Concentrations

The Company monitors its exposures to individual counterparties and diversifies where appropriate to reduce the exposure to concentrations of credit.

Risks Related to Derivatives

Lazard enters into forward foreign currency exchange contracts and interest rate swaps to hedge exposures to currency exchange rates and interest rates and uses total return swap contracts on various equity and debt indices to hedge a portion of its market exposure with respect to certain investments that seed strategies in our Asset Management business. Derivative contracts are recorded at fair value. In entering into derivative agreements, the Company is subject to counterparty risk. Net derivative assets amounted to \$3 million at both March 31, 2024 and December 31, 2023, respectively, and net derivative liabilities, excluding the derivative liability arising from the Company's obligation pertaining to LFI and other similar deferred compensation arrangements amounted to \$4 million and \$3 million at March 31, 2024 and December 31, 2023, respectively.

The Company also records derivative liabilities relating to its obligations pertaining to LFI awards and other similar deferred compensation arrangements, the fair value of which is based on the value of the underlying investments, adjusted for estimated forfeitures. Changes in the fair value of the derivative liabilities are equally offset by the changes in the fair value of investments which are expected to be delivered upon settlement of LFI awards. Derivative liabilities relating to LFI amounted to \$282 million and \$365 million at March 31, 2024 and December 31, 2023, respectively.

Risks Related to Cash and Cash Equivalents and Corporate Indebtedness

A significant portion of the Company's indebtedness has fixed interest rates, while its cash and cash equivalents generally have market interest rates. Based on account balances as of March 31, 2024, Lazard estimates that its annual operating income relating to cash and cash equivalents would increase by approximately \$9 million in the event interest rates were to increase by 1% and decrease by approximately \$9 million if rates were to decrease by 1%.

As of March 31, 2024, the Company's cash and cash equivalents totaled approximately \$918 million. Substantially all of the Company's cash and cash equivalents were invested in (i) highly liquid institutional money market funds (a significant majority of which were invested solely in U.S. Government or agency money market funds), (ii) in short-term interest bearing and non-interest bearing accounts at a number of leading banks throughout the world, (iii) in short-term certificates of deposit from such banks and (iv) short-term U.S. Treasury securities. Cash and cash equivalents are continuously monitored. On a regular basis, management reviews its investment profile as well as the credit profile of its list of depositor banks in order to adjust any deposit or investment thresholds as necessary.

Operational Risk

Operational risk is inherent in all of our businesses and may, for example, manifest itself in the form of errors, breaches in the system of internal controls, employee misconduct, business interruptions, fraud, including fraud perpetrated by third parties, legal actions due to operating deficiencies, noncompliance or cyber attacks. The Company maintains a framework including policies and a system of internal controls designed to monitor and manage operational risk and provide management with timely and accurate information. Management within each of our operating subsidiaries is primarily responsible for its operational risk programs. The Company has in place business continuity and disaster recovery programs that manage its capabilities to provide services in the case of a disruption. We purchase insurance policies designed to help protect the Company against accidental loss and losses that may significantly affect our financial objectives, personnel, property or our ability to continue to meet our responsibilities to our various stakeholder groups. See Item 1A, "Risk Factors" in our Form 10-K for more information regarding operational risk in our business and Item 1C, "Cybersecurity" in our Form 10-K for more information on the Company's processes to identify, assess and manage cybersecurity risks.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

Quantitative and qualitative disclosures about market risk are included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management".

Item 4. Controls and Procedures

Our management, including 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 quarterly 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 quarterly report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective to ensure that information 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.

In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during our most recent fiscal quarter that has materially affected, or is likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved from time to time in judicial, governmental, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required accrual if a loss is probable and the amount of such loss can be reasonably estimated. The Company may experience significant variation in its revenue and earnings on a quarterly basis. Accordingly, the results of any pending matter or matters could be significant when compared to the Company's earnings in any particular quarter. The Company believes, however, based on currently available information, that the results of any pending matters, in the aggregate, will not have a material effect on its business or financial condition.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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

During the three months ended March 31, 2024, the following executive officer and director adopted a "Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K of the Exchange Act):

On March 1, 2024, Kenneth M. Jacobs, the Company's Executive Chairman, adopted a trading plan for the sale of shares of the Company's common stock, which is designed to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. The plan expires on May 30, 2025 or upon the sale of the maximum number of shares under the trading plan. The aggregate number of shares to be sold under the plan is 1,000,000 shares.

No other director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K.

PART IV

Item 6. Exhibits

- 3.1 Certificate of Formation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
- 3.2 Certificate of Amendment of Certificate of Formation of the Registrant, changing name to Lazard Group LLC (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
- 3.3 Third Amended and Restated Operating Agreement of the Registrant, dated as of March 31, 2023 (incorporated by reference to Exhibit 3.3 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on May 2, 2023).
- 4.1 Indenture, dated as of May 10, 2005, by and between the Registrant and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
- 4.2 Sixth Supplemental Indenture, dated as of February 13, 2015, between the Registrant and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on February 13, 2015).
- 4.3 Seventh Supplemental Indenture, dated as of November 4, 2016, between Lazard Group LLC and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on November 7, 2016).
- 4.4 Eighth Supplemental Indenture, dated as of September 19, 2018, between Lazard Group LLC and the Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on September 19, 2018).
- 4.5 Ninth Supplemental Indenture, dated as of March 11, 2019, between Lazard Group LLC and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on March 11, 2019).
- 4.6 Tenth Supplemental Indenture, dated as of March 12, 2024, between Lazard Group LLC and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on March 12, 2024).
- 4.7 Form of Senior Note (included in Exhibits 4.2, 4.3, 4.4, 4.5 and 4.6).
- 10.1 Lease, dated as of January 27, 1994, by and between Rockefeller Center Properties and Lazard Frères & Co. LLC (incorporated by reference to Exhibit 10.19 to Lazard, Inc.'s Registration Statement (File No. 333-121407) on Form S-1/A filed on February 11, 2005).
- 10.2 Fourth Amendment dated as of February 16, 2011, by and among RCPI Landmark Properties, L.L.C. (as the successor in interest to Rockefeller Center Properties), RCPI 30 Rock 22234849, L.L.C. and Lazard Group LLC (as the successor in interest to Lazard Frères & Co. LLC), to the Lease dated as of January 27, 1994, by and among Rockefeller Center Properties and Lazard Frères & Co. LLC (incorporated by reference to Exhibit 10.15 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 29, 2011).
- 10.3* Lazard, Inc. 2008 Incentive Compensation Plan (incorporated by reference to Annex B to Lazard, Inc.'s Definitive Proxy Statement on Schedule 14A (File No. 001-32492) filed on March 24, 2008).
- 10.4* Lazard, Inc. 2018 Incentive Compensation Plan (incorporated by reference to Annex B to Lazard, Inc.'s Definitive Proxy Statement on Schedule 14A (File No. 001-32492) filed on March 15, 2018).
- 10.5* Second Amendment to the Lazard, Inc. 2018 Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to Lazard, Inc.'s Post-Effective Amendment No. 1 to Registration Statements on Form S-8 (File Nos. 333-154977, 333-193845, 333-217597, 333-224552 and 333-269977) filed on February 2, 2024).

- 10.6* First Amendment to the Lazard, Inc. 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to Lazard, Inc.'s Post-Effective Amendment No. 1 to Registration Statements on Form S-8 (File Nos. 333-154977, 333-193845, 333-217597, 333-224552 and 333-269977) filed on February 2, 2024).
- 10.7* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 31, 2022, by and among the Registrant, Lazard, Inc. and Kenneth M. Jacobs (incorporated by reference to Exhibit 10.1 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on April 6, 2022).
- 10.8* Amendment to Amended and Restated Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 25, 2023, by and among the Registrant, Lazard, Inc. and Kenneth M. Jacobs (incorporated by reference to Exhibit 10.1 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on May 26, 2023).
- 10.9* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 31, 2022, by and among the Registrant, Lazard, Inc and Evan L. Russo (incorporated by reference to Exhibit 10.2 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on April 6, 2022).
- 10.10* Amendment to Amended and Restated Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 25, 2023, by and among the Registrant, Lazard, Inc. and Evan L. Russo (incorporated by reference to Exhibit 10.3 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on May 26, 2023).
- 10.11* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 31, 2022, by and among the Registrant, Lazard, Inc. and Peter R. Orszag (incorporated by reference to Exhibit 10.3 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on April 6, 2022).
- 10.12* Amendment to Amended and Restated Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 25, 2023, by and among the Registrant, Lazard, Inc. and Peter R. Orszag (incorporated by reference to Exhibit 10.2 to Lazard, Inc.'s Current Report on Form 8-K (File No.001-32492) filed on May 26,2023).
- 10.13* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard, Inc. and Ashish Bhutani (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on April 3, 2019).
- 10.14* Resignation Letter Agreement, dated as of March 31, 2022, by and between Lazard, Inc. and Ashish Bhutani (incorporated by reference to Exhibit 10.4 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on April 6, 2022).
- 10.15* Letter Agreement, dated as of January 1, 2023, by and between Lazard Asset Management LLC and Ashish Bhutani (incorporated by reference to Exhibit 10.11 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on May 2, 2023).
- 10.16* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard, Inc. and Alexander F. Stern (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on April 3, 2019).
- 10.17* Resignation Letter Agreement, dated as of March 31, 2022, by and between Lazard, Inc. and Alexander F. Stern (incorporated by reference to Exhibit 10.5 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on April 6, 2022).
- 10.18* Letter Agreement, dated as of January 1, 2023, by and between Lazard Frères & Co. LLC and Alexander F. Stern (incorporated by reference to Exhibit 10.14 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on May 2, 2023).
- 10.19* Letter Agreement, dated as of July 23, 2022, by and between the Registrant and Mary Ann Betsch (incorporated by reference to Exhibit 10.1 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on July 28, 2022).

- 10.20* Agreement relating to Retention and Noncompetition and Other Covenants, dated as of August 23, 2023, by and between the Registrant and Mary Ann Betsch (incorporated by reference to Exhibit 10.2 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on August 25, 2023).
- 10.21* Letter Agreement, dated as of June 29, 2023, by and between Lazard Frères & Co. LLC and Michael Gathy (incorporated by reference to Exhibit 10.20 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on October 27, 2023).
- 10.22* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 7, 2024, by and among Lazard, Inc., Lazard & Co., Services Limited and Alexandra Soto.
- 10.23* Form of Award Letter for Annual Grant of Deferred Stock Units to Non-Executive Directors (incorporated by reference to Exhibit 99.1 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on September 8, 2005).
- 10.24* Directors' Fee Deferral Unit Plan (incorporated by reference to Exhibit 10.39 to Lazard, Inc.'s Quarterly Report on Form 10-Q (File No.001-32492) filed on May 11, 2006).
- 10.25 Second Amended and Restated Credit Agreement, dated as of June 6, 2023, among the Registrant, the Banks from time to time parties thereto, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on July 31, 2023).
- 10.26* Form of Agreement for Performance-Based Profits Interest Participation Right Units under the 2018 Incentive Compensation Plan (incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q (File No. 333-126751) filed on April 30, 2019).
- 10.27* Form of Agreement evidencing grant of Performance-Based Restricted Participation Units under the 2018 Incentive Compensation Plan (incorporated by reference to Exhibit 10.17 to the Registrant's Quarterly Report on Form 10-Q (File No. 333-126751) filed on May 4, 2021).
- 10.28* Form of Agreement evidencing grant of Lazard Fund Interests to Named Executive Officers under the 2018 Incentive Compensation Plan (incorporated by reference to Exhibit 10.18 to the Registrant's Quarterly Report on Form 10-Q (File No. 333-126751) filed on May 4, 2021).
- 10.29* Form of Agreement for Profits Interest Participation Right Units under the 2018 Compensation Plan (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q (File No. 333-126751) filed on May 4, 2021).
- 10.30* Form of Agreement for Profits Interest Participation Right Units under the 2018 Incentive Compensation Plan (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on May 2, 2023).
- 10.31* Form of Agreement evidencing grant of Restricted Stock Units under the 2018 Incentive Compensation Plan (incorporated by reference to Exhibit 10.25 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on May 2, 2023).
- 10.32* Form of Agreement evidencing grant of Stock Performance Profits Interest Participation Rights Units under the 2018 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to Lazard, Inc.'s Current Report on Form 8-K (File No. 001-32492) filed on August 25, 2023).
- 31.1 Rule 13a-14(a) Certification of Peter R. Orszag.
- 31.2 Rule 13a-14(a) Certification of Mary Ann Betsch.
- 32.1 Section 1350 Certification for Peter R. Orszag.
- 32.2 Section 1350 Certification for Mary Ann Betsch.
- 101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase

101.LAB Inline XBRL Taxonomy Extension Label Linkbase

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase

104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

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.

Dated: April 26, 2024

LAZARD GROUP LLC

By: /s/ Mary Ann Betsch

Name: Mary Ann Betsch

Title: Chief Financial Officer

By: /s/ Michael Gathy

Name: Michael Gathy

Title: Chief Accounting Officer