

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

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

For the quarterly period ended **December 31, 2022**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-39510

**STEPSTONE GROUP INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**450 Lexington Avenue, 31st Floor  
New York, NY**

(Address of principal executive offices)

**84-3868757**

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

**10017**

(Zip Code)

**(212) 351-6100**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

Act.

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

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of February 7, 2023, there were 62,772,922 shares of the registrant's Class A common stock, par value \$0.001, and 46,420,141 shares of the registrant's Class B common stock, par value \$0.001, outstanding.

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

Unless otherwise indicated or the context otherwise requires:

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

## **TRADEMARKS, SERVICE MARKS AND TRADE NAMES**

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

## **FORWARD-LOOKING STATEMENTS**

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position made in this Form 10-Q are forward-looking. We use words such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “future,” “intend,” “may,” “plan” and “will” and similar expressions to identify forward-looking statements. Forward-looking statements reflect management’s current plans, estimates and expectations and are inherently uncertain. The inclusion of any forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated will be achieved. Forward-looking statements are subject to various risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, global and domestic market and business conditions, our successful execution of business and growth strategies and regulatory factors relevant to our business, as well as assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity and the risks and uncertainties described in greater detail under “Risk Factors” in Part I, Item 1A of our annual report on Form 10-K for the fiscal year ended March 31, 2022 and in our subsequent reports filed from time to time with the U.S. Securities and Exchange Commission (“SEC”), which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Form 10-Q and in our other periodic filings. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

## Part I. FINANCIAL INFORMATION

### Item 1. Financial Statements

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

	As of	
	December 31, 2022	March 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 120,093	\$ 116,386
Restricted cash	971	1,063
Fees and accounts receivable	42,769	34,141
Due from affiliates	35,749	19,369
Investments:		
Investments in funds	109,102	107,045
Accrued carried interest allocations	1,126,386	1,480,515
Legacy Greenspring investments in funds and accrued carried interest allocations <sup>(1)</sup>	888,872	1,334,581
Deferred income tax assets	49,245	27,866
Lease right-of-use assets, net	104,767	61,065
Other assets and receivables	44,013	27,426
Intangibles, net	365,515	398,126
Goodwill	580,542	580,542
<i>Assets of Consolidated Funds:</i>		
Cash and cash equivalents	19,967	—
Investments, at fair value	14,312	—
Other assets	839	—
<b>Total assets</b>	<b>\$ 3,503,142</b>	<b>\$ 4,188,125</b>
<b>Liabilities and stockholders' equity</b>		
Accounts payable, accrued expenses and other liabilities	\$ 83,659	\$ 80,541
Accrued compensation and benefits	78,925	39,966
Accrued carried interest-related compensation	597,298	769,988
Legacy Greenspring accrued carried interest-related compensation <sup>(1)</sup>	723,527	1,140,101
Due to affiliates	201,352	199,355
Lease liabilities	124,318	70,965
Debt obligations	83,233	62,879
<i>Liabilities of Consolidated Funds:</i>		
Other liabilities	647	—
<b>Total liabilities</b>	<b>1,892,959</b>	<b>2,363,795</b>
Commitments and contingencies (Note 15)		
Redeemable non-controlling interests in Consolidated Funds	4,966	—
Stockholders' equity:		
Class A common stock, \$0.001 par value, 650,000,000 authorized; 62,772,922 and 61,141,306 issued and outstanding as of December 31, 2022 and March 31, 2022, respectively	63	61
Class B common stock, \$0.001 par value, 125,000,000 authorized; 46,420,141 and 47,149,673 issued and outstanding as of December 31, 2022 and March 31, 2022, respectively	46	48
Additional paid-in capital	606,497	587,243
Retained earnings	144,500	229,615
Accumulated other comprehensive income	610	658
<b>Total StepStone Group Inc. stockholders' equity</b>	<b>751,716</b>	<b>817,625</b>
Non-controlling interests in subsidiaries	34,311	32,063
Non-controlling interests in legacy Greenspring entities <sup>(1)</sup>	165,345	194,480
Non-controlling interests in the Partnership	653,845	780,162
<b>Total stockholders' equity</b>	<b>1,605,217</b>	<b>1,824,330</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,503,142</b>	<b>\$ 4,188,125</b>

(1) Reflects amounts attributable to consolidated VIEs for which the Company did not acquire any direct economic interests. See notes 5 and 14 for more information.

See accompanying notes to condensed consolidated financial statements.

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

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

	As of	
	December 31, 2022	March 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 34,695	\$ 19,386
Restricted cash	971	1,063
Fees and accounts receivable	38,999	29,060
Due from affiliates	7,517	5,252
Investments in funds	28,242	22,808
Legacy Greenspring investments in funds and accrued carried interest allocations	888,872	1,334,581
Deferred income tax assets	316	301
Lease right-of-use assets, net	16,447	17,206
Other assets and receivables	5,999	5,588
<i>Assets of Consolidated Funds:</i>		
Cash and cash equivalents	19,967	—
Investments, at fair value	14,312	—
Other assets	839	—
Total assets	<u>\$ 1,057,176</u>	<u>\$ 1,435,245</u>
<b>Liabilities</b>		
Accounts payable, accrued expenses and other liabilities	\$ 11,883	\$ 8,548
Accrued compensation and benefits	33,875	14,806
Legacy Greenspring accrued carried interest-related compensation	723,527	1,140,101
Due to affiliates	70	190
Lease liabilities	17,376	17,593
<i>Liabilities of Consolidated Funds:</i>		
Other liabilities	647	—
Total liabilities	<u>\$ 787,378</u>	<u>\$ 1,181,238</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
<b>Revenues</b>				
Management and advisory fees, net	\$ 128,753	\$ 106,384	\$ 364,606	\$ 268,028
Performance fees:				
Incentive fees	2,980	27	8,345	6,005
Carried interest allocations:				
Realized	16,320	66,559	112,396	169,053
Unrealized	(63,367)	132,535	(354,095)	452,789
Total carried interest allocations	(47,047)	199,094	(241,699)	621,842
Legacy Greenspring carried interest allocations <sup>(1)</sup>	(88,921)	104,960	(371,200)	104,960
Total revenues	(4,235)	410,465	(239,948)	1,000,835
<b>Expenses</b>				
Compensation and benefits:				
Cash-based compensation	62,628	51,665	182,190	138,217
Equity-based compensation	8,108	3,407	15,605	10,363
Performance fee-related compensation:				
Realized	11,726	34,033	67,091	86,122
Unrealized	(31,875)	68,368	(172,554)	228,146
Total performance fee-related compensation	(20,149)	102,401	(105,463)	314,268
Legacy Greenspring performance fee-related compensation <sup>(1)</sup>	(88,921)	104,960	(371,200)	104,960
Total compensation and benefits	(38,334)	262,433	(278,868)	567,808
General, administrative and other	43,582	30,299	111,547	72,049
Total expenses	5,248	292,732	(167,321)	639,857
<b>Other income (expense)</b>				
Investment income (loss)	(681)	7,230	(5,473)	20,841
Legacy Greenspring investment income (loss) <sup>(1)</sup>	(8,966)	17,890	(32,927)	17,890
Investment income of Consolidated Funds	4,895	—	4,895	—
Interest income	701	43	1,068	329
Interest expense	(1,111)	(543)	(2,515)	(637)
Other income (loss)	358	(273)	(1,380)	(2,662)
Total other income (expense)	(4,804)	24,347	(36,332)	35,761
Income (loss) before income tax	(14,287)	142,080	(108,959)	396,739
Income tax expense (benefit)	(732)	15,787	(6,868)	16,065
Net income (loss)	(13,555)	126,293	(102,091)	380,674
Less: Net income attributable to non-controlling interests in subsidiaries	9,575	7,091	25,836	18,737
Less: Net income (loss) attributable to non-controlling interests in legacy Greenspring entities <sup>(1)</sup>	(8,966)	17,890	(32,927)	17,890
Less: Net income (loss) attributable to non-controlling interests in the Partnership	(7,617)	52,966	(48,192)	191,977
Less: Net income attributable to redeemable non-controlling interests in Consolidated Funds	391	—	391	—
Net income (loss) attributable to StepStone Group Inc.	\$ (6,938)	\$ 48,346	\$ (47,199)	\$ 152,070
Net income (loss) per share of Class A common stock:				
Basic	\$ (0.11)	\$ 0.84	\$ (0.77)	\$ 3.29
Diluted	\$ (0.11)	\$ 0.83	\$ (0.77)	\$ 3.22
Weighted-average shares of Class A common stock:				
Basic	62,192,899	57,875,758	61,583,215	46,247,353
Diluted	62,192,899	61,483,233	61,583,215	50,118,482

(1) Reflects amounts attributable to consolidated VIEs for which the Company did not acquire any direct economic interests. See notes 3, 5 and 14 for more information.

See accompanying notes to condensed consolidated financial statements.

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

	<u>Three Months Ended December 31,</u>		<u>Nine Months Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income (loss)	\$ (13,555)	\$ 126,293	\$ (102,091)	\$ 380,674
Other comprehensive income (loss):				
Foreign currency translation adjustment	(240)	(155)	(179)	236
Total other comprehensive income (loss)	(240)	(155)	(179)	236
Comprehensive income (loss) before non-controlling interests	(13,795)	126,138	(102,270)	380,910
Less: Comprehensive income attributable to non-controlling interests in subsidiaries	9,457	7,014	25,748	18,856
Less: Comprehensive income (loss) attributable to non-controlling interests in legacy Greenspring entities	(8,966)	17,890	(32,927)	17,890
Less: Comprehensive income (loss) attributable to non-controlling interests in the Partnership	(7,671)	52,925	(48,232)	192,049
Less: Comprehensive income attributable to redeemable non-controlling interests in Consolidated Funds	391	—	391	—
Comprehensive income (loss) attributable to StepStone Group Inc.	<u>\$ (7,006)</u>	<u>\$ 48,309</u>	<u>\$ (47,250)</u>	<u>\$ 152,115</u>

*See accompanying notes to condensed consolidated financial statements.*

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

	Class A Common Stock	Class B Common Stock	Additional Paid- in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interests in Subsidiaries	Non-Controlling Interests in Legacy Greenspring Entities	Non-Controlling Interests in the Partnership	Total Stockholders' Equity
Balance at September 30, 2022	\$ 62	\$ 47	\$ 596,355	\$ 164,044	\$ 671	\$ 28,922	\$ 173,443	\$ 677,565	\$ 1,641,109
Net income (loss)	—	—	—	(6,938)	—	9,575	(8,966)	(7,617)	(13,946)
Other comprehensive loss	—	—	—	—	(68)	(118)	—	(54)	(240)
Contributed capital	—	—	—	—	—	142	1,849	20	2,011
Equity-based compensation	—	—	2,259	—	—	252	—	1,797	4,308
Distributions	—	—	—	—	—	(4,463)	(981)	(8,908)	(14,352)
Dividends declared	—	—	—	(12,606)	—	—	—	—	(12,606)
Exchange of Class B and Class C units for Class A common stock and redemption of corresponding Class B common shares	1	(1)	(1)	—	—	—	—	—	(1)
Equity reallocation between controlling and non-controlling interests	—	—	8,950	—	7	1	—	(8,958)	—
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements <sup>(1)</sup>	—	—	(1,066)	—	—	—	—	—	(1,066)
Balance at December 31, 2022	<u>\$ 63</u>	<u>\$ 46</u>	<u>\$ 606,497</u>	<u>\$ 144,500</u>	<u>\$ 610</u>	<u>\$ 34,311</u>	<u>\$ 165,345</u>	<u>\$ 653,845</u>	<u>\$ 1,605,217</u>
Balance at March 31, 2022	\$ 61	\$ 48	\$ 587,243	\$ 229,615	\$ 658	\$ 32,063	\$ 194,480	\$ 780,162	\$ 1,824,330
Net income (loss)	—	—	—	(47,199)	—	25,836	(32,927)	(48,192)	(102,482)
Other comprehensive loss	—	—	—	—	(51)	(88)	—	(40)	(179)
Contributed capital	—	—	—	—	—	142	10,634	37	10,813
Equity-based compensation	—	—	6,385	—	—	260	—	5,160	11,805
Distributions	—	—	—	—	—	(23,903)	(6,842)	(63,254)	(93,999)
Dividends declared	—	—	—	(37,916)	—	—	—	—	(37,916)
Vesting of RSUs, net of shares withheld for employee taxes	—	—	(1,504)	—	—	—	—	(1,203)	(2,707)
Exchange of Class B and Class C units for Class A common stock and redemption of corresponding Class B common shares	2	(2)	(1)	—	—	—	—	—	(1)
Equity reallocation between controlling and non-controlling interests	—	—	18,821	—	3	1	—	(18,825)	—
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements <sup>(1)</sup>	—	—	(4,447)	—	—	—	—	—	(4,447)
Balance at December 31, 2022	<u>\$ 63</u>	<u>\$ 46</u>	<u>\$ 606,497</u>	<u>\$ 144,500</u>	<u>\$ 610</u>	<u>\$ 34,311</u>	<u>\$ 165,345</u>	<u>\$ 653,845</u>	<u>\$ 1,605,217</u>

(1) See notes 10, 13 and 14 for more information.

See accompanying notes to condensed consolidated financial statements.

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

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interests in Subsidiaries	Non-Controlling Interests in Legacy Greenspring Entities	Non-Controlling Interests in the Partnership	Total Stockholders' Equity
Balance at September 30, 2021	\$ 56	\$ 53	\$ 525,118	\$ 158,131	\$ 268	\$ 24,558	\$ 219,086	\$ 804,483	\$ 1,731,753
Net income	—	—	—	48,346	—	7,091	17,890	52,966	126,293
Other comprehensive loss	—	—	—	—	(37)	(77)	—	(41)	(155)
Contributed capital	—	—	—	—	—	—	9,141	23	9,164
Equity-based compensation	—	—	1,771	—	—	4	—	1,632	3,407
Distributions	—	—	—	—	—	(3,005)	(4,624)	(15,649)	(23,278)
Dividends declared	—	—	—	(9,255)	—	—	—	—	(9,255)
Exchange of Class B units for Class A common stock and redemption of corresponding Class B common shares	5	(5)	(5)	—	—	—	—	—	(5)
Deferred offering costs	—	—	(357)	—	—	—	—	(296)	(653)
Equity reallocation between controlling and non-controlling interests	—	—	70,808	—	19	—	—	(70,827)	—
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements <sup>(1)</sup>	—	—	(19,217)	—	—	—	—	—	(19,217)
Balance at December 31, 2021	\$ 61	\$ 48	\$ 578,118	\$ 197,222	\$ 250	\$ 28,571	\$ 241,493	\$ 772,291	\$ 1,818,054
Balance at March 31, 2021	\$ 38	\$ 57	\$ 188,751	\$ 60,407	\$ 155	\$ 25,885	\$ —	\$ 384,400	\$ 659,693
Net income	—	—	—	152,070	—	18,737	17,890	191,977	380,674
Other comprehensive income	—	—	—	—	45	119	—	72	236
Contributed capital	—	—	—	—	—	—	9,141	65	9,206
Equity-based compensation	—	—	4,702	—	—	8	—	5,653	10,363
Distributions	—	—	—	—	—	(15,590)	(4,624)	(58,898)	(79,112)
Purchase of non-controlling interests	—	—	(657)	—	—	(1,502)	—	(887)	(3,046)
Dividends declared	—	—	—	(15,255)	—	—	—	—	(15,255)
Vesting of RSUs	1	—	(1)	—	—	—	—	—	—
Class A common stock issued for Greenspring acquisition	13	—	267,842	—	—	—	—	290,744	558,599
Class C Partnership units issued for Greenspring acquisition	—	—	64,847	—	—	—	—	70,392	135,239
Exchange of Class B units for Class A common stock and redemption of corresponding Class B common shares	9	(9)	(9)	—	—	—	—	—	(9)
Initial consolidation of legacy Greenspring general partner entities	—	—	—	—	—	—	219,086	—	219,086
Deferred offering costs	—	—	(357)	—	—	—	—	(296)	(653)
Equity reallocation between controlling and non-controlling interests	—	—	109,967	—	50	914	—	(110,931)	—
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements <sup>(1)</sup>	—	—	(56,967)	—	—	—	—	—	(56,967)
Balance at December 31, 2021	\$ 61	\$ 48	\$ 578,118	\$ 197,222	\$ 250	\$ 28,571	\$ 241,493	\$ 772,291	\$ 1,818,054

(1) See notes 10, 13 and 14 for more information.

See accompanying notes to condensed consolidated financial statements.

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

	<b>Nine Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (102,091)	\$ 380,674
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	35,308	15,289
Unrealized carried interest allocations and investment (income) loss	364,314	(466,962)
Unrealized legacy Greenspring carried interest allocations and investment (income) loss	453,582	(94,714)
Unrealized performance fee-related compensation	(172,554)	228,146
Unrealized legacy Greenspring performance fee-related compensation	(416,574)	80,376
Amortization of deferred financing costs	354	118
Equity-based compensation	15,605	10,363
Change in deferred income taxes	(18,624)	10,216
Fair value adjustment for acquisition-related contingent consideration	9,949	1,624
Gain on remeasurement of lease liabilities	(2,709)	—
Other non-cash activities	26	1,882
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities of Consolidated Funds:</i>		
Unrealized investment income of Consolidated Funds	(4,895)	—
Purchases of investments of Consolidated Funds	(9,417)	—
Changes in operating assets and liabilities:		
Fees and accounts receivable	(8,628)	(274)
Due from affiliates	(16,380)	(3,213)
Other assets and receivables	(4,322)	6,808
Accounts payable, accrued expenses and other liabilities	(6,640)	(6,777)
Accrued compensation and benefits	35,159	26,075
Accrued carried interest-related compensation	(102)	(5,636)
Due to affiliates	(539)	(1,819)
Lease right-of-use assets, net and lease liabilities	1,069	(198)
<i>Changes in operating assets and liabilities of Consolidated Funds:</i>		
Other assets and receivables	(839)	—
Other liabilities and payables	647	—
Net cash provided by operating activities	<u>151,699</u>	<u>181,978</u>
<b>Cash flows from investing activities</b>		
Contributions to investments	(17,163)	(18,110)
Distributions received from investments	4,772	7,845
Contributions to investments in legacy Greenspring entities	(10,634)	(9,141)
Distributions received from investments in legacy Greenspring entities	2,762	1,073
Cash paid for Greenspring acquisition, net of cash acquired	—	(181,529)
Purchases of property and equipment	(3,149)	(1,644)
Other investing activities	—	31
Net cash used in investing activities	<u>(23,412)</u>	<u>(201,475)</u>

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended December 31,	
	2022	2021
<b>Cash flows from financing activities</b>		
Proceeds from capital contributions from non-controlling interests	\$ 179	\$ 65
Proceeds from revolving credit facility	20,000	185,000
Deferred financing costs	—	(2,356)
Purchase of non-controlling interests	—	(3,046)
Payment of deferred offering costs	—	(1,285)
Payments on revolving credit facility	—	(120,000)
Distributions to non-controlling interests	(87,157)	(74,488)
Proceeds from capital contributions to legacy Greenspring entities	10,634	9,141
Distributions to non-controlling interests in legacy Greenspring entities	(6,842)	(4,624)
Dividends paid to common stockholders	(37,360)	(14,758)
Payments for employee taxes related to net settlement of RSUs	(2,707)	—
Payments to related parties under Tax Receivable Agreements	(5,973)	(713)
Other financing activities	(1)	(9)
<i>Cash flows from financing activities of Consolidated Funds:</i>		
Contributions from redeemable non-controlling interests in Consolidated Funds	4,575	—
Net cash used in financing activities	<u>(104,652)</u>	<u>(27,073)</u>
Effect of foreign currency exchange rate changes	(53)	(377)
Net increase (decrease) in cash, cash equivalents and restricted cash	23,582	(46,947)
Cash, cash equivalents and restricted cash at beginning of period	117,449	183,863
Cash, cash equivalents and restricted cash at end of period	<u>\$ 141,031</u>	<u>\$ 136,916</u>

**Supplemental disclosures:**

Non-cash operating, investing, and financing activities:

Accrued dividends	\$ 556	\$ 497
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements	(4,447)	(56,967)
Accrued deferred offering costs	—	447
Establishment of lease liabilities in exchange for lease right-of-use assets	77,731	79,629
Remeasurement of lease liabilities	(18,166)	—
Class A common stock issued for Greenspring acquisition	—	558,598
Class C Partnership units issued for Greenspring acquisition	—	135,239
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 120,093	\$ 135,885
Restricted cash	971	1,031
Cash and cash equivalents of Consolidated Funds	19,967	—
Total cash, cash equivalents and restricted cash	<u>\$ 141,031</u>	<u>\$ 136,916</u>

See accompanying notes to condensed consolidated financial statements.

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

**1. Organization**

StepStone Group Inc. (“SSG”) was incorporated in the state of Delaware on November 20, 2019. The company was formed for the purpose of completing an initial public offering (“IPO”) in order to conduct the business of StepStone Group LP (the “Partnership”) as a publicly-traded entity. SSG is the sole managing member of StepStone Group Holdings LLC (the “General Partner”), the general partner of the Partnership. Unless otherwise specified, “StepStone” or the “Company” refers to SSG and its consolidated subsidiaries, including the Partnership, throughout the remainder of these notes to the condensed consolidated financial statements.

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

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

SSG is a holding company whose principal asset is a controlling financial interest in the Partnership through its ownership of all of the Partnership’s Class A units and 100% of the membership interests in the General Partner of the Partnership. SSG acts as the sole managing member of the General Partner of the Partnership and, as a result, indirectly operates and controls all of the Partnership’s business and affairs. As a result, SSG consolidates the financial results of the Partnership and reports non-controlling interests related to the Class B and Class C units of the Partnership which are not owned by SSG. The assets and liabilities of the Partnership represent substantially all of SSG’s consolidated assets and liabilities, with the exception of certain deferred income taxes and payables due to affiliates pursuant to tax receivable agreements (see note 10). Each share of Class A common stock is entitled to one vote and each share of Class B common stock is entitled to five votes. As of December 31, 2022, SSG held approximately 56.2% of the economic interest in the Partnership. As the Partnership’s limited partners exchange their Class B and Class C units into SSG’s Class A common stock in the future, SSG’s economic interest in the Partnership will increase relative to that of the Class B and Class C unitholders.

**Greenspring Acquisition**

On September 20, 2021, the Company completed the acquisition of 100% of the equity of Greenspring Associates, Inc. and certain of its affiliates (collectively, “Greenspring”). The results of Greenspring’s operations have been included in the condensed consolidated financial statements effective September 20, 2021. In connection with the Greenspring acquisition, the Company issued 12,686,756 shares of its Class A common stock and the Partnership issued 3,071,519 newly created Class C units of the Partnership, with each such unit exchangeable into one share of Class A common stock, subject to certain adjustments and restrictions. See notes 13 and 14 for more information.

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

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information. Management believes it has made all necessary adjustments (consisting of only normal recurring items) such that the condensed consolidated financial statements are presented fairly and that estimates made in preparing the condensed consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The condensed consolidated financial statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany balances and transactions have been eliminated in consolidation. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements included in its annual report on Form 10-K for the fiscal year ended March 31, 2022 filed with the Securities and Exchange Commission (“SEC”).

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

### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the current period presentation. Payments to related parties under Tax Receivable Agreements has been presented separately within cash flows from financing activities in the condensed consolidated statements of cash flows, and was previously included within due to affiliates within cash flows from operating activities.

### **Consolidation**

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

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

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

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

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

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

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

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

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

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

**Non-Controlling Interests**

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

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

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

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

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

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

### **Accounting for Differing Fiscal Periods**

The StepStone Funds primarily have a fiscal year end as of December 31. The Company accounts for its investments in the StepStone Funds on a three-month lag due to the timing of receipt of financial information from the investments held by the StepStone Funds. The StepStone Funds primarily invest in private markets funds that generally require at least 90 days following the calendar year end to provide audited financial statements. As a result, the Company uses the December 31 audited financial statements of the StepStone Funds, which reflect the underlying private markets funds as of December 31, to record its investments (including any carried interest allocated by those investments) for its fiscal year-end consolidated financial statements as of March 31. The Company further adjusts the reported carrying values of its investments in the StepStone Funds for its share of capital contributions to and distributions from the StepStone Funds during the three-month lag period. For this interim period ending December 31, 2022, the Company used the September 30, 2022 unaudited financial statements of the StepStone Funds, which reflect the underlying private market funds as of September 30, 2022, to record its investments (including any carried interest allocated by those investments), as adjusted for capital contributions and distributions during the three-month lag period ended December 31, 2022.

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

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

### **Current Events**

The Company is continuing to closely monitor developments related to COVID-19, inflation, rising interest rates and the ongoing Russia-Ukraine conflict, and assess the impact on financial markets and the Company's business. The Company's future results may be adversely affected by slowdowns in fundraising activity and the pace of capital deployment, which could result in delayed or decreased management fees. Further, if fund managers are unable or less able to profitably exit existing investments, such conditions could result in delayed or decreased performance fee revenues. It is currently not possible to predict the ultimate effects of these events on the financial markets, overall economy and the Company's condensed consolidated financial statements.

### **Fair Value Measurements**

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

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

- Level I – Pricing inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.

**StepStone Group Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
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- Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. The types of financial instruments classified in this category include less liquid securities traded in active markets and securities traded in other than active markets.
- Level III – Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation.

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

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

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

#### **Restricted Cash**

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

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

## **Investments**

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

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

### *Investments of Consolidated Funds*

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

## **Leases**

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

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**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
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Operating lease expense associated with minimum lease payments is recognized on a straight-line basis over the lease term in general, administrative and other expenses in the condensed consolidated statements of income. Minimum lease payments for leases with an initial term of twelve months or less are not recorded in the condensed consolidated balance sheets. See note 15 for more information.

**Business Combinations**

The Company accounts for business combinations using the acquisition method of accounting, under which the purchase price of an acquisition is allocated to the assets acquired and liabilities assumed based on their fair values, as determined by management at the acquisition date. Contingent consideration obligations that are elements of consideration transferred are recognized at the acquisition date as part of the fair value transferred in exchange for the acquired business. Contingent consideration arrangements are revalued to fair value each reporting period. Examples of critical estimates in valuing certain of the intangible assets acquired include, but are not limited to, future expected cash inflows and outflows, future fundraising assumptions, expected useful life, discount rates and income tax rates. Acquisition-related costs incurred in connection with a business combination are expensed as incurred and are included in general, administrative and other expenses in the condensed consolidated statements of income.

**Intangibles and Goodwill**

The Company's finite-lived intangible assets consist of acquired contractual rights to earn future management and advisory fee income and client relationships. Finite-lived intangible assets are amortized over their estimated useful lives, which range from 8 to 10 years. The Company did not have any intangible assets that were deemed to have an indefinite life as of December 31, 2022.

Finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. There were no impairment charges related to the Company's finite-lived intangible assets during the three and nine months ended December 31, 2022 and 2021.

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

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

## Revenues

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

### *Management and Advisory Fees, Net*

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

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

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

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

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

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

*Performance Fees*

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

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

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

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*Carried interest allocations* include the allocation of performance-based fees, commonly referred to as carried interest, to the Company from unaffiliated limited partners in the StepStone Funds in which the Company holds an equity interest. The Company is entitled to a carried interest allocation (typically 5% to 15%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. These carried interest allocations are subject to the achievement of minimum return levels (typically 5% to 10%) in accordance with the terms set forth in each respective fund's governing documents. The Company accounts for its investment balances in the StepStone Funds, including carried interest allocations, under the equity method of accounting because it is presumed to have significant influence as the general partner or managing member. Accordingly, carried interest allocations are not deemed to be within the scope of ASC 606.

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

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

Carried interest is realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the specific hurdle rates, as defined in the applicable governing documents. Carried interest is subject to reversal to the extent that the amount received to date exceeds the amount due to the Company based on cumulative results. As such, a liability is accrued for potential clawback obligations if amounts previously distributed to the Company would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of December 31, 2022 and March 31, 2022, no material amounts for potential clawback obligations had been accrued.

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### **Equity-Based Compensation**

The Company accounts for grants of equity-based awards, including restricted stock units (“RSUs”), to certain employees and directors at fair value as of the grant date. The Company recognizes non-cash compensation expense attributable to these grants on a straight-line basis over the requisite service period, which is generally the vesting period. Expense related to grants of equity-based awards is recognized as equity-based compensation expense in the condensed consolidated statements of income. The fair value of RSUs is determined by the closing stock price on the grant date. Forfeitures of equity-based awards are recognized as they occur. Awards classified as liabilities are remeasured at the end of each reporting period until settlement. See note 9 for additional information regarding the Company’s accounting for equity-based awards.

### **Income Taxes**

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

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

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

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

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### **Tax Receivable Agreements**

SSG has entered into an Exchanges Tax Receivable Agreement (the “Exchanges Tax Receivable Agreement”) with the partners of the Partnership as of the date of the IPO and a Reorganization Tax Receivable Agreement with certain pre-IPO institutional investors (together, with the Exchanges Tax Receivable Agreement, the “Tax Receivable Agreements”). The Tax Receivable Agreements provide for payment by SSG to such partners and pre-IPO institutional investors of the Partnership of 85% of the amount of the net cash tax savings, if any, that SSG realizes (or, under certain circumstances, is deemed to realize) as a result of increases in tax basis (and utilization of certain other tax benefits) resulting from (i) SSG’s acquisition of such partners’ and institutional investors’ Partnership units and (ii) in the case of the Exchanges Tax Receivable Agreement, any payments SSG makes under the Exchanges Tax Receivable Agreement (including tax benefits related to imputed interest). SSG will retain the benefit of the remaining 15% of these net cash tax savings under both Tax Receivable Agreements. In connection with the Greenspring acquisition, the sellers receiving Class C units of the Partnership became parties to the Exchanges Tax Receivable Agreement. See notes 13 and 14 for more information.

### **Accumulated Other Comprehensive Income**

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

	As of	
	December 31, 2022	March 31, 2022
Foreign currency translation adjustments	\$ 285	\$ 331
Unrealized gain on defined benefit plan, net	325	327
Accumulated other comprehensive income	<u>\$ 610</u>	<u>\$ 658</u>

### **Segments**

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

### **Recent Accounting Pronouncements**

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

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In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which amends current guidance to provide optional practical expedients and exceptions, if certain criteria are met, for applying GAAP to contracts, hedging relationships and other transactions that are affected by the reference rate reform. The expedients and exceptions in this update apply only to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate (“LIBOR”). Initially the update did not apply to contract modifications or hedging relationships entered into after December 31, 2022, but in December 2022, the FASB issued ASU 2022-06, which defers the sunset date for applying reference rate reform relief in ASC 848 to December 31, 2024. This guidance is effective for adoption anytime after March 12, 2020, but must be adopted prior to December 31, 2024. The Company is currently evaluating the impact on the condensed consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity’s own equity. The Company adopted this guidance on April 1, 2022 under the modified retrospective approach. The Company has changed its accounting policy to reflect the updated equity classification of contracts in an entity’s own equity, and has accounted for freestanding instruments that are indexed to and settled in the Company’s own equity at fair value with changes in fair value recognized in earnings. Adoption of this guidance did not have a material effect on the condensed consolidated financial statements.

In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*, which modifies ASC 842 to amend the lease classification requirements for lessors to align with practice under ASC Topic 840. Lessors should classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if the lease would have been classified as a sales-type lease or a direct financing lease under ASC 842, and the lessor would have otherwise recognized a day-one loss on the investment in the lease. This guidance is effective for annual periods beginning after December 15, 2021 and interim periods within those annual periods. The Company adopted this guidance on April 1, 2022. Adoption of this guidance did not have a material effect on the condensed consolidated financial statements.

In November 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which modifies ASC 805 to require an acquiring entity in a business combination to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. Under current GAAP, an acquirer generally recognizes such items at fair value on the acquisition date. This guidance is effective for annual and interim periods beginning after December 15, 2022, with early adoption permitted. The Company adopted this guidance on April 1, 2022, and will apply the guidance prospectively to business combinations that occur after this date. The guidance had no effect on the condensed consolidated financial statements.

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**3. Revenues**

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

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Management and Advisory Fees, Net</b>				
Focused commingled funds	\$ 60,680	\$ 46,523	\$ 164,975	\$ 99,173
SMAs	53,515	44,022	156,154	127,137
Advisory and other services	13,926	15,028	40,698	40,663
Fund reimbursement revenues	632	811	2,779	1,055
Total management and advisory fees, net	<u>\$ 128,753</u>	<u>\$ 106,384</u>	<u>\$ 364,606</u>	<u>\$ 268,028</u>

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Incentive Fees</b>				
SMAs	\$ 5	\$ —	\$ 5,370	\$ 5,905
Focused commingled funds	2,975	27	2,975	100
Total incentive fees	<u>\$ 2,980</u>	<u>\$ 27</u>	<u>\$ 8,345</u>	<u>\$ 6,005</u>

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Carried Interest Allocations</b>				
SMAs	\$ (46,443)	\$ 133,661	\$ (205,019)	\$ 436,283
Focused commingled funds	(604)	65,433	(36,680)	185,559
Total carried interest allocations	<u>\$ (47,047)</u>	<u>\$ 199,094</u>	<u>\$ (241,699)</u>	<u>\$ 621,842</u>

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Legacy Greenspring Carried Interest Allocations</b>				
SMAs	\$ —	\$ —	\$ —	\$ —
Focused commingled funds <sup>(1)</sup>	(88,921)	104,960	(371,200)	104,960
Total legacy Greenspring carried interest allocations	<u>\$ (88,921)</u>	<u>\$ 104,960</u>	<u>\$ (371,200)</u>	<u>\$ 104,960</u>

(1) The three months ended December 31, 2022 and 2021 reflect the net effect of gross realized carried interest allocations of \$5.2 million and \$24.6 million, respectively, and the nine months ended December 31, 2022 and 2021 reflect the net effect of gross realized carried interest allocations of \$45.4 million and \$27.6 million, respectively, and the reversal of such amounts in unrealized carried interest allocations for such periods.

The decrease in carried interest allocations and legacy Greenspring carried interest allocations for the three and nine months ended December 31, 2022 was primarily attributable to net unrealized depreciation in the fair value of certain underlying fund investments. The increase in carried interest allocations and legacy Greenspring carried interest allocations for the three and nine months ended December 31, 2021 was primarily attributable to net unrealized appreciation in the fair value of certain underlying fund investments. See note 2 for a discussion of the Company's accounting policy for investments on a three-month lag.

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

Revenues <sup>(1)</sup>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
United States	\$ (24,883)	\$ 170,726	\$ (223,480)	\$ 282,366
Non-U.S. countries	20,648	239,739	(16,468)	718,469

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

For the three and nine months ended December 31, 2022 and 2021, no individual client represented 10% or more of the Company's net management and advisory fees.

As of December 31, 2022 and March 31, 2022, the Company had \$19.0 million of deferred revenues in each period, which is included in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets. During the nine months ended December 31, 2022, the Company had recognized \$4.9 million as revenue from amounts included in the deferred revenue balance as of March 31, 2022.

#### 4. Variable Interest Entities

##### Consolidated VIEs

The Company consolidates certain VIEs for which it is the primary beneficiary. Such VIEs consist of certain operating entities not wholly-owned by the Company (e.g., Swiss Capital, SRA and SRE), SPW, legacy Greenspring general partner entities and certain StepStone Funds. See note 2 for more information on the Company's accounting policies related to the consolidation of VIEs. The assets of the consolidated VIEs totaled \$1,057.2 million and \$1,435.2 million as of December 31, 2022 and March 31, 2022, respectively. The liabilities of the consolidated VIEs totaled \$787.4 million and \$1,181.2 million as of December 31, 2022 and March 31, 2022, respectively. The assets of the consolidated VIEs may only be used to settle obligations of the same VIE. In addition, there is no recourse to the Company for the consolidated VIEs' liabilities, except for certain entities in which there could be a clawback of previously distributed carried interest. As of December 31, 2022 and March 31, 2022, no material amounts previously distributed have been accrued for clawback liabilities.

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**Unconsolidated VIEs**

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

	As of	
	December 31, 2022	March 31, 2022
Investments in funds	\$ 109,102	\$ 107,045
Legacy Greenspring investments in funds	165,345	194,480
Due from affiliates, net	20,091	18,830
Less: Amounts attributable to non-controlling interests in subsidiaries	17,097	13,832
Less: Amounts attributable to non-controlling interests in legacy Greenspring entities	165,345	194,480
Maximum exposure to loss	<u>\$ 112,096</u>	<u>\$ 112,043</u>

**5. Investments**

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

The Company's investments consist of the following:

	As of	
	December 31, 2022	March 31, 2022
Investments of Consolidated Funds	\$ 14,312	\$ —
Equity method investments:		
Investments in funds <sup>(1)</sup>	109,102	107,045
Accrued carried interest allocations	1,126,386	1,480,515
Legacy Greenspring investments in funds and accrued carried interest allocations <sup>(2)</sup>	888,872	1,334,581
Total equity method investments	<u>2,124,360</u>	<u>2,922,141</u>
Total investments	<u>\$ 2,138,672</u>	<u>\$ 2,922,141</u>

(1) The Company's investments in funds was \$138.6 million as of December 31, 2022. The consolidation of the Consolidated Funds results in the elimination of the Company's investments in such funds. No funds were consolidated as of March 31, 2022.

(2) Reflects investments in funds of \$165.3 million and \$194.5 million and carried interest allocations of \$723.5 million and \$1,140.1 million as of December 31, 2022 and March 31, 2022, respectively.

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**Equity Method Investments**

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

	<u>Three Months Ended December 31,</u>		<u>Nine Months Ended December 31,</u>	
	2022	2021	2022	2021
Carried interest allocations	\$ (47,047)	\$ 199,094	\$ (241,699)	\$ 621,842
Investment income (loss)	(681)	7,230	(5,473)	20,841
Legacy Greenspring carried interest allocations	(88,921)	104,960	(371,200)	104,960
Legacy Greenspring investment income (loss)	(8,966)	17,890	(32,927)	17,890
Total equity method income (loss)	<u>\$ (145,615)</u>	<u>\$ 329,174</u>	<u>\$ (651,299)</u>	<u>\$ 765,533</u>

The decrease in carried interest allocations for the three and nine months ended December 31, 2022 as compared to the three and nine months ended December 31, 2021 was primarily attributable to unrealized depreciation in the fair value of the underlying investments in the Company's private equity funds. See note 2 for a discussion of the Company's accounting policy for investments on a three-month lag.

As of December 31, 2022 and March 31, 2022, the Company's investments in two SMAs each individually represented 10% or more of the total accrued carried interest allocations balance, and in the aggregate represented approximately 22% and 25%, respectively, of the total accrued carried interest allocations balance as of those dates. As of December 31, 2022 and March 31, 2022, the Company's investments in three commingled funds each individually represented 10% or more of the total legacy Greenspring accrued carried interest allocations balance, and in the aggregate represented approximately 37% and 39%, respectively, of the total legacy Greenspring accrued carried interest allocations balances as of those dates.

Of the total accrued carried interest allocations balance as of December 31, 2022 and March 31, 2022, \$597.3 million and \$770.0 million, respectively, were payable to affiliates and is included in accrued carried interest-related compensation in the condensed consolidated balance sheets. Of the total legacy Greenspring investments in funds and accrued carried interest allocations balance as of December 31, 2022 and March 31, 2022, \$723.5 million and \$1,140.1 million, respectively, were payable to employees who are considered affiliates of the Company and is included in legacy Greenspring accrued carried interest-related compensation in the condensed consolidated balance sheets and \$165.3 million and \$194.5 million, respectively, are reflected as non-controlling interests in legacy Greenspring entities in the condensed consolidated balance sheets.

The Company evaluates each of its equity method investments to determine if any are considered significant as defined by the SEC. As of December 31, 2022 and March 31, 2022 and for the three and nine months ended December 31, 2022 and 2021, no individual equity method investment held by the Company met the significance criteria. As a result, the Company is not required to provide separate financial statements for any of its equity method investments.

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**Investments of Consolidated Funds**

The Company consolidates funds and entities when it is deemed to hold a controlling financial interest. Beginning in the quarter ended December 31, 2022, the Company consolidated one investment fund for which it is deemed to have a controlling financial interest. The activity of the Consolidated Funds is reflected within the condensed consolidated financial statements.

Investments held by the Consolidated Funds are summarized below:

	Fair Value as of		Percentage of Total Investments as of	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
<b>Investments of Consolidated Funds:</b>				
Partnership and LLC interests (Cost of \$9.4 million and \$— million as of December 31, 2022 and March 31, 2022, respectively)	\$ 14,312	\$ —	100 %	— %
<b>Total investments of Consolidated Funds</b>	<b>\$ 14,312</b>	<b>\$ —</b>	<b>100 %</b>	<b>— %</b>

As of December 31, 2022 and March 31, 2022, no individual investment had a fair value greater than 5% of the Company's total assets.

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

	Three Months Ended December 31, 2022		Nine Months Ended December 31, 2022	
	Net Realized Gains (Losses) on Investments	Net Unrealized Gains (Losses) on Investments	Net Realized Gains (Losses) on Investments	Net Unrealized Gains (Losses) on Investments
<b>Investments of Consolidated Funds:</b>				
Partnership and LLC interests	\$ —	\$ 4,895	\$ —	\$ 4,895
<b>Total investments of Consolidated Funds</b>	<b>\$ —</b>	<b>\$ 4,895</b>	<b>\$ —</b>	<b>\$ 4,895</b>

**StepStone Group Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
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**6. Fair Value Measurements**

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

**Financial Instruments of the Company**

	As of December 31, 2022			
	Level I	Level II	Level III	Total
<b>Liabilities</b>				
Contingent consideration obligations	\$ —	\$ —	\$ 37,473	\$ 37,473
Liability classified awards	—	—	3,800	3,800
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41,273</u>	<u>\$ 41,273</u>

	As of March 31, 2022			
	Level I	Level II	Level III	Total
<b>Liabilities</b>				
Contingent consideration obligations	\$ —	\$ —	\$ 28,025	\$ 28,025
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28,025</u>	<u>\$ 28,025</u>

For the liabilities presented in the tables above, there were no changes in fair value hierarchy levels during the three and nine months ended December 31, 2022 and 2021.

The changes in the fair value of Level III financial instruments of the Company are set forth below:

	Three Months Ended December 31,					
	2022			2021		
	Contingent consideration obligations	Liability classified awards	Total	Contingent consideration obligations	Liability classified awards	Total
Balance, beginning of period:	\$ 35,656	\$ —	\$ 35,656	\$ 18,851	\$ —	\$ 18,851
Additions	—	3,500	3,500	—	—	—
Change in fair value	1,989	300	2,289	1,624	—	1,624
Settlements	(172)	—	(172)	(222)	—	(222)
Balance, end of period:	<u>\$ 37,473</u>	<u>\$ 3,800</u>	<u>\$ 41,273</u>	<u>\$ 20,253</u>	<u>\$ —</u>	<u>\$ 20,253</u>
Changes in unrealized losses included in earnings related to financial liabilities still held at the reporting date	<u>\$ 1,989</u>	<u>\$ 3,800</u>	<u>\$ 5,789</u>	<u>\$ 1,624</u>	<u>\$ —</u>	<u>\$ 1,624</u>

**StepStone Group Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
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	2022			2021		
	Contingent consideration obligations	Liability classified awards	Total	Contingent consideration obligations	Liability classified awards	Total
Balance, beginning of period:	\$ 28,025	\$ —	\$ 28,025	\$ 1,541	\$ —	\$ 1,541
Additions	—	3,500	3,500	17,769	—	17,769
Change in fair value	9,949	300	10,249	1,624	—	1,624
Settlements	(501)	—	(501)	(681)	—	(681)
Balance, end of period:	<u>\$ 37,473</u>	<u>\$ 3,800</u>	<u>\$ 41,273</u>	<u>\$ 20,253</u>	<u>\$ —</u>	<u>\$ 20,253</u>
Changes in unrealized losses included in earnings related to financial liabilities still held at the reporting date	<u>\$ 9,949</u>	<u>\$ 3,800</u>	<u>\$ 13,749</u>	<u>\$ 1,624</u>	<u>\$ —</u>	<u>\$ 1,624</u>

### Contingent Consideration

In connection with the Greenspring acquisition, the Company recorded a contingent consideration liability of \$17.8 million during the three months ended September 30, 2021. See note 14 for more information.

The fair value of the contingent consideration liabilities are based on a discounted cash flow analysis using a probability-weighted average estimate of certain performance targets, including revenue levels. The assumptions used in the analysis are inherently subjective; therefore, the ultimate amount of the contingent consideration liability may differ materially from the current estimate. The significant unobservable inputs required to value the contingent consideration liabilities primarily relate to the future expected revenues and the discount rates applied to the expected future revenues and payments of obligations, which ranged from 8% to 10% as of December 31, 2022. The contingent consideration liabilities are included in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets. Changes in the fair value of the liabilities are included in general, administrative and other expenses in the condensed consolidated statements of income. In February 2022, the Company amended the contingent consideration arrangement in respect of the Greenspring acquisition whereby a portion of the contingent consideration liability otherwise payable to the sellers will be used to fund compensation arrangements with certain employees of the Company, which will be payable following the end of the earn-out period. As a result, the contingent consideration liability is recorded net of the fair value of amounts payable to certain employees.

### Liability Classified Awards

During the three months ended December 31, 2022, the Company granted limited liability company profits interests in one of its consolidated subsidiaries to certain employees. The interests are accounted for as liability classified awards. See note 9 for more information.

The fair value of the liability classified awards is based on an option pricing model. The assumptions used in the analysis are inherently subjective; therefore, the ultimate settlement amount of the liability classified awards may differ materially from the current estimate. The option price assumption in the option pricing model is based on a discounted cash flow analysis. The significant unobservable inputs required to value the liability classified awards primarily relate to the future expected volatility for the option pricing model and future expected earnings and related discount rate applied for the discounted cash flow analysis. As of December 31, 2022, the volatility input used in the option pricing model was 40% and the discount applied to the future expected earnings in the discounted cash flow analysis was 24%. The liability classified awards are included in accrued compensation and benefits in the condensed consolidated balance sheets. Changes in the fair value of the liabilities are included in equity-based compensation expense in the condensed consolidated statements of income.

**StepStone Group Inc.**  
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**Financial Instruments of Consolidated Funds**

**Investment Funds**

The Company generally values its investment funds, which are organized as partnership and LLC interests, using the NAV per share equivalent calculated by the investment manager as a practical expedient in determining an independent fair value. The Company does not categorize within the fair value hierarchy investments where fair value is measured using the net asset value per share practical expedient. As of December 31, 2022, investments with a combined fair value of \$14.3 million are excluded from presentation in the fair value hierarchy as the fair value of these investments were measured at net asset value.

**7. Intangibles and Goodwill**

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

Intangible assets, net consists of the following:

	As of	
	December 31, 2022	March 31, 2022
Management contracts	\$ 352,002	\$ 352,002
Client relationships	96,650	96,650
Service agreements	9,537	9,537
Less: Accumulated amortization	(92,674)	(60,063)
Intangible assets, net	<u>\$ 365,515</u>	<u>\$ 398,126</u>

Amortization expense related to intangible assets was \$10.9 million and \$11.0 million for the three months ended December 31, 2022 and 2021, respectively, and \$32.6 million and \$13.4 million for the nine months ended December 31, 2022 and 2021, respectively. These amounts are included in general, administrative and other expenses in the condensed consolidated statements of income.

At December 31, 2022, the expected future amortization of finite-lived intangible assets is as follows:

Remainder of FY2023	\$ 10,871
FY2024	42,645
FY2025	41,955
FY2026	41,764
FY2027	41,730
Thereafter	186,550
Total	<u>\$ 365,515</u>

The carrying value of goodwill was \$580.5 million as of December 31, 2022 and March 31, 2022. The Company determined there was no indication of goodwill impairment as of December 31, 2022 and March 31, 2022.

**StepStone Group Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
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**8. Debt Obligations**

In September 2021, the Company entered into a credit agreement with various lenders (the “Credit Agreement”) in connection with the Greenspring acquisition. The Credit Agreement was arranged by JPMorgan Chase Bank, N.A., as the administrative agent, and provides for a \$225.0 million multicurrency revolving credit facility (the “Revolver”) with a five-year maturity. As of December 31, 2022, the Company had \$83.2 million outstanding on the Revolver, net of debt issuance costs.

The Company’s debt obligations consist of the following:

	As of	
	December 31, 2022	March 31, 2022
Revolver	\$ 85,000	\$ 65,000
Less: Debt issuance costs	(1,767)	(2,121)
Total debt obligations	\$ 83,233	\$ 62,879

Borrowings under the Revolver bear interest at a variable rate per annum. The Company may designate each borrowing as (i) in the case of any borrowing in U.S. dollars, a base rate loan or a LIBOR rate loan, (ii) in the case of any borrowing denominated in Euros, a EURIBOR rate loan, (iii) in the case of any borrowing denominated in British Pounds Sterling, a Sterling Overnight Index Average (“SONIA”) loan, (iv) in the case of any borrowing denominated in Swiss Francs, a Swiss Average Rate Overnight (“SARON”) loan, and (v) in the case of any borrowing denominated in Australian dollars, an AUD rate loan. Borrowings bear interest equal to (i) in the case of base rate loans, 1.00% plus the greatest of (a) the Prime Rate, (b) the New York Federal Reserve Bank Rate plus 0.50% and (c) the 1 month LIBOR, multiplied by the Statutory Reserve Rate (as defined in the Credit Agreement), plus 1.00%, (ii) in the case of a LIBOR rate loan, the LIBOR rate multiplied by the Statutory Reserve Rate plus 2.00%, (iii) in the case of a EURIBOR rate loan, the EURIBOR rate multiplied by the Statutory Reserve Rate plus 2.00%, (iv) in the case of a SONIA loan, the Sterling Overnight Index Average plus 2.03%, (v) in the case of a SARON loan, the Swiss Average Rate Overnight plus 2.00%, and (vi) in the case of an AUD rate loan, the AUD Screen Rate (as defined in the Credit Agreement) multiplied by the Statutory Reserve Rate plus 2.20%. The weighted-average interest rate in effect for the Revolver as of December 31, 2022 was 6.42%.

Borrowings under the Revolver may be repaid at any time during the term of the Credit Agreement and, subject to certain terms and conditions, may be reborrowed prior to the maturity date. Any outstanding principal amounts, together with any accrued interest thereon, shall be due and payable on the maturity date. The maturity date for the Revolver is September 20, 2026.

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

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

**StepStone Group Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
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Under the terms of the Credit Agreement, certain of the Company's assets serve as pledged collateral. In addition, the Credit Agreement contains covenants that, among other things: limit the Company's ability to incur indebtedness; create, incur or allow liens; transfer or dispose of assets; merge with other companies; make certain investments; pay dividends or make distributions; engage in new or different lines of business; and engage in transactions with affiliates. The Credit Agreement also contains financial covenants requiring the Company to maintain a total net leverage ratio and a minimum total of fee-earning assets under management. As of December 31, 2022, the Company was in compliance with the total net leverage ratio and minimum fee-earning assets under management covenants.

The Company can use available funding capacity under the Revolver to satisfy letters of credit in amounts up to \$10.0 million. Amounts used to satisfy the letters of credit reduce the available capacity under the Revolver. As of December 31, 2022, the Company had outstanding letters of credit totaling \$7.8 million.

**9. Equity-Based Compensation**

The change in unvested RSUs is as follows:

	Number of RSUs	Weighted-Average Grant-Date Fair Value Per RSU
Balance as of March 31, 2022	2,087,324	\$ 20.40
Granted	16,429	\$ 28.91
Vested	(597,698)	\$ (18.49)
Forfeited	(34,073)	\$ (21.89)
Balance as of December 31, 2022	1,471,982	\$ 21.36

In November 2022, one of the Company's non-wholly owned subsidiaries issued new partnership interests to certain employees with a grant date fair value of \$6.1 million, vesting over six years. The issuance did not impact the Company's fully diluted interest in the subsidiary.

**Unvested Partnership Units**

All Class B2 units will automatically convert into Class B units upon final vesting in 2024 and unitholders will be entitled to purchase from the Company one share of Class B common stock for each Class B unit at its par value. Prior to vesting, holders of Class B2 units do not have the right to receive any distributions from the Partnership, other than tax-related distributions.

As of December 31, 2022, there were 2,566,566 Class B2 units outstanding. During the nine months ended December 31, 2022, none of the outstanding Class B2 units were forfeited. As of December 31, 2022, 898,298 Class B2 units were unvested and 1,668,268 Class B2 units were vested.

As of December 31, 2022, \$35.0 million of unrecognized non-cash compensation expense in respect of equity-based awards remained to be recognized over a weighted-average period of approximately 3.3 years.

**StepStone Group Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
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**Liability Classified Awards**

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

The Company accounted for the profits interest and option agreement as a single unit of account as a liability classified equity-based award. There are no vesting provisions or service requirements related to the award. For the three and nine months ended December 31, 2022, the Company recognized \$3.8 million of expense related to the fair value of the liability classified awards within equity-based compensation expense in the condensed consolidated statements of income. For the three and nine months ended December 31, 2022 and 2021, no amounts were paid related to settlement for liability classified awards.

**10. Income Taxes**

In connection with the exchanges of Class B and C units of the Partnership for Class A common stock by certain limited partners of the Partnership, the Company recorded an increase to deferred tax assets of \$4.8 million, and a net increase in the valuation allowance of \$0.3 million. Additionally, in connection with the exchange transactions, the Company recorded a corresponding Tax Receivable Agreements liability of \$6.1 million, representing 85% of the incremental net cash tax savings for the Company due to the exchanging limited partners. The Company made payments of \$1.1 million and \$0.1 million during the three months ended December 31, 2022 and 2021, respectively, and \$6.0 million and \$0.7 million during the nine months ended December 31, 2022 and 2021, respectively, under the Tax Receivable Agreements. As of December 31, 2022, the Company's total Tax Receivable Agreements liability was \$199.7 million. See note 12 for more information.

The Company's effective tax rate was 5.1% and 11.1% for the three months ended December 31, 2022 and 2021, respectively, and 6.3% and 4.0% for the nine months ended December 31, 2022 and 2021, respectively. The Company's overall effective tax rate in each of the periods described above is less than the statutory rate. The primary rate difference for the three and nine months ended December 31, 2022 and 2021 relates to a portion of income that was allocated to non-controlling interests, as the tax liability on such income is borne by the holders of such non-controlling interests. Additionally, during the nine months ended December 31, 2021, the Company recorded a benefit of \$25.3 million, related to the full release of the valuation allowance as a result of the deferred tax liability recorded in connection with the Greenspring acquisition.

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

As of December 31, 2022, the Company has not recorded any unrecognized tax benefits and does not expect there to be any material changes to uncertain tax positions within the next 12 months.

**StepStone Group Inc.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
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**11. Earnings Per Share**

Basic and diluted earnings per share of Class A common stock are presented for the three and nine months ended December 31, 2022 and 2021. The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock:

	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<i>(in thousands, except share and per share amounts)</i>				
Numerator:				
Net income (loss) attributable to StepStone Group Inc.				
– Basic	\$ (6,938)	\$ 48,346	\$ (47,199)	\$ 152,070
Incremental income from assumed vesting of RSUs	—	886	—	3,435
Incremental income from assumed vesting and exchange of Class B2 units	—	1,931	—	6,075
Net income (loss) attributable to StepStone Group Inc.				
– Diluted	<u>\$ (6,938)</u>	<u>\$ 51,163</u>	<u>\$ (47,199)</u>	<u>\$ 161,580</u>
Denominator:				
Weighted-average shares of Class A common stock outstanding – Basic	62,192,899	57,875,758	61,583,215	46,247,353
Assumed vesting of RSUs	—	1,125,798	—	1,390,538
Assumed vesting and exchange of Class B2 units	—	2,481,677	—	2,480,591
Weighted-average shares of Class A common stock outstanding – Diluted	<u>62,192,899</u>	<u>61,483,233</u>	<u>61,583,215</u>	<u>50,118,482</u>
Net income (loss) per share of Class A common stock:				
Basic	\$ (0.11)	\$ 0.84	\$ (0.77)	\$ 3.29
Diluted	\$ (0.11)	\$ 0.83	\$ (0.77)	\$ 3.22

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

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

The calculation of diluted earnings per share excludes 46,420,141 Class B units and 2,514,085 Class C units of the Partnership outstanding as of December 31, 2022, and 47,499,673 Class B units and 2,928,824 Class C units of the Partnership outstanding as of December 31, 2021, which are exchangeable into Class A common stock under the if-converted method, as the inclusion of such shares would be anti-dilutive.

**StepStone Group Inc.**  
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The calculation of diluted earnings per share for the three and nine months ended December 31, 2022 excludes 1,471,982 shares of Class A common stock, 2,566,566 Class B2 units and 23,418 Class B units issuable pursuant to anti-dilution rights in connection with the vesting of Class B2 units that are convertible into Class A common stock under the if-converted method, as the inclusion of such shares would be anti-dilutive.

**12. Related Party Transactions**

The Company considers its senior executives, employees and equity method investments to be related parties. A substantial portion of the Company's management and advisory fees and carried interest allocations is earned from various StepStone Funds that are considered equity method investments. The Company earned net management and advisory fees from the StepStone Funds of \$88.4 million and \$69.2 million for the three months ended December 31, 2022 and 2021, respectively, and \$245.9 million and \$165.7 million for the nine months ended December 31, 2022 and 2021, respectively. Carried interest allocation revenues earned from the StepStone Funds totaled \$(47.0) million and \$199.1 million for the three months ended December 31, 2022 and 2021, respectively, and \$(241.7) million and \$621.8 million for the nine months ended December 31, 2022 and 2021, respectively. Legacy Greenspring carried interest allocation revenues earned from certain legacy Greenspring funds for which the Company has no direct economic interests totaled \$(88.9) million and \$105.0 million for the three months ended December 31, 2022 and 2021, respectively, and \$(371.2) million and \$105.0 million for the nine months ended December 31, 2022 and 2021, respectively.

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

	As of	
	December 31, 2022	March 31, 2022
Amounts receivable from StepStone Funds	\$ 20,162	\$ 19,027
Amounts receivable from employees	2,207	342
Amounts receivable from loans	13,380	—
Total due from affiliates	\$ 35,749	\$ 19,369

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

	As of	
	December 31, 2022	March 31, 2022
Amounts payable to non-controlling interest holders in connection with Tax Receivable Agreements	\$ 199,740	\$ 197,204
Amounts payable to StepStone Funds	71	198
Distributions payable to certain employee equity holders of consolidated subsidiaries	1,541	1,953
Total due to affiliates	\$ 201,352	\$ 199,355

**StepStone Group Inc.**  
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The Company made payments of \$1.1 million and \$0.1 million during the three months ended December 31, 2022 and 2021, respectively, and \$6.0 million and \$0.7 million for the nine months ended December 31, 2022 and 2021, respectively, under the Tax Receivable Agreements.

**13. Stockholders' Equity and Redeemable Interests**

**Stockholders' Equity**

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

In connection with the Greenspring acquisition, the limited partnership agreement of the Partnership was amended to create new Class C limited partnership interests and to admit the new limited partners that received Class C units as consideration for the Greenspring acquisition. The Class C limited partnership interests of the Partnership have substantially the same rights and obligations as are applicable to the existing holders of Class B units of the Partnership. The Company has no ownership interest in the Class C units, which are held by certain employees of the Company. The Company has also entered into an agreement with the Class C limited partners of the Partnership to allow for the exchange of Class C units to shares of Class A common stock of the Company on a one-for-one basis, subject to certain restrictions.

The following table shows a rollforward of the Company's shares of common stock outstanding since March 31, 2022:

	<b>Class A Common Stock</b>	<b>Class B Common Stock</b>
March 31, 2022	61,141,306	47,149,673
Class A common stock issued in exchange for Class B partnership units	729,532	(729,532)
Class A common stock issued in exchange for Class C partnership units	414,739	—
Class A common stock issued for vesting of RSUs, net of shares withheld for employee taxes	487,345	—
December 31, 2022	<u>62,772,922</u>	<u>46,420,141</u>

The Company has 25,000,000 authorized shares of preferred stock, par value of \$0.001 per share, and as of December 31, 2022, no shares of preferred stock were issued or outstanding.

In December 2022, the Company issued 296,756 shares of Class A common stock to certain limited partners of the Partnership in exchange for 296,756 Class B units in accordance with the elective exchange notices submitted pursuant to an agreement with the Class B limited partners (the "Class B Exchange Agreement") to allow for exchange of Class B units of the Partnership to shares of Class A common stock of the Company on a one-for-one basis, subject to certain restrictions. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company. The Company also issued 414,739 shares of Class A common stock to certain limited partners of the Partnership in exchange for 414,739 Class C units in accordance with the elective exchange notices submitted pursuant to an agreement with the Class C limited partners (the "Class C Exchange Agreement") to allow for exchange of Class C units of the Partnership to shares of Class A common stock of the Company on a one-for-one basis, subject to certain restrictions.

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In September 2022, the Company issued 175,000 shares of Class A common stock to certain limited partners of the Partnership in exchange for 175,000 Class B units in accordance with the elective exchange notices submitted pursuant to the Class B Exchange Agreement to allow for exchange of Class B units of the Partnership to shares of Class A common stock of the Company on a one-for-one basis, subject to certain restrictions. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company.

In June 2022, the Company issued 257,776 shares of Class A common stock to certain limited partners of the Partnership in exchange for 257,776 Class B units in accordance with the elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company.

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

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

On November 3, 2022, the Company announced a quarterly cash dividend of \$0.20 per share of Class A common stock, which was paid on December 15, 2022 to holders of record at the close of business on November 30, 2022.

**Redeemable Interests**

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

	<b>Three Months Ended December 31, 2022</b>	<b>Nine Months Ended December 31, 2022</b>
Beginning balance	\$ —	\$ —
Contributions	4,575	4,575
Net income	391	391
Ending balance	<u>\$ 4,966</u>	<u>\$ 4,966</u>

**StepStone Group Inc.**  
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**14. Business Combinations**

**Greenspring Acquisition**

On September 20, 2021, the Company completed the acquisition of 100% of the equity of Greenspring Associates, Inc. and certain of its affiliates (collectively, “Greenspring”) in exchange for (i) cash consideration of approximately \$185 million, net of an agreed upon adjustment based upon Greenspring’s net working capital balance at the closing date, (ii) 12,686,756 shares of Class A common stock and (iii) 3,071,519 newly issued Class C units of the Partnership (the “Greenspring acquisition”), in each case subject to certain adjustments (including customary adjustments for cash, debt, debt-like items, transaction expenses and net working capital at closing). The transaction agreement also provides for the payment of an earn-out of up to \$75 million that is payable in 2025 subject to the achievement of certain management fee revenue targets for calendar year 2024. The results of Greenspring’s operations have been included in the condensed consolidated financial statements effective September 20, 2021. The acquisition of Greenspring expanded the Company’s leadership in private markets solutions, providing added scale in venture capital and growth equity, and offering clients expanded access to the global innovation economy.

The aggregate purchase price for the acquisition of Greenspring and the estimated fair values of the assets acquired and liabilities assumed at the acquisition date were as follows:

<b>Acquisition date fair value of consideration transferred:</b>	
Cash consideration	\$ 186,577
Class A common stock	558,598
Class C units of the Partnership	135,239
Contingent consideration	17,769
Total purchase price	<u>\$ 898,183</u>
<b>Estimated fair value of assets acquired and liabilities assumed:</b>	
Cash and short-term receivables	\$ 5,725
Legacy Greenspring investments in funds and accrued carried interest allocations <sup>(1)</sup>	1,203,299
Lease right-of-use assets, net	2,585
Other assets and receivables	2,146
Finite-lived intangible assets—contractual rights: management contracts	310,944
Finite-lived intangible assets—client relationships	96,650
Finite-lived intangible assets—contractual rights: service agreements	9,537
Goodwill	573,750
Deferred income taxes	(95,884)
Accrued expenses and other liabilities	(4,685)
Legacy Greenspring accrued carried interest-related compensation <sup>(1)</sup>	(1,045,157)
Lease liabilities	(2,585)
Non-controlling interests in legacy Greenspring entities <sup>(1)</sup>	(158,142)
Total	<u>\$ 898,183</u>

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

- (1) Represents investments in funds and carried interest allocations attributable to consolidated VIEs for which the Company did not acquire any direct economic interests. Such amounts are attributable to employees and therefore have been reflected as non-controlling interests in legacy Greenspring entities and legacy Greenspring accrued carried interest-related compensation, respectively.

For the nine months ended December 31, 2021, the Company incurred \$13.8 million of acquisition-related costs that were expensed as incurred and included in general, administrative and other expenses in the condensed consolidated statements of income.

The Company allocated \$320.5 million and \$96.7 million of the purchase price to the fair value of contractual rights and client relationships, respectively, which is being amortized over a weighted-average amortization period of 10.0 years. The \$573.8 million of goodwill primarily related to Greenspring's assembled workforce and business synergies expected to be realized from the transaction. This goodwill is not deductible for tax purposes.

The amount of revenues and net income of Greenspring (including amounts attributable to legacy Greenspring entities) from the acquisition date of September 20, 2021 to December 31, 2021 were approximately \$127 million and \$28 million, respectively.

The following supplemental unaudited pro forma information assumes the Greenspring acquisition, as well as the Reorganization and IPO, had been consummated as of April 1, 2020:

	<b>Three Months Ended December 31, 2021</b>	<b>Nine Months Ended December 31, 2021</b>
Revenues	\$ 410,465	\$ 1,505,300
Net income attributable to StepStone Group Inc.	48,346	134,181

The Company's fiscal year ends on March 31, and prior to the transaction, Greenspring's fiscal year ended on December 31. To comply with SEC rules and regulations for companies with different fiscal year ends, the pro forma condensed combined financial information has been prepared utilizing periods that differ by less than 93 days. The unaudited pro forma information for the three and nine months ended December 31, 2021 combines the Company's historical unaudited condensed consolidated statements of income and Greenspring's historical unaudited condensed combined statements of income for the three and nine months ended December 31, 2021.

The supplemental unaudited pro forma information is based on estimates and assumptions believed reasonable and are not necessarily indicative of the Company's consolidated results in future periods or the results that actually would have been realized had the Greenspring acquisition been completed to create a combined entity during the periods presented. The pro forma amounts have been calculated after reflecting the following adjustments that were directly attributable to the Reorganization, IPO, Greenspring acquisition and the related debt issuance used to fund a portion of the cash consideration, as if the transactions were consummated on April 1, 2020:

*Reorganization and IPO*

- adjustments to include compensation expense associated with the 2.5 million RSUs issued in connection with the IPO;
- adjustments on interest expense to reflect the repayment of outstanding debt using a portion of the IPO proceeds;
- adjustments to include federal and state income taxes for the Company's share of taxable income generated by the Partnership; and

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

- adjustments to reflect the pro-rata economic ownership attributable to the Company.

*Debt Financing*

- adjustments to include interest expense related to the Revolver used to fund a portion of the cash consideration.

*Greenspring Acquisition*

- adjustments to include the impact of additional amortization of acquired intangible assets that would have been charged;
- adjustments to include the issuance of Class A common stock of the Company and Class C units of the Partnership as consideration for the transaction;
- adjustments to reflect the pro-rata economic ownership attributable to the Company;
- adjustments to reflect the tax effects of the Greenspring acquisition and including Greenspring in the Company's results; and
- adjustments to include acquisition-related transaction costs in earnings for the nine months ended December 31, 2020.

**15. Commitments and Contingencies**

**Litigation**

In the ordinary course of business, and from time to time, the Company may be subject to various legal, regulatory and/or administrative proceedings. The Company accrues a liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. Although there can be no assurance of the outcome of such proceedings, based on information known by management, the Company does not expect a potential liability related to any current legal proceedings or claims that would individually or in the aggregate materially affect its condensed consolidated financial statements as of December 31, 2022.

**Lease Commitments**

The Company leases offices in 25 cities in the North America, South America, Europe, Asia and Australia, and certain equipment subject to operating lease agreements expiring through 2039, some of which may include options to extend or terminate the lease. As of December 31, 2022, there were no finance leases outstanding.

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

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Operating lease cost <sup>(1)(2)</sup>	\$ 3,481	\$ 2,855	\$ 6,893	\$ 8,215
Variable lease cost	236	230	733	699
Sublease income	(414)	(416)	(1,203)	(1,272)
Total lease cost	\$ 3,303	\$ 2,669	\$ 6,423	\$ 7,642

- (1) Operating lease cost includes an immaterial amount of short-term leases.  
(2) The nine months ended December 31, 2022 include a gain of \$2.7 million related to lease remeasurement adjustments due to a reduction in lease terms.

Supplemental cash flow information related to leases was as follows:

	Nine Months Ended December 31,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	\$ 7,448	\$ 7,343
Weighted-average remaining lease term for operating leases (in years)	12.2	7.8
Weighted-average discount rate for operating leases	4.5 %	2.7 %

As of December 31, 2022, maturities of operating lease liabilities were as follows:

Remainder of FY2023	\$ 3,280
FY2024	12,894
FY2025	14,168
FY2026	15,134
FY2027	14,319
Thereafter	108,586
Total lease liabilities	168,381
Less: Imputed interest	(44,063)
Total operating lease liabilities	\$ 124,318

### Unfunded Capital Commitments

As of December 31, 2022 and March 31, 2022, the Company, generally in its capacity as general partner or managing member of the StepStone Funds, had unfunded commitments totaling \$87.0 million and \$68.2 million, respectively. The \$87.0 million and \$68.2 million of unfunded commitments as of December 31, 2022 and March 31, 2022, respectively, exclude \$51.7 million and \$40.5 million, respectively, related to commitments held by the legacy Greenspring general partner entities in legacy Greenspring funds for which the Company does not hold any direct economic interests.

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

**Carried Interest Allocations**

Carried interest allocations are subject to reversal in the event of future losses, to the extent of the cumulative revenues recognized by the Company in income to date. Additionally, if the Company has received net profits over the life of the fund in excess of its allocable share under the applicable partnership agreement, the Company may be obligated to repay previously distributed carried interest that exceeds the amounts to which the Company is ultimately entitled. In these situations, a liability is accrued for the potential clawback obligation if amounts previously distributed to the Company would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of December 31, 2022 and March 31, 2022, no material amounts for potential clawback obligations had been accrued. This contingent obligation is normally reduced by income taxes that the Company has paid related to the carried interest allocations. As of December 31, 2022, the maximum amount of carried interest allocations (excluding legacy Greenspring carried interest allocations) attributable to the Company subject to contingent repayment was an estimated \$260.7 million, net of tax, assuming the fair value of all investments was zero, a possibility that the Company views as remote.

**Indemnification Arrangements**

In the normal course of business and consistent with standard business practices, the Company has provided general indemnifications to its limited partners, officers and directors when they act in good faith in the performance of their duties for the Company. The terms of these indemnities vary from contract to contract. The Company's maximum exposure under these arrangements cannot be determined as these indemnities relate to future claims that may be made against the Company or related parties, but which have not yet occurred. No liability related to these indemnities has been recorded in the condensed consolidated balance sheets as of December 31, 2022 and March 31, 2022. Based on past experience, management believes that the risk of loss related to these indemnities is remote.

**16. Subsequent Events**

On February 9, 2023, the Company announced a quarterly cash dividend of \$0.20 per share of Class A common stock, payable on March 15, 2023 to holders of record as of the close of business on February 28, 2023.

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

*The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes included within this quarterly report on Form 10-Q and our audited financial statements, the related notes, and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our annual report on Form 10-K for the fiscal year ended March 31, 2022 filed with the SEC. In this quarterly report, references to “we,” “us,” “our,” “StepStone” and similar terms refer to SSG and its consolidated subsidiaries, including the Partnership.*

### Business Overview

We are a global private markets investment firm focused on providing customized investment solutions and advisory, data and administrative services to our clients. Our clients include some of the world’s largest public and private defined benefit and defined contribution pension funds, sovereign wealth funds and insurance companies, as well as prominent endowments, foundations, family offices and private wealth clients, which include high-net-worth and mass affluent individuals. We partner with our clients to develop and build private markets portfolios designed to meet their specific objectives across the private equity, infrastructure, private debt and real estate asset classes. These portfolios utilize several types of synergistic investment strategies with third-party fund managers, including commitments to funds (“primaries”), acquiring stakes in existing funds on the secondary market (“secondaries”) and investing directly into companies (“co-investments”). As of December 31, 2022, we were responsible for approximately \$602 billion of total capital, including \$134 billion of AUM and \$468 billion of AUA.

We are a global firm and believe that our multi-asset class expertise, local knowledge, business relationships, proprietary data and technology, and presence are all critical to securing a competitive edge in the private markets. We deploy a local staffing model, operating from 25 cities across 15 countries on five continents. Our offices are staffed by investment professionals who bring valuable regional insights and language proficiency to enhance existing client relationships and build new client relationships. Since our inception in 2007, we have invested heavily in our platforms to drive growth and expand our investment solutions capabilities and service offerings, including through opportunistic transactions that have helped accelerate the growth of our team and capabilities. As of December 31, 2022, we had 920 total employees, including 312 investment professionals and 608 employees across our operating team and implementation teams dedicated to sourcing, executing, analyzing and monitoring private markets opportunities.

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

- *Separately managed accounts (“SMAs”).* Owned by one client and managed according to their specific preferences, SMAs integrate a combination of primaries, secondaries and co-investments across one or more asset classes. SMAs are meant to address clients’ specific portfolio objectives with respect to return, risk tolerance, diversification and liquidity. SMAs, including directly managed assets, comprised \$78 billion of our AUM as of December 31, 2022.
- *Focused commingled funds.* Owned by multiple clients, our focused commingled funds deploy capital in specific asset classes with defined investment strategies. Focused commingled funds comprised \$43 billion of our AUM as of December 31, 2022.

- *Advisory, data and administrative services.* These services include one or more of the following for our clients: (i) recurring support of portfolio construction and design; (ii) discrete or project-based due diligence, advice and investment recommendations; (iii) detailed review of existing private markets investments, including portfolio-level repositioning recommendations where appropriate; (iv) consulting on investment pacing, policies, strategic plans, and asset allocation to investment boards and committees; (v) licensed access to our proprietary data and technology platforms, including StepStone Private Markets Intelligence (“SPI”) and our other proprietary tools, and (vi) administrative services to unaffiliated investment advisors. Advisory relationships comprised \$468 billion of our AUA and \$13 billion of our AUM as of December 31, 2022.
- *Portfolio analytics and reporting.* We provide clients with tailored reporting packages, including customized performance benchmarks as well as associated compliance, administrative and tax capabilities. Mandates for portfolio analytics and reporting services typically include licensed access to our proprietary performance monitoring software, Omni. Omni tracked detailed information on over \$885 billion of client commitments as of December 31, 2022, inclusive of our total capital responsibility, previously exited investments and investments of former clients.

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

### **Trends Affecting Our Business**

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

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

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

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

### **Current Events**

We are continuing to closely monitor developments related to COVID-19, inflation, rising interest rates and the Russia-Ukraine conflict, and to assess the impact on financial markets and on our business. Our future results may be adversely affected by slowdowns in fundraising activity and the pace of capital deployment, which could result in delayed or decreased management fees. Further, if fund managers are unable or less able to profitably exit existing investments, such conditions could result in delayed or decreased performance fee revenues. It is currently not possible to predict the ultimate effects of these events on the financial markets, overall economy and our condensed consolidated financial statements. For a description on the impact of these and other factors, see “Risk Factors—Risks Related to Our Industry—Difficult or volatile market and political conditions can adversely affect our business by reducing the market value of the assets we manage or causing our SMA clients to reduce their investments in private markets” and “—The COVID-19 pandemic has severely disrupted the global financial markets and business climate and may adversely affect our business, financial condition and results of operations” included in our annual report on Form 10-K for the fiscal year ended March 31, 2022.

## Recent Transactions

### Private Wealth Transaction

In November 2022, we entered into new arrangements with the StepStone Group Private Wealth LLC (“SPW”) management team, which are intended to update the legacy SPW compensation structure to better incentivize the SPW team to grow the platform, while ensuring the platform will remain part of StepStone going forward (the “Private Wealth Transaction”). SPW, which was formerly known as Conversus, is the platform established by us to expand access to the private markets for high-net-worth and accredited investors. At the establishment of the platform, the SPW management team were provided an ability to acquire the platform from us in exchange for an amount which would have provided us a return of our initial investment plus an equity return.

As part of the new arrangements, certain members of the SPW team received a profits interest in SPW and concurrently entered into an option agreement which provides that, (i) we have the right to acquire the profits interest at the end of any fiscal quarter after June 30, 2027, in exchange for payment of a call price and (ii) the SPW management team, through an entity named CH Equity Partners, LLC (formerly known as Conversus Holdings LLC), has the right to put the profits interest to us on June 30, 2026 or at the end of any fiscal quarter thereafter, in exchange for payment of a put price. The applicable call or put price is, in certain circumstances, subject to an earn-out or earn-down. The call or put price will be payable in cash unless we elect to pay a portion of the consideration in units of the Partnership, each to be exchangeable into shares of our Class A common stock, and, in either case, rights under one or more tax receivable agreements. See the Option Agreement, which is filed as an exhibit to this quarterly report on Form 10-Q, for additional information.

### Equity Transactions

In June 2022, we issued 257,776 shares of Class A common stock to certain limited partners of the Partnership in exchange for 257,776 Class B units in accordance with elective exchange notices submitted pursuant to an agreement with the Class B limited partners (the “Class B Exchange Agreement”) to allow for exchange of Class B units of the Partnership to shares of our Class A common stock on a one-for-one basis, subject to certain restrictions. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us.

In September 2022, we issued 175,000 shares of Class A common stock to certain limited partners of the Partnership in exchange for 175,000 Class B units in accordance with elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us.

In December 2022, we issued 296,756 shares of Class A common stock to certain limited partners of the Partnership in exchange for 296,756 Class B units in accordance with elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. We also issued 414,739 shares of Class A common stock to certain limited partners of the Partnership in exchange for 414,739 Class C units in accordance with the elective exchange notices submitted pursuant to an agreement with the Class C limited partners (the “Class C Exchange Agreement”) to allow for exchange of Class C units of the Partnership to shares of our Class A common stock on a one-for-one basis, subject to certain restrictions.

## Greenspring Acquisition

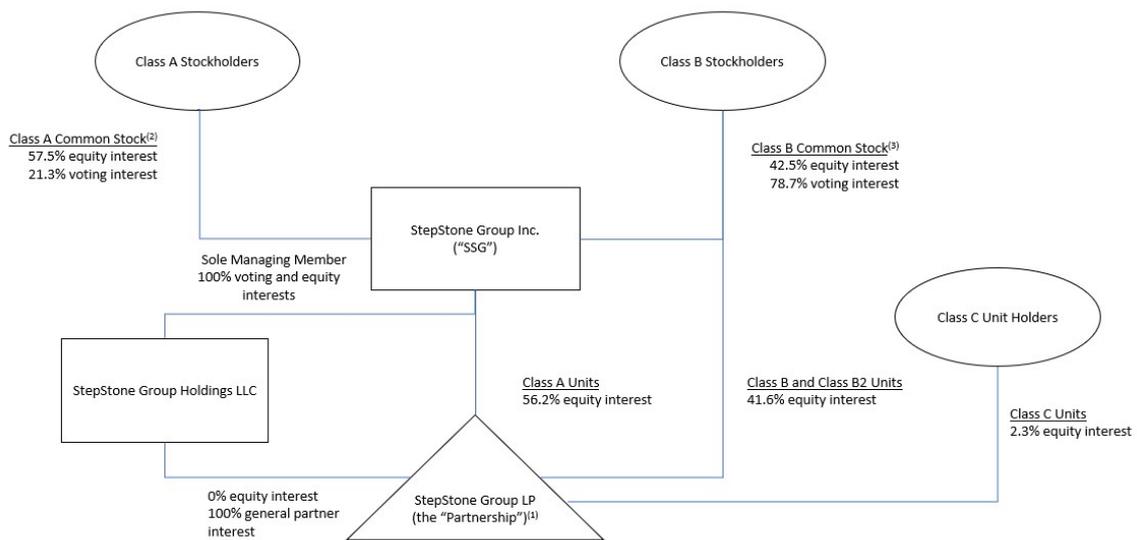
On September 20, 2021, we completed the acquisition of 100% of the equity of Greenspring in exchange for (i) cash consideration of approximately \$185 million, net of an agreed upon adjustment based upon Greenspring’s net working capital balance at the closing date, (ii) 12,686,756 shares of Class A common stock and (iii) 3,071,519 newly issued Class C units of the Partnership, in each case subject to certain adjustments (including customary adjustments for cash, debt, debt-like items, transaction expenses and net working capital at closing). The transaction agreement also provides for the payment of an earn-out of up to \$75 million that is payable in 2025 subject to the achievement of certain management fee revenue targets for calendar year 2024. The results of Greenspring’s operations have been included in the condensed consolidated financial statements effective September 20, 2021.

## Organizational Structure

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

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

The diagram below illustrates our organizational structure as of December 31, 2022.



Amounts may not sum to total due to rounding.

- (1) The partners of the Partnership other than StepStone Group Inc. are:
  - the General Partner, which holds a 100% general partner interest and no economic interests;
  - certain members of management, employee owners and outside investors, all of whom own Class B units and an equivalent number of shares of Class B common stock;
  - certain members of management and employees who own Class B2 units; and
  - certain employee owners who own Class C units.
- (2) Each share of Class A common stock is entitled to one vote and vote together with the Class B common stock as a single class, except as set forth in SSG's amended and restated certificate of incorporation or as required by law.
- (3) Each share of Class B common stock is entitled to five votes prior to a Sunset (as defined below). After a Sunset becomes effective, each share of our Class B common stock will then entitle its holder to one vote. The economic rights of our Class B common stock are limited to the right to be redeemed at par value.

A "Sunset" is triggered upon the earliest to occur of the following: (i) Monte Brem, Scott Hart, Jason Ment, Jose Fernandez, Johnny Randel, Michael McCabe, Mark Maruszewski, Thomas Keck, Thomas Bradley, David Jeffrey and Darren Friedman (including their respective family trusts and any other permitted transferees, the "Sunset Holders") collectively cease to maintain direct or indirect beneficial ownership of at least 10% of the outstanding shares of Class A common stock (determined assuming all outstanding Class B units have been exchanged for Class A common stock); (ii) the Sunset Holders cease collectively to maintain direct or indirect beneficial ownership of an aggregate of at least 25% of the aggregate voting power of our outstanding Class A common stock and Class B common stock, before giving effect to a Sunset; and (iii) September 18, 2025. As of December 31, 2022 the Sunset Holders collectively maintained direct or indirect beneficial ownership of approximately 31.1% of the Class A common stock (determined assuming all outstanding Class B units have been exchanged for Class A common stock) and approximately 56.3% of the aggregate voting power of our outstanding Class A common stock and Class B common stock.

### **Key Financial Measures**

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

#### **Revenues**

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

#### *Management and Advisory Fees, Net*

Management and advisory fees, net, consist of fees received from managing SMAs and focused commingled funds, advisory, data and administrative services, and portfolio analytics and reporting.

- Management fees from SMAs are generally based on a contractual rate applied to committed capital or net invested capital. These fees will vary over the life of the contract due to changes in the fee basis or contractual rate changes or thresholds, built-in declines in applicable contractual rates, and/or changes in net invested capital balances. The weighted-average management fee rate from SMAs was approximately 0.41% and 0.40% of average FEAUM for the twelve months ended December 31, 2021 and 2022, respectively, and primarily reflected shifts in asset class mix.

- Management fees from focused commingled funds are generally based on a specified fee rate applied against client capital commitments during a defined investment or commitment period. Thereafter, management fees are typically calculated based on a contractual rate applied against net invested capital, or a stepped-down fee rate applied against the initial commitment. The weighted-average management fee rate from focused commingled funds was approximately 0.84% and 0.80% of average FEAUM for the twelve months ended December 31, 2021 and 2022, respectively, and primarily reflected shifts in asset class mix and the impact of the Greenspring acquisition.
- The weighted-average management fee rate across SMAs and focused commingled funds was approximately 0.52% and 0.54% of average FEAUM for the twelve months ended December 31, 2021 and 2022, respectively, and primarily reflected the timing of new funds and shifts in mix between SMAs and focused commingled funds.
- Fee revenues from advisory, StepStone Portfolio Analytics & Reporting (“SPAR”), SPI or administrative services are generally annual fixed fees, which vary based on the scope of services we provide. We also provide certain project-based or event-driven advisory services. The fees for these services are negotiated and typically paid upon successful delivery of services or on the execution of the event-driven service. Because advisory fees are negotiated and typically paid upon successful delivery of services or on the execution of the event-driven service, advisory fees do not necessarily correlate with the total size of our AUA.
- Management fees are reflected net of (i) certain professional and administrative services that we arrange to be performed by third parties on behalf of investment funds and (ii) certain distribution and servicing fees paid to third-party financial institutions. In both situations, we are acting as an agent because we do not control the services provided by the third parties before they are transferred to the customer.

#### *Performance Fees*

We earn two types of performance fee revenues: incentive fees and carried interest allocations, as described below. As of December 31, 2022, we had over \$60 billion of performance fee-eligible capital (excluding certain legacy Greenspring funds) across approximately 175 programs.

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

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

*Carried interest allocations* include the allocation of performance-based fees, commonly referred to as carried interest, to us from limited partners in the StepStone Funds in which we hold an equity interest. We are entitled to a carried interest allocation (typically 5% to 15%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. These carried interest allocations are subject to the achievement of minimum return levels (typically 5% to 10%), in accordance with the terms set forth in the respective fund's governing documents. We account for our investment balances in the StepStone Funds, including carried interest allocations, under the equity method of accounting because we are presumed to have significant influence as the general partner or managing member. Accordingly, carried interest allocations are not deemed to be within the scope of Accounting Standards Codification Topic 606 ("ASC 606"), *Revenue from Contracts with Customers*.

*Legacy Greenspring carried interest allocations* include the allocation of carried interest to legacy Greenspring general partner entities from limited partners in certain legacy Greenspring funds in which the legacy Greenspring general partner entities hold an equity interest. The legacy Greenspring general partner entities are entitled to a carried interest allocation (typically 5% to 20%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. We account for the investments and carried interest allocations under the equity method of accounting. We do not have any direct economic interests in the legacy Greenspring general partner entities and thus are not entitled to any carried interest allocation from certain legacy Greenspring funds. All of the carried interest allocations in respect of such legacy Greenspring funds are payable to employees who are considered affiliates of the Company. As a result, carried interest allocations in respect of such legacy Greenspring funds have been reflected as legacy Greenspring carried interest allocations in the condensed consolidated statements of income, with a corresponding amount reflected as legacy Greenspring performance fee-related compensation as these amounts are payable to certain employees. Accordingly, legacy Greenspring carried interest allocations are not deemed to be within the scope of ASC 606.

We recognize revenue attributable to carried interest allocations from a StepStone Fund based on the amount that would be due to us pursuant to the fund's governing documents, assuming the fund was liquidated based on the current fair value of its underlying investments as of that date. Accordingly, the amount recognized as carried interest allocation revenue reflects our share of the gains and losses of the associated fund's underlying investments measured at their then-fair values, relative to the fair values as of the end of the prior period. We record the amount of carried interest allocated to us as of each period end as accrued carried interest allocations, which is included as a component of investments in the condensed consolidated balance sheets.

Carried interest is realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the specific hurdle rates, as defined in the applicable governing documents. Carried interest is subject to reversal to the extent that the amount received to date exceeds the amount due to us based on cumulative results. As such, a liability is accrued for the potential clawback obligations if amounts previously distributed to us would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of December 31, 2022 and March 31, 2022, no material amounts for potential clawback obligations had been accrued.

## **Expenses**

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

*Equity-based compensation* represents grants of equity related awards or arrangements to certain employees and directors.

*Performance fee-related compensation* represents the portion of carried interest allocation revenue and

incentive fees that have been awarded to employees as a form of long-term incentive compensation. Performance fee-related compensation is generally tied to the investment performance of the StepStone Funds. Approximately 50% of carried interest allocation revenue is awarded to employees as part of our long-term incentive compensation plan, fostering alignment of interest with our clients and investors, and retaining key investment professionals. Carried interest-related compensation is accounted for as compensation expense in conjunction with the related carried interest allocation revenue and, until paid, is recorded as a component of accrued carried interest-related compensation in the condensed consolidated balance sheets. Carried interest-related compensation expense also includes the portion of net carried interest allocation revenue attributable to equity holders of our consolidated subsidiaries that are not 100% owned by us. Amounts presented as realized indicate the amounts paid or payable to employees based on the receipt of carried interest allocation revenue from realized investment activity. Carried interest-related compensation expense may be subject to reversal to the extent that the related carried interest allocation revenue is reversed. Carried interest-related compensation paid to employees may be subject to clawback on an after-tax basis under certain scenarios. To date, no material amounts of realized carried interest-related compensation have been reversed. Incentive fee-related compensation is accrued as compensation expense when it is probable and estimable that payment will be made.

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

*General, administrative and other* includes occupancy, travel and related costs, insurance, legal and other professional fees, depreciation, amortization of intangible assets, system-related costs, and other general costs associated operating our business. Beginning in the quarter ended December 31, 2022, general, administrative and other includes costs associated with the Consolidated Funds. Expenses of the Consolidated Funds have no impact on net income or loss attributable to the Company to the extent such expenses are borne by third-party investors.

#### **Other Income (Expense)**

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

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

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

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

*Interest income* consists of income earned on cash and cash equivalents, restricted cash and certificates of deposit.

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

*Other income (loss)* includes foreign currency transaction gains and losses and non-operating activities.

### **Income Tax Expense**

We are a corporation for U.S. federal income tax purposes and therefore are subject to U.S. federal and state income taxes on our share of taxable income generated by the Partnership. The Partnership is treated as a pass-through entity for U.S. federal and state income tax purposes. As such, income generated by the Partnership flows through to its limited partners, including us, and is generally not subject to U.S. federal or state income tax at the Partnership level. Our non-U.S. subsidiaries generally operate as corporate entities in non-U.S. jurisdictions, with certain of these entities subject to local or non-U.S. income taxes. Additionally, certain of our subsidiaries are subject to local jurisdiction income taxes at the entity level. Accordingly, the tax liability with respect to income attributable to non-controlling interests in the Partnership is borne by the holders of such non-controlling interests.

### **Non-Controlling Interests**

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

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

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

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

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

### **Key Operating Metrics**

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

#### **Assets Under Management**

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

Our AUM is calculated as the sum of (i) the net asset value (“NAV”) of client portfolio assets, including the StepStone Funds and (ii) the unfunded commitments of clients to the underlying investments and the StepStone Funds. Our AUM reflects the investment valuations in respect of the underlying investments of our funds and accounts on a three-month lag, adjusted for new client account activity through the period end. Our AUM does not include post-period investment valuation or cash activity. AUM as of December 31, 2022 reflects final data for the prior period (September 30, 2022), adjusted for net new client account activity through December 31, 2022. NAV data for underlying investments is as of September 30, 2022, as reported by underlying managers up to 100 days following September 30, 2022. When NAV data is not available 100 days following September 30, 2022, such NAVs are adjusted for cash activity following the last available reported NAV.

#### **Assets Under Advisement**

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

Our AUA is calculated as the sum of (i) the NAV of client portfolio assets for which we do not have full discretion and (ii) the unfunded commitments of clients to the underlying investments. Our AUA reflects the investment valuations in respect of the underlying investments of our client accounts on a three-month lag, adjusted for new client account activity through the period end. Our AUA does not include post-period investment valuation or cash activity. AUA as of December 31, 2022 reflects final data for the prior period (September 30, 2022), adjusted for net new client account activity through December 31, 2022. NAV data for underlying investments is as of September 30, 2022, as reported by underlying managers up to 100 days following September 30, 2022. When NAV data is not available 100 days following September 30, 2022, such NAVs are adjusted for cash activity following the last available reported NAV.

### **Fee-Earning AUM**

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

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

### **Undeployed Fee-Earning Capital**

Undeployed fee-earning capital represents the amount of capital commitments to StepStone Funds that has not yet been invested or considered active but will generate management fee revenue once this capital is invested or activated.

### **Non-GAAP Financial Measures**

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

## **Adjusted Revenues and Adjusted Net Income**

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

## **Fee-Related Earnings**

Fee-related earnings (“FRE”) is a non-GAAP performance measure used to monitor our baseline earnings from recurring management and advisory fees. FRE is a component of ANI and comprises net management and advisory fees, less operating expenses other than (a) performance fee-related compensation, (b) equity-based compensation for awards granted prior to and in connection with our IPO, profits interests issued by our non-wholly owned subsidiaries, and unrealized mark-to-market changes in the fair value of the profits interests issued in connection with the Private Wealth Transaction, (c) amortization of intangibles, and (d) other non-core operating items. FRE is presented before income taxes. We believe FRE is useful to investors because it provides additional insight into the operating profitability of our business and our ability to cover direct base compensation and operating expenses from total fee revenues.

## **Adjusted Net Income Per Share**

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

## **Consolidation of StepStone Funds**

Beginning in the quarter ended December 31, 2022, we consolidated one investment fund for which we are deemed to have a controlling financial interest. The activity of the Consolidated Funds is reflected within the condensed consolidated financial statement line items as indicated by reference thereto. The impact of the Consolidated Funds decrease revenues reported under GAAP to the extent these amounts are eliminated upon consolidation. The assets and liabilities of our Consolidated Funds are held within separate legal entities and, as a result, the liabilities of our Consolidated Funds are typically non-recourse to us. The net economic ownership interests of our Consolidated Funds held by third parties are reflected as redeemable non-controlling interests in Consolidated Funds in our condensed consolidated financial statements. We generally deconsolidate funds when we are no longer deemed to have a controlling financial interest in the entity. The performance of our Consolidated Funds is not necessarily consistent with, or representative of, the combined performance trends of all of our funds.



## Consolidated Results of Operations

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

<i>(in thousands)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
<b>Revenues</b>				
Management and advisory fees, net	\$ 128,753	\$ 106,384	\$ 364,606	\$ 268,028
Performance fees:				
Incentive fees	2,980	27	8,345	6,005
Carried interest allocations:				
Realized	16,320	66,559	112,396	169,053
Unrealized	(63,367)	132,535	(354,095)	452,789
Total carried interest allocations	(47,047)	199,094	(241,699)	621,842
Legacy Greenspring carried interest allocations <sup>(1)</sup>	(88,921)	104,960	(371,200)	104,960
Total revenues	(4,235)	410,465	(239,948)	1,000,835
<b>Expenses</b>				
Compensation and benefits:				
Cash-based compensation	62,628	51,665	182,190	138,217
Equity-based compensation	8,108	3,407	15,605	10,363
Performance fee-related compensation:				
Realized	11,726	34,033	67,091	86,122
Unrealized	(31,875)	68,368	(172,554)	228,146
Total performance fee-related compensation	(20,149)	102,401	(105,463)	314,268
Legacy Greenspring performance fee-related compensation <sup>(1)</sup>	(88,921)	104,960	(371,200)	104,960
Total compensation and benefits	(38,334)	262,433	(278,868)	567,808
General, administrative and other	43,582	30,299	111,547	72,049
Total expenses	5,248	292,732	(167,321)	639,857
<b>Other income (expense)</b>				
Investment income (loss)	(681)	7,230	(5,473)	20,841
Legacy Greenspring investment income (loss) <sup>(1)</sup>	(8,966)	17,890	(32,927)	17,890
Investment income of Consolidated Funds	4,895	—	4,895	—
Interest income	701	43	1,068	329
Interest expense	(1,111)	(543)	(2,515)	(637)
Other income (loss)	358	(273)	(1,380)	(2,662)
Total other income (expense)	(4,804)	24,347	(36,332)	35,761
Income (loss) before income tax	(14,287)	142,080	(108,959)	396,739
Income tax expense (benefit)	(732)	15,787	(6,868)	16,065
Net income (loss)	(13,555)	126,293	(102,091)	380,674
Less: Net income attributable to non-controlling interests in subsidiaries	9,575	7,091	25,836	18,737
Less: Net income (loss) attributable to non-controlling interests in legacy Greenspring entities <sup>(1)</sup>	(8,966)	17,890	(32,927)	17,890
Less: Net income (loss) attributable to non-controlling interests in the Partnership	(7,617)	52,966	(48,192)	191,977
Less: Net income attributable to redeemable non-controlling interests in Consolidated Funds	391	—	391	—
Net income (loss) attributable to StepStone Group Inc.	\$ (6,938)	\$ 48,346	\$ (47,199)	\$ 152,070

(1) Reflects amounts attributable to consolidated VIEs for which we did not acquire any direct economic interests. See notes 3, 5 and 14 to our condensed consolidated financial statements included elsewhere in this quarterly report.

## Revenues

### *Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021*

Total revenues decreased \$414.7 million to \$(4.2) million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, due to negative carried interest allocations and legacy Greenspring carried interest allocations in the current period as compared to positive carried interest allocations and legacy Greenspring carried interest allocations in the prior year period, partially offset by higher net management and advisory fees and incentive fees.

Net management and advisory fees increased \$22.4 million, or 21%, to \$128.8 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. The increase was driven by new client activity and 18% growth in average FEAUM across the platform. The three months ended December 31, 2021 included retroactive fees of \$1.2 million from the final closing of StepStone Tactical Growth Fund III (“STGF III”) and additional closings of StepStone Capital Partners V (“SCP V”). For new investors, fees relating to periods prior to the closing date are considered retroactive.

Incentive fees increased \$3.0 million, to \$3.0 million for the three months ended December 31, 2022 as compared to \$27 thousand for the three months ended December 31, 2021, reflecting higher realization activity.

Realized carried interest allocation revenues decreased \$50.2 million, or 75%, to \$16.3 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, reflecting lower realization activity within our private equity funds. Unrealized carried interest allocation revenues include the reversal of realized carried interest allocation revenues. Excluding the reversal of \$16.3 million, unrealized carried interest allocation revenues decreased \$246.1 million to \$(47.0) million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. The decrease in unrealized carried interest allocations for the three months ended December 31, 2022 primarily reflected a net decrease in the cumulative allocation of gains associated with the underlying portfolios within our private equity funds.

Legacy Greenspring carried interest allocation revenues decreased \$193.9 million to \$(88.9) million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. The three months ended December 31, 2022 reflect gross realized carried interest allocations of \$5.2 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of \$(94.1) million. The three months ended December 31, 2021 reflect gross realized carried interest allocations of \$24.6 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of \$80.4 million.

### *Nine Months Ended December 31, 2022 Compared to Nine Months Ended December 31, 2021*

Total revenues decreased \$1,240.8 million to \$(239.9) million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, due to negative carried interest allocations and legacy Greenspring carried interest allocations in the current period as compared to positive carried interest allocations and legacy Greenspring carried interest allocations in the prior year period, partially offset by higher net management and advisory fees and incentive fees.

Net management and advisory fees increased \$96.6 million, or 36%, to \$364.6 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The increase was driven by new client activity and 32% growth in average FEAUM (or 23% excluding the impact of Greenspring) across the platform, as well as retroactive fees of \$2.4 million from the final closing of SCP V. The nine months ended December 31, 2021 included retroactive fees of \$4.3 million from the final closing of STGF III and additional closings of SCP V. For new investors, fees relating to periods prior to the closing date are considered retroactive.

Incentive fees increased \$2.3 million, or 39%, to \$8.3 million for the nine months ended December 31, 2022 as compared to \$6.0 million for the nine months ended December 31, 2021, reflecting higher realization activity.

Realized carried interest allocation revenues decreased \$56.7 million, or 34%, to \$112.4 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, reflecting lower realization activity within our private equity funds. Unrealized carried interest allocation revenues include the reversal of realized carried interest allocation revenues. Excluding the reversal of \$112.4 million, unrealized carried interest allocation revenues decreased \$863.5 million to \$(241.7) million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The decrease in unrealized carried interest allocations for the nine months ended December 31, 2022 primarily reflected a net decrease in the cumulative allocation of gains associated with the underlying portfolios within our private equity funds.

Legacy Greenspring carried interest allocation revenues decreased \$476.2 million to \$(371.2) million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The nine months ended December 31, 2022 reflect gross realized carried interest allocations of \$45.4 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of \$(416.6) million. The nine months ended December 31, 2021 reflect gross realized carried interest allocations of \$27.6 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of \$77.3 million for the period from September 20, 2021 to December 31, 2021.

## **Expenses**

### *Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021*

Total expenses decreased \$287.5 million, or 98%, to \$5.2 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, due to decreases in performance fee-related compensation and legacy Greenspring performance fee-related compensation, partially offset by increases in general, administrative and other expenses, cash-based compensation and equity-based compensation.

Cash-based compensation increased \$11.0 million, or 21%, to \$62.6 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, due to increased staffing and compensation levels. Our average full-time headcount increased 21% in the current year period as compared to the prior year period.

Equity-based compensation increased \$4.7 million, or 138%, to \$8.1 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. The increase was primarily attributable to the inclusion of expense related to liability classified awards in the current year period and no comparable expense in the prior year period.

Performance fee-related compensation expense decreased \$122.6 million to \$(20.1) million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, primarily reflecting the decrease in carried interest allocation revenue. Realized performance fee-related compensation decreased \$22.3 million, or 66%, to \$11.7 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, primarily reflecting lower realization activity.

Legacy Greenspring performance fee-related compensation expense decreased \$193.9 million to \$(88.9) million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. The three months ended December 31, 2022 reflect gross realized performance fee-related compensation expense of \$5.2 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of \$(94.1) million. The three months ended December 31, 2021 reflect gross realized performance fee-related compensation expense of \$24.6 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of \$80.4 million.

General, administrative and other expenses increased \$13.3 million, or 44%, to \$43.6 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. The overall increase primarily reflected increases of \$6.8 million in transaction costs, \$2.8 million of travel and associated costs for investment evaluation and client service, \$0.8 million in professional fees, \$0.6 million in accelerated depreciation for leasehold improvements due to a reduction in lease terms, \$0.5 million in information and technology expenses, \$0.4 million in loss on change in fair value for contingent consideration obligation and other general operating expenses.

#### *Nine Months Ended December 31, 2022 Compared to Nine Months Ended December 31, 2021*

Total expenses decreased \$807.2 million to \$(167.3) million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, due to decreases in performance fee-related compensation and legacy Greenspring performance fee-related compensation, partially offset by increases in cash-based compensation, general, administrative and other expenses, and equity-based compensation.

Cash-based compensation increased \$44.0 million, or 32%, to \$182.2 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, due to increased staffing and compensation levels. Our average full-time headcount increased 32% (or 25% excluding the impact of Greenspring) in the current year period as compared to the prior year period.

Equity-based compensation increased \$5.2 million, or 51%, to \$15.6 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The increase was primarily attributable to the inclusion of expense related to liability classified awards in the current year period and no comparable expense in the prior year period.

Performance fee-related compensation expense decreased \$419.7 million to \$(105.5) million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, primarily reflecting the decrease in carried interest allocation revenue. Realized performance fee-related compensation decreased \$19.0 million, or 22%, to \$67.1 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, primarily reflecting lower realization activity. The decrease was partially offset by an increase reflecting realized carried interest allocations recognized in the current year period from certain funds for which a higher portion is paid to employees as realized performance fee-related compensation.

Legacy Greenspring performance fee-related compensation expense decreased \$476.2 million to \$(371.2) million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The nine months ended December 31, 2022 reflect gross realized performance fee-related compensation expense of \$45.4 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of \$(416.6) million. The nine months ended December 31, 2021 reflect gross realized performance fee-related compensation expense of \$27.6 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of \$77.3 million for the period from September 20, 2021 to December 31, 2021.

General, administrative and other expenses increased \$39.5 million, or 55%, to \$111.5 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The overall increase primarily reflected increases of \$19.2 million in amortization expense for intangibles, \$8.4 million of travel and associated costs for investment evaluation and client service, \$8.3 million in loss on change in fair value for contingent consideration obligation, \$3.4 million in professional fees, \$3.2 million in information and technology expenses, \$0.8 million in accelerated depreciation for leasehold improvements due to a reduction in lease terms, and other general operating expenses, partially offset by a decrease in transaction costs of \$7.0 million and a gain of \$2.7 million within occupancy costs related to lease remeasurement adjustments due to a reduction in lease terms.

### **Other Income (Expense)**

#### *Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021*

Investment income decreased \$7.9 million to a loss of \$0.7 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, primarily reflecting overall changes in the valuations of the underlying investments in the StepStone Funds.

Legacy Greenspring investment income decreased \$26.9 million to a loss of \$9.0 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. The three months ended December 31, 2022 reflect gross realized investment income of \$0.7 million and unrealized investment loss, net of the reversal of realized investment income, of \$9.7 million. The three months ended December 31, 2021 reflect gross realized investment income of \$3.6 million and unrealized investment income, net of the reversal of realized investment loss, of \$14.3 million.

Investment income of Consolidated Funds of \$4.9 million for the three months ended December 31, 2022 reflects overall changes in the valuations of the underlying investments of the Consolidated Funds.

Interest income increased \$0.7 million, or 1,530%, to \$0.7 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021.

Interest expense increased \$0.6 million, or 105%, to \$1.1 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021.

Other loss decreased \$0.6 million to income of \$0.4 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, primarily reflecting net foreign currency transaction gains in the current year period as compared with net foreign currency transaction losses in the prior year period.

#### *Nine Months Ended December 31, 2022 Compared to Nine Months Ended December 31, 2021*

Investment income decreased \$26.3 million to a loss of \$5.5 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, primarily reflecting overall changes in the valuations of the underlying investments in the StepStone Funds.

Legacy Greenspring investment income decreased \$50.8 million to a loss of \$32.9 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The nine months ended December 31, 2022 reflect gross realized investment income of \$4.1 million and unrealized investment loss, net of the reversal of realized investment income, of \$37.0 million. The nine months ended December 31, 2021 reflect gross realized investment income of \$4.9 million and unrealized investment income, net of the reversal of realized investment loss, of \$13.0 million for the period from September 20, 2021 to December 31, 2021.

Investment income of Consolidated Funds of \$4.9 million for the nine months ended December 31, 2022 reflects overall changes in the valuations of the underlying investments of the Consolidated Funds.

Interest income increased \$0.7 million, or 225%, to \$1.1 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021.

Interest expense increased \$1.9 million, or 295%, to \$2.5 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The increase was primarily due to a full period of interest and higher average interest rates on outstanding balances under the Revolver during the current year period, as compared with the prior year period.

Other loss decreased \$1.3 million, or 48%, to \$1.4 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, primarily reflecting the inclusion of losses related to adjustments for the Tax Receivable Agreements in the prior year period and no comparable losses in the current year period.

### **Income Tax Expense**

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

Our effective income tax rate was 5.1% and 11.1% for the three months ended December 31, 2022 and 2021, respectively, and 6.3% and 4.0% for the nine months ended December 31, 2022 and 2021, respectively. Our overall effective tax rate in each of the periods described above is less than the statutory rate. The primary rate difference for the three and nine months ended December 31, 2022 and 2021 relates to a portion of income that is allocated to non-controlling interests, as the tax liability on such income is borne by the holders of such non-controlling interests. Additionally, during the nine months ended December 31, 2021, we recorded a benefit of \$25.3 million related to the full release of the valuation allowance as a result of the deferred tax liability recorded in connection with the Greenspring acquisition.

#### *Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021*

Income tax expense decreased \$16.5 million to an income tax benefit of \$0.7 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, primarily due to the pre-tax net loss for the three months ended December 31, 2022.

#### *Nine Months Ended December 31, 2022 Compared to Nine Months Ended December 31, 2021*

Income tax expense decreased \$22.9 million to an income tax benefit of \$6.9 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The decrease in tax expense was primarily driven by pre-tax net loss for the nine months ended December 31, 2022.

### **Net Income Attributable to Non-Controlling Interests in Subsidiaries**

Net income attributable to non-controlling interests in subsidiaries increased \$2.5 million, or 35%, to \$9.6 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. The increase was primarily attributable to an increase in income generated by our consolidated subsidiaries not wholly-owned by us.

Net income attributable to non-controlling interests in subsidiaries increased \$7.1 million, or 38%, to \$25.8 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. The increase was primarily attributable to an increase in income generated by our consolidated subsidiaries not wholly-owned by us.

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

Net income (loss) attributable to non-controlling interests in legacy Greenspring entities represents the net income or loss attributable to the interests held by the legacy Greenspring general partner entities. We did not acquire any direct economic interests in the legacy Greenspring general partner entities. As a result, all of the net income or loss related to the legacy Greenspring general partner entities is allocated to non-controlling interests in legacy Greenspring entities. Net income (loss) attributable to non-controlling interests in legacy Greenspring entities was \$(9.0) million and \$17.9 million for the three months ended December 31, 2022 and 2021, respectively, and \$(32.9) million and \$17.9 million for the nine months ended December 31, 2022 and 2021, respectively.

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

Net income (loss) attributable to non-controlling interests in the Partnership represents the portion of net income or loss attributable to the interests held by the Class B and Class C unitholders of the Partnership. Net income (loss) attributable to non-controlling interests in the Partnership was \$(7.6) million and \$53.0 million for the three months ended December 31, 2022 and 2021, respectively, and \$(48.2) million and \$192.0 million for the nine months ended December 31, 2022 and 2021, respectively.

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

Net income attributable to redeemable non-controlling interests in Consolidated Funds was \$0.4 million for both the three and nine months ended December 31, 2022, which represents income of the Consolidated Funds attributable to third-party investors.

### **Operating Metrics**

#### **Assets Under Management**

AUM was \$127 billion as of December 31, 2021, \$134 billion as of March 31, 2022 and \$134 billion as of December 31, 2022.

#### **Assets Under Advisement**

Assets related to our advisory accounts were \$421 billion as of December 31, 2021, \$436 billion as of March 31, 2022 and \$468 billion as of December 31, 2022.

#### **Fee-Earning AUM**

*Three Months Ended December 31, 2022*

FEAUM increased approximately \$2.9 billion, or 4%, to \$83.0 billion as of December 31, 2022 as compared to \$80.1 billion as of September 30, 2022. Of the increase, approximately \$0.5 billion was from SMAs and approximately \$2.3 billion was from focused commingled funds.

Nine Months Ended December 31, 2022

FEAUM increased \$7.8 billion, or 10%, to \$83.0 billion as of December 31, 2022 as compared to \$75.2 billion as of March 31, 2022. Of the increase, approximately \$3.8 billion was from SMAs and approximately \$4.0 billion was from focused commingled funds.

(in millions)	Three Months Ended December 31, 2022			Nine Months Ended December 31, 2022		
	SMAs	Focused Commingled Funds	Total	SMAs	Focused Commingled Funds	Total
Beginning balance	\$ 52,881	\$ 27,236	\$ 80,117	\$ 49,586	\$ 25,587	\$ 75,173
Contributions <sup>(1)</sup>	2,149	2,497	4,646	7,280	4,796	12,076
Distributions <sup>(2)</sup>	(2,178)	(168)	(2,346)	(3,211)	(854)	(4,065)
Market value, FX and other <sup>(3)</sup>	568	—	568	(235)	36	(199)
Ending balance	\$ 53,420	\$ 29,565	\$ 82,985	\$ 53,420	\$ 29,565	\$ 82,985

- (1) Contributions consist of new capital commitments that earn fees on committed capital and capital contributions to funds and accounts that earn fees on net invested capital or NAV.
- (2) Distributions consist of returns of capital from funds and accounts that pay fees on net invested capital or NAV and reductions in fee-earning AUM from funds that moved from a committed capital to net invested capital fee basis or from funds and accounts that no longer pay fees.
- (3) Market value, FX and other primarily consist of changes in market value appreciation (depreciation) for funds that pay on NAV and the effect of foreign exchange rate changes on non-U.S. dollar denominated commitments.

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

(in millions)	As of		
	December 31, 2022	March 31, 2022	December 31, 2021
<b>FEAUM</b>			
Private equity	\$ 45,048	\$ 40,396	\$ 40,044
Infrastructure	18,314	17,737	14,902
Private debt	14,082	12,216	11,586
Real estate	5,541	4,824	4,700
Total	\$ 82,985	\$ 75,173	\$ 71,232

	As of		
	December 31, 2022	March 31, 2022	December 31, 2021
<b>Weighted-average fee rate<sup>(1)</sup></b>			
Private equity <sup>(2)</sup>	0.65 %	0.64 %	0.63 %
Real estate, infrastructure and private debt asset classes <sup>(3)</sup>	0.41 %	0.40 %	0.41 %
Total	0.54 %	0.52 %	0.52 %

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

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

### Undeployed Fee-Earning Capital

As of December 31, 2022, we had \$14.0 billion of undeployed fee-earning capital, which will generate management fee revenue once this capital is invested or activated.

### Non-GAAP Financial Measures

The following table presents the components of FRE and ANI:

<i>(in thousands)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Management and advisory fees, net	\$ 128,753	\$ 106,384	\$ 364,606	\$ 268,028
Less:				
Adjusted cash-based compensation	62,108	51,665	180,239	138,110
Adjusted equity-based compensation	664	178	1,965	401
Adjusted general, administrative and other	23,280	17,713	64,040	43,157
Fee-related earnings	42,701	36,828	118,362	86,360
Plus:				
Realized carried interest allocations	16,320	66,559	112,396	169,053
Incentive fees	2,980	27	8,345	6,005
Deferred incentive fees	—	—	3,683	5,811
Realized investment income	673	1,834	4,746	6,668
Interest income	701	43	1,068	329
Other income (loss) <sup>(1)</sup>	358	(273)	(1,380)	(1,271)
Less:				
Realized performance fee-related compensation <sup>(2)</sup>	11,726	34,033	67,091	86,122
Interest expense	1,111	543	2,515	637
Income attributable to non-controlling interests in subsidiaries:				
Fee-related earnings attributable to non-controlling interests in subsidiaries <sup>(3)</sup>	10,167	7,749	28,830	19,125
Non fee-related earnings (losses) attributable to non-controlling interests in subsidiaries <sup>(4)</sup>	635	(33)	73	216
Pre-tax adjusted net income	40,094	62,726	148,711	166,855
Less: Income taxes <sup>(5)</sup>	8,941	14,145	33,163	37,626
Adjusted net income	\$ 31,153	\$ 48,581	\$ 115,548	\$ 129,229

- (1) Excludes amounts for Tax Receivable Agreements adjustments recognized as other income (loss) (\$1.4 million for the nine months ended December 31, 2021).

- (2) Includes carried interest-related compensation expense related to the portion of net carried interest allocation revenue attributable to equity holders of the Company's consolidated subsidiaries that are not 100% owned (\$2.2 million and \$0.3 million for the three months ended December 31, 2022 and 2021, respectively, and \$9.0 million and \$0.5 million for the nine months ended December 31, 2022 and 2021, respectively).
- (3) Reflects the portion of fee-related earnings of our subsidiaries attributable to non-controlling interests.
- (4) Reflects components of pre-tax adjusted net income of our subsidiaries attributable to non-controlling interests other than fee-related earnings, including incentive fees and related compensation, realized investment income, net interest expense and other income (loss).
- (5) Represents corporate income taxes at a blended statutory rate of 22.3% applied to pre-tax adjusted net income for the three and nine months ended December 31, 2022, and a blended statutory rate of 22.6% applied to pre-tax adjusted net income for the three and nine months ended December 31, 2021. The 22.3% rate for the three and nine months ended December 31, 2022 is based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 1.3%, and the 22.6% rate for the three and nine months ended December 31, 2021 is based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 1.6%.

### **Adjusted Revenues and Adjusted Net Income**

#### *Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021*

Adjusted revenues decreased \$24.9 million, or 14%, to \$148.1 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, primarily reflecting lower realized carried interest allocation revenues, partially offset by increases in net management and advisory fees and incentive fees.

ANI decreased \$17.4 million, or 36%, to \$31.2 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, primarily due to lower net realized performance fee-related earnings (incentive fees, including the deferred portion, plus realized carried interest allocation revenues, less realized performance fee-related compensation) and a higher allocation of income to non-controlling interests. The decrease was partially offset by the increase in FRE as discussed below.

#### *Nine Months Ended December 31, 2022 Compared to Nine Months Ended December 31, 2021*

Adjusted revenues increased \$40.1 million, or 9%, to \$489.0 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, primarily reflecting increases in net management and advisory fees and incentive fees, including the deferred portion, partially offset by lower realized carried interest allocation revenues.

ANI decreased \$13.7 million, or 11%, to \$115.5 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, primarily due to lower net realized performance fee-related earnings and a higher allocation of income to non-controlling interests. The decrease was partially offset by the increase in FRE as discussed below.

## Adjusted Net Income Per Share

The following table shows a reconciliation of diluted weighted-average shares of Class A common stock outstanding to adjusted shares outstanding used in the computation of ANI per share for the three and nine months ended December 31, 2022 and 2021.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
<i>(in thousands, except share and per share amounts)</i>				
Adjusted net income	\$ 31,153	\$ 48,581	\$ 115,548	\$ 129,229
Weighted-average shares of Class A common stock outstanding – Basic	62,192,899	57,875,758	61,583,215	46,247,353
Assumed vesting of RSUs	457,818	1,125,798	722,935	1,390,538
Assumed vesting and exchange of Class B2 units	2,486,197	2,481,677	2,467,141	2,480,591
Exchange of Class B units in the Partnership <sup>(1)</sup>	46,662,062	50,327,243	46,898,733	53,511,397
Exchange of Class C units in the Partnership <sup>(2)</sup>	2,852,187	3,003,274	2,903,186	1,116,423
Adjusted shares	114,651,163	114,813,750	114,575,210	104,746,302
Adjusted net income per share	\$ 0.27	\$ 0.42	\$ 1.01	\$ 1.23

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

(2) Assumes the full exchange of Class C units in the Partnership for Class A common stock of SSG pursuant to the Class C Exchange Agreement.

## Fee-Related Earnings

### *Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021*

FRE increased \$5.9 million, or 16%, to \$42.7 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021, primarily reflecting higher net management and advisory fees, partially offset by higher adjusted cash-based compensation, adjusted general, administrative and other expenses, and adjusted equity-based compensation.

### *Nine Months Ended December 31, 2022 Compared to Nine Months Ended December 31, 2021*

FRE increased \$32.0 million, or 37%, to \$118.4 million for the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021, primarily reflecting higher net management and advisory fees, partially offset by higher adjusted cash-based compensation, adjusted general, administrative and other expenses, and adjusted equity-based compensation.

## Reconciliation of GAAP to Non-GAAP Financial Measures

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

<i>(in thousands)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Total revenues	\$ (4,235)	\$ 410,465	\$ (239,948)	\$ 1,000,835
Unrealized carried interest allocations	63,367	(132,535)	354,095	(452,789)
Deferred incentive fees	—	—	3,683	5,811
Legacy Greenspring carried interest allocations	88,921	(104,960)	371,200	(104,960)
Adjusted revenues	\$ 148,053	\$ 172,970	\$ 489,030	\$ 448,897

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

<i>(in thousands)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Cash-based compensation	\$ 62,628	\$ 51,665	\$ 182,190	\$ 138,217
Adjustments <sup>(1)</sup>	(520)	—	(1,951)	(107)
Adjusted cash-based compensation	\$ 62,108	\$ 51,665	\$ 180,239	\$ 138,110
Equity-based compensation	\$ 8,108	\$ 3,407	\$ 15,605	\$ 10,363
Adjustments <sup>(2)</sup>	(7,444)	(3,229)	(13,640)	(9,962)
Adjusted equity-based compensation	\$ 664	\$ 178	\$ 1,965	\$ 401
General, administrative and other	\$ 43,582	\$ 30,299	\$ 111,547	\$ 72,049
Adjustments <sup>(3)</sup>	(20,302)	(12,586)	(47,507)	(28,892)
Adjusted general, administrative and other	\$ 23,280	\$ 17,713	\$ 64,040	\$ 43,157

(1) Reflects the removal of severance and compensation paid to certain employees as part of an acquisition earn-out.

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

(3) Reflects the removal of lease remeasurement adjustments, accelerated depreciation of leasehold improvements for changes in lease terms, amortization of intangibles, transaction-related costs and other non-core operating income and expenses.

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

<i>(in thousands)</i>	<b>Three Months Ended December 31,</b>		<b>Nine Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Income (loss) before income tax	\$ (14,287)	\$ 142,080	\$ (108,959)	\$ 396,739
Net income attributable to non-controlling interests in subsidiaries <sup>(1)</sup>	(10,802)	(7,716)	(28,903)	(19,341)
Net (income) loss attributable to non-controlling interests in legacy Greenspring entities	8,966	(17,890)	32,927	(17,890)
Unrealized carried interest allocations	63,367	(132,535)	354,095	(452,789)
Unrealized performance fee-related compensation	(31,875)	68,368	(172,554)	228,146
Unrealized investment (income) loss	1,354	(5,396)	10,219	(14,173)
Unrealized investment income of Consolidated Funds	(4,895)	—	(4,895)	—
Deferred incentive fees	—	—	3,683	5,811
Equity-based compensation <sup>(2)</sup>	7,444	3,229	13,640	9,962
Amortization of intangibles	10,870	10,958	32,611	13,448
Tax Receivable Agreements adjustments through earnings	—	—	—	1,391
Non-core items <sup>(3)</sup>	9,952	1,628	16,847	15,551
Pre-tax adjusted net income	40,094	62,726	148,711	166,855
Income taxes <sup>(4)</sup>	(8,941)	(14,145)	(33,163)	(37,626)
Adjusted net income	31,153	48,581	115,548	129,229
Income taxes <sup>(4)</sup>	8,941	14,145	33,163	37,626
Realized carried interest allocations	(16,320)	(66,559)	(112,396)	(169,053)
Realized performance fee-related compensation <sup>(5)</sup>	11,726	34,033	67,091	86,122
Realized investment income	(673)	(1,834)	(4,746)	(6,668)
Incentive fees	(2,980)	(27)	(8,345)	(6,005)
Deferred incentive fees	—	—	(3,683)	(5,811)
Interest income	(701)	(43)	(1,068)	(329)
Interest expense	1,111	543	2,515	637
Other (income) loss <sup>(6)</sup>	(358)	273	1,380	1,271
Net income attributable to non-controlling interests in subsidiaries <sup>(1)</sup>	10,802	7,716	28,903	19,341
Fee-related earnings	\$ 42,701	\$ 36,828	\$ 118,362	\$ 86,360

(1) Reflects the portion of pre-tax adjusted net income of our subsidiaries attributable to non-controlling interests.

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

- (3) Includes (income) expense related to transaction costs (\$6.8 million for the three months ended December 31, 2022, and \$6.8 million and \$13.8 million for the nine months ended December 31, 2022 and 2021, respectively), lease remeasurement adjustments (\$(2.7) million for the nine months ended December 31, 2022), accelerated depreciation of leasehold improvements for changes in lease terms (\$0.6 million and \$0.8 million for the three and nine months ended December 31, 2022, respectively), severance costs (\$42 thousand for the three months ended December 31, 2022, and \$0.2 million and \$0.1 million for the nine months ended December 31, 2022 and 2021, respectively), loss on change in fair value for contingent consideration obligation (\$2.0 million and \$1.6 million for the three months ended December 31, 2022 and 2021, respectively, and \$9.9 million and \$1.6 million for the nine months ended December 31, 2022 and 2021, respectively), compensation paid to certain employees as part of an acquisition earn-out (\$0.5 million and \$1.7 million for the three and nine months ended December 31, 2022, respectively) and other non-core operating income and expenses.
- (4) Represents corporate income taxes at a blended statutory rate of 22.3% applied to pre-tax adjusted net income for the three and nine months ended December 31, 2022, and a blended statutory rate of 22.6% applied to pre-tax adjusted net income for the three and nine months ended December 31, 2021. The 22.3% rate for the three and nine months ended December 31, 2022 is based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 1.3%, and the 22.6% rate for the three and nine months ended December 31, 2021 is based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 1.6%.
- (5) Includes carried interest-related compensation expense related to the portion of net carried interest allocation revenue attributable to equity holders of the Company's consolidated subsidiaries that are not 100% owned (\$2.2 million and \$0.3 million for the three months ended December 31, 2022 and 2021, respectively, and \$9.0 million and \$0.5 million for the nine months ended December 31, 2022 and 2021, respectively).
- (6) Excludes amounts for Tax Receivable Agreements adjustments recognized as other income (loss) (\$1.4) million for the nine months ended December 31, 2021).

### **Investment Performance**

The following table presents information relating to the performance of all the investments that StepStone has recommended and subsequently tracked across asset classes and investment strategies, except as set forth in greater detail below. The data for these investments is generally presented from the inception date of each strategy and asset class through September 30, 2022 and have not been adjusted to reflect acquisitions or disposals of investments subsequent to that date.

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

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

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

For the purposes of the following table:

- “Invested capital” refers to the total amount of all investments made by a fund, including commitment-reducing and non-commitment-reducing capital calls;
- “NAV” refers to the estimated fair value of unrealized investments plus any net assets or liabilities associated with the investment as of September 30, 2022;
- “IRR” refers to the annualized internal rate of return for all investments within the relevant investment strategy on an inception-to-date basis as of September 30, 2022 (except as noted otherwise below), based on contributions, distributions and unrealized value;
- “Net IRR” refers to IRR net of fees and expenses charged by both the underlying fund managers and StepStone; and
- “Net TVM” refers to the total value to paid-in capital or invested capital expressed as a multiple, and is calculated as distributions plus unrealized valuations divided by invested capital (including all capitalized costs).

### StepStone Performance Summary by Asset Class

PRIVATE EQUITY			REAL ESTATE			INFRASTRUCTURE		PRIVATE DEBT	
INVESTMENT STRATEGY <sup>(1,2,4)</sup>	NET IRR <sup>(3)</sup>	NET TVM <sup>(3)</sup>	INVESTMENT STRATEGY <sup>(1,4,5)</sup>	NET IRR <sup>(3)</sup>	NET TVM <sup>(3)</sup>	INVESTMENT STRATEGY <sup>(1,4,6)</sup>	NET IRR <sup>(3)</sup>	INVESTMENT STRATEGY <sup>(1,4,8)</sup>	NET IRR <sup>(3)</sup>
Primaries	17.3%	1.6x	Core/Core+ fund investments	9.3%	1.6x	Primaries	11.1%	Direct lending	6.2%
Secondaries	18.2%	1.5x	Value-add/opportunistic fund investments	10.3%	1.4x	Secondaries	10.3%	Distressed debt	8.8%
Co-investments	19.8%	1.7x	Real estate debt fund investments	6.0%	1.2x	Co-investments <sup>(7)</sup>	9.4%	Other <sup>(9)</sup>	6.3%
			Value-add/opportunistic secondaries & co-investments	15.3%	1.3x				

(1) Investment returns reflect NAV data for underlying investments as of September 30, 2022, as reported by underlying managers up to 100 days following September 30, 2022. For investment returns where NAV data is not available 100 days following September 30, 2022, such NAVs are adjusted for cash activity following the last available reported NAV. Investment returns are calculated on a constant currency adjusted reporting basis converting non-USD investment cash flows and NAVs to USD using the foreign currency exchange rate corresponding to each client’s first cash flow date.

(2) Private Equity includes 1,458 investments totaling \$149.4 billion of capital commitments and excludes (i) two advisory co-investments, totaling \$100.0 million of capital commitments, (ii) all client-directed private equity investments (191 investments totaling \$26.6 billion of capital commitments), and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment, and (iv) Greenspring investments until the data integration is completed.

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

- Primaries: 25 basis points of net invested capital for management fees, charged quarterly.

- ii. Secondaries: 125 basis points (60 basis points for Infrastructure) of capital commitments in years 1 through 4 for management fees, charged quarterly. In year 5, management fees step down to 90% of the previous year's fee.
- iii. Co-investments: 100 basis points and 50 basis points for co-investments and direct asset management investments, respectively, of net committed capital for management fees, charged quarterly.
- iv. All investment types assess 5 basis points of capital commitments for fund expenses, charged quarterly, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs.
- v. Private Equity and Infrastructure secondaries and co-investments include 12.5% and 10.0% of paid and unrealized carry, respectively, with an 8.0% preferred return hurdle. Real Estate secondaries and co-investments include 15.0% of paid and unrealized carry, with an 8.0% preferred return hurdle.

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

- (4) Investments of former clients are included in performance summary past the client termination date until such time as StepStone stops receiving current investment data (quarterly valuations and cash flows) for the investment. At that point, StepStone will then 'liquidate' the fund by entering a distribution amount equal to the last reported NAV, thus ending its contribution to the track record as of that date. Historical performance contribution will be maintained up until the 'liquidation' date.
- (5) Real Estate includes 454 investments totaling \$70.8 billion of capital commitments and excludes (i) all client-directed real estate investments (74 investments totaling \$11.3 billion of capital commitments), (ii) nine secondary/co-investment core/core+ or credit investments, totaling \$709.1 million, (iii) four advisory fund investments totaling \$463.6 million of capital commitments, and (iv) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment. Includes the discretionary track record of Courtland Partners, Ltd., which StepStone acquired on April 1, 2018 (the "Courtland acquisition").
- (6) Infrastructure includes 212 investments totaling \$43.8 billion of capital commitments and excludes (i) 11 infrastructure investments made by the Partnership prior to the formation of the Infrastructure subsidiary in 2013 or made prior to the Courtland acquisition totaling \$501.9 million of capital commitments, (ii) all client-directed infrastructure investments (24 investments totaling \$3.8 billion of capital commitments), and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment.
- (7) Includes asset management investments.
- (8) Private Debt includes 797 investments totaling \$42.1 billion of capital commitments and excludes (i) all client-directed debt investments (32 investments, totaling \$2.5 billion of capital commitments), (ii) real estate credit investments that were recommended by Courtland Partners, Ltd. prior to the Courtland acquisition (54 investments totaling \$5.2 billion of capital commitments), and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment. IRR is presented solely for illustrative purposes and does not represent actual returns received by any investor in any of the StepStone Funds represented above. No individual investor received the aggregate returns described herein as the investments were made across multiple mandates over multiple years. StepStone fees and expenses are based on the following assumptions (management fees represent an annual rate): Private Debt fund investments include 65 basis points on the quarterly NAV for management fees, charged quarterly. Net IRR for certain investments may have been impacted by StepStone's or the underlying fund manager's use of subscription backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.
- (9) Other includes mezzanine debt, collateralized loan obligations, leasing, regulatory capital, trade finance, intellectual property/royalty, real estate debt and infrastructure debt.

## **Liquidity and Capital Resources**

### **Sources and Uses of Liquidity**

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

As of December 31, 2022, we had \$141.0 million of cash, cash equivalents and restricted cash and \$1,235.5 million of investments in StepStone Funds, including \$1,126.4 million of accrued carried interest allocations, against \$83.2 million in debt obligations, net of debt issuance costs, and \$597.3 million in accrued carried interest-related compensation payable.

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

## Cash Flows

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

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

<i>(in thousands)</i>	<b>Nine Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Net cash provided by operating activities	\$ 151,699	\$ 181,978
Net cash used in investing activities	(23,412)	(201,475)
Net cash used in financing activities	(104,652)	(27,073)
Effect of exchange rate changes	(53)	(377)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 23,582</u>	<u>\$ (46,947)</u>

### *Operating Activities*

Operating activities provided \$151.7 million and \$182.0 million of cash for the nine months ended December 31, 2022 and 2021, respectively. For the nine months ended December 31, 2022 and 2021, respectively, these amounts primarily consisted of the following:

- net income (loss), after adjustments for non-cash items (including unrealized carried interest allocations, unrealized performance fee-related compensation, unrealized investment income and acquisition-related contingent consideration), of \$166.6 million and \$167.0 million;
- net change in operating assets and liabilities of \$(0.4) million and \$15.0 million;
- adjustments for non-cash items from Consolidated Funds of \$(4.9) million and \$0 million;
- net purchases of investments of Consolidated Funds of \$9.4 million and \$0 million; and
- net change in operating assets and liabilities of Consolidated Funds of \$(0.2) million and \$0 million.

### *Investing Activities*

Investing activities used \$23.4 million and \$201.5 million of cash for the nine months ended December 31, 2022 and 2021, respectively, and primarily consisted of the following amounts:

- net contributions to investments of \$12.4 million and \$10.3 million;
- net contributions to investments in legacy Greenspring entities of \$7.9 million and \$8.1 million;
- purchases of fixed assets of \$3.1 million and \$1.6 million; and
- cash payments for acquisitions, net of cash acquired, of \$0 million and \$181.5 million.

### *Financing Activities*

Financing activities used \$104.7 million and \$27.1 million of cash for the nine months ended December 31, 2022 and 2021, respectively, and primarily consisted of the following:

- net borrowings on revolving credit facility (including payment of deferred financing costs) of \$20.0 million and \$62.6 million;
- purchase of non-controlling interests of \$0 million and \$3.0 million;
- payment of deferred offering costs of \$0 million and \$1.3 million;
- distributions to non-controlling interests of \$87.2 million and \$74.5 million;
- proceeds from capital contributions to legacy Greenspring entities of \$10.6 million and \$9.1 million;
- distributions to non-controlling interests in legacy Greenspring entities of \$6.8 million and \$4.6 million;
- dividends paid to common stockholders of \$37.4 million and \$14.8 million;
- payments for employee taxes related to the net settlement of RSUs of \$2.7 million and \$0 million;
- payments to related parties under the Tax Receivable Agreements of \$6.0 million and \$0.7 million; and
- contributions from redeemable non-controlling interests in Consolidated Funds of \$4.6 million and \$0 million.

### **Revolving Credit Facility**

In September 2021, we entered into the Credit Agreement in connection with the Greenspring acquisition. The Credit Agreement was arranged by JPMorgan Chase Bank, N.A., as administrative agent, and provides for a \$225.0 million multicurrency Revolver with a five-year maturity. As of December 31, 2022, we had \$83.2 million outstanding on the Revolver, net of debt issuance costs.

Borrowings under the Revolver bear interest at a variable rate per annum. We may designate each borrowing as (i) in the case of any borrowing in U.S. dollars, a base rate loan or a LIBOR rate loan, (ii) in the case of any borrowing denominated in Euros, a EURIBOR rate loan, (iii) in the case of any borrowing denominated in British Pounds Sterling, a Sterling Overnight Index Average (“SONIA”) loan, (iv) in the case of any borrowing denominated in Swiss Francs, a Swiss Average Rate Overnight (“SARON”) loan, and (v) in the case of any borrowing denominated in Australian dollars, an AUD rate loan. Borrowings bear interest equal to (i) in the case of base rate loans, 1.00% plus the greatest of (a) the Prime Rate, (b) the New York Federal Reserve Bank Rate plus 0.50% and (c) the 1 month LIBOR, multiplied by the Statutory Reserve Rate (as defined in the Credit Agreement), plus 1.00%, (ii) in the case of a LIBOR rate loan, the LIBOR rate multiplied by the Statutory Reserve Rate plus 2.00%, (iii) in the case of a EURIBOR rate loan, the EURIBOR rate multiplied by the Statutory Reserve Rate plus 2.00%, (iv) in the case of a SONIA loan, the Sterling Overnight Index Average plus 2.03%, (v) in the case of a SARON loan, the Swiss Average Rate Overnight plus 2.00%, and (vi) in the case of an AUD rate loan, the AUD Screen Rate (as defined in the Credit Agreement) multiplied by the Statutory Reserve Rate plus 2.20%. The weighted-average interest rate in effect for the Revolver as of December 31, 2022 was 6.42%.

Borrowings under the Revolver may be repaid at any time during the term of the Credit Agreement and, subject to certain terms and conditions, may be reborrowed prior to the maturity date. Any outstanding principal amounts, together with any accrued interest thereon, shall be due and payable on the maturity date. The maturity date for the Revolver is September 20, 2026.

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

Under the terms of the Credit Agreement, certain of our assets serve as pledged collateral. In addition, the Credit Agreement contains covenants that, among other things: limit our ability to incur indebtedness; create, incur or allow liens; transfer or dispose of assets; merge with other companies; make certain investments; pay dividends or make distributions; engage in new or different lines of business; and engage in transactions with affiliates. The Credit Agreement also contains financial covenants requiring us to maintain a total net leverage ratio, and a minimum total of fee-earning assets under management. As of December 31, 2022, we were in compliance with the total net leverage ratio and minimum fee-earning assets under management covenants.

We can use available funding capacity under the Revolver to satisfy letters of credit in amounts up to \$10.0 million. Amounts used to satisfy the letters of credit reduce the available capacity under the Revolver. As of December 31, 2022, we had outstanding letters of credit totaling \$7.8 million.

### **Equity Transactions**

In June 2022, we issued 257,776 shares of Class A common stock to certain limited partners of the Partnership in exchange for 257,776 Class B units. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us.

In September 2022, we issued 175,000 shares of Class A common stock to certain limited partners of the Partnership in exchange for 175,000 Class B units. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us.

In December 2022, we issued 296,756 shares of Class A common stock to certain limited partners of the Partnership in exchange for 296,756 Class B units. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. We also issued 414,739 shares of Class A common stock to certain limited partners of the Partnership in exchange for 414,739 Class C units.

### Future Sources and Uses of Liquidity

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

#### *Dividend and Distribution Policy*

On February 9, 2023, we announced a dividend of \$0.20 per share of Class A common stock, payable on March 15, 2023 to holders of record at the close of business on February 28, 2023.

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

<b>Quarterly Fiscal Period<sup>1</sup></b>	<b>Dividend Payment Date</b>	<b>Dividend Per Share of Class A Common Stock</b>	
First quarter	July 15, 2021	\$	0.07
Second quarter	September 15, 2021		0.07
Third quarter	December 15, 2021		0.15
Fourth quarter	March 15, 2022		0.15
Total dividends paid in FY2022		\$	0.44
First quarter	June 30, 2022	\$	0.20
Second quarter	September 15, 2022		0.20
Third quarter	December 15, 2022		0.20
Total dividends paid in FY2023		\$	0.60

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

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

### *Tax Receivable Agreements*

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

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that would expose us to any liability or require us to fund losses or guarantee target returns to clients in our funds that are not reflected in our condensed consolidated financial statements. See notes 4 and 15, respectively, to our condensed consolidated financial statements included elsewhere in this quarterly report for information on variable interest entities and commitments and contingencies.

### **Critical Accounting Estimates**

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

See note 2 to our condensed consolidated financial statements included elsewhere in this quarterly report, and note 2 to our audited consolidated financial statements in our Form 10-K for the year ended March 31, 2022 for a summary of our significant accounting policies.

### **Recent Accounting Developments**

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

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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

## Market Risk

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

Our management fee and advisory fee revenue is only marginally affected by changes in investment values because our management fees are generally based on commitments or net invested capital and our advisory fees are fixed. As of December 31, 2022, NAV-based management fees represented approximately 5% of total net management and advisory fees. We estimate that a 10% decline in market values of the investments held in our funds as of December 31, 2022 would result in an approximate \$2.6 million decrease to annual management fees.

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

- Incentive fees from our funds are not materially affected by changes in the fair value of unrealized investments because they are based on realized gains and subject to achievement of performance criteria rather than on the fair value of the fund's assets prior to realization. As of December 31, 2022, we had \$17.8 million of deferred incentive fee revenue recorded in accounts payable, accrued expenses and other liabilities in the condensed consolidated balance sheets.
- We earn carried interest allocation revenue from certain of the StepStone Funds based on cumulative fund performance to date, subject to specified performance criteria. Our carried interest allocation is affected by changes in market factors. However, the degree of impact will vary depending on several factors, including but not limited to (i) the performance criteria for each individual fund in relation to how that fund's results of operations are affected by changes in market factors; (ii) whether such performance criteria are annual or over the life of the fund; (iii) to the extent applicable, the previous performance of each fund in relation to its performance criteria; and (iv) whether each fund's performance related distributions are subject to contingent repayment. As a result, the impact of changes in market factors on carried interest allocation revenue will vary widely from fund to fund. An overall decrease of 10% in the general equity markets would not necessarily drive the same impact on our funds' valuations, as many of our investments in our funds are illiquid and do not trade on any exchange. Additionally, as a large percentage of our carried interest allocation revenues are paid to employees as carried interest-related compensation, the overall net impact to our income would be mitigated by lower compensation payments. As of December 31, 2022, the maximum amount of carried interest allocations (excluding legacy Greenspring carried interest allocations) subject to contingent repayment was an estimated \$260.7 million, net of tax, assuming the fair value of all investments was zero, a possibility that we view as remote.
- Investment income changes in relation to realized and unrealized gains and losses of the underlying investments in our funds in which we have a general partner commitment. Based on investments (excluding legacy Greenspring investments in funds) held as of December 31, 2022, we estimate that a 10% decline in fair value of the investments in funds and investments, at fair value, of Consolidated Funds would result in a \$12.3 million decrease in income.

## **Exchange Rate Risk**

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

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

## **Interest Rate Risk**

As of December 31, 2022, we had \$85.0 million in borrowings outstanding under our Revolver. The Revolver accrues interest at a variable rate. As of December 31, 2022, we estimate that interest expense would increase by \$0.9 million on an annualized basis as a result of a 100 basis point increase in interest rates. Based on the \$141.0 million of cash, cash equivalents and restricted cash as of December 31, 2022 (including Consolidated Funds), we estimate that interest income would increase by \$1.4 million on an annualized basis as a result of a 100 basis point increase in interest rates.

## **Credit Risk**

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

## **Item 4. Controls and Procedures.**

### *Disclosure Controls and Procedures*

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

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

#### *Changes in Internal Controls over Financial Reporting*

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recent quarter ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

The information required with respect to this item can be found under the heading “Litigation” in note 15, Commitments and Contingencies, to our condensed consolidated financial statements included elsewhere in this quarterly report, and such information is incorporated by reference into this Item 1.

### **Item 1A. Risk Factors.**

There have been no material changes from the risk factors previously disclosed in Part 1, Item 1A of our annual report on Form 10-K for the fiscal year ended March 31, 2022.

### **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.**

On February 7, 2023, the Board of Directors of the Company approved and adopted amended and restated bylaws of the Company to reflect the amendments summarized below (as so amended and restated, the “Amended and Restated Bylaws”), effective February 7, 2023.

Among other things, the amendments affected by the Amended and Restated Bylaws: (i) update certain procedural requirements related to director nominations by stockholders in light of the recently adopted Rule 14a-19 under the Exchange Act (the “Universal Proxy Rules”), including by requiring compliance with Universal Proxy Rules, including the solicitation requirement, and requiring director candidates to consent to being named in any proxy statement; and (ii) reflect certain other changes to Sections 2.9 and 2.10 in light of the Universal Proxy Rules, including (1) clarifying that certain informational requirements applicable to stockholders and beneficial owners that are entities also encompass individuals who directly or indirectly control such entities (but not passive investors in such entities) and expanding certain informational requirements; (2) requiring any stockholder submitting a nomination notice to make a representation as to whether such stockholder intends to solicit proxies in support of director nominees other than the Company’s nominees in accordance with the Universal Proxy Rules and the Amended and Restated Bylaws and to provide evidence that the stockholder has complied with such requirements; (3) requiring director and officer questionnaires to be submitted at the same time as notice of nomination; and (4) clarifying that a failure to provide such information or comply with such solicitation requirements will result in the chairperson of the meeting disregarding a stockholder’s nomination or proposal of other business.

The Amended and Restated Bylaws also: (i) provide that a white proxy card is reserved solely for use by the Company’s Board of Directors; and (ii) update and conform various provisions to reflect amendments to the Delaware General Corporation Law (the “DGCL”), including: (1) clarifying the adjournment procedures for virtual meetings of stockholders; (2) eliminating the requirement that the list of stockholders be open to examination at meetings of stockholders; (3) clarifying the requirements regarding electronic delivery of documents or information; and (4) revising the provision related to emergency bylaws to closer track Section 110 of the DGCL. The Amended and Restated Bylaws also incorporate other non-substantive, ministerial, clarifying and conforming changes, such as implementing gender-neutral terms.

The foregoing description of the Amended and Restated Bylaws is qualified in its entirety by reference to the Amended and Restated Bylaws which are filed as Exhibit 3.2 to this quarterly report on Form 10-Q and incorporated herein by reference.

## Item 6. Exhibits.

Exhibit No.	Description of Exhibit	Incorporated By Reference				Filed or Furnished Herewith
		Form	Exhibit	Filing Date	File No.	
<a href="#">3.1</a>	<a href="#">Amended and Restated Certificate of Incorporation of StepStone Group Inc.</a>	8-K	3.1	9/18/2020	001-39510	
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of StepStone Group Inc.</a>					X
<a href="#">10.1</a>	<a href="#">Option Agreement, dated November 2, 2022</a>	8-K	10.1	11/3/2022	001-39510	
<a href="#">10.2</a> †	<a href="#">Form of Restricted Stock Unit Award Agreement under the 2020 Long-Term Incentive Plan</a>					X
<a href="#">31.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended</a>					X
<a href="#">31.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended</a>					X
<a href="#">32.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					X
<a href="#">32.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					X
101	The following financial information from our quarterly report on Form 10-Q for the quarter ended December 31, 2022 formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Income (Loss); (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss); (iv) the Condensed Consolidated Statements of Stockholders' Equity; (v) the Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X
†	Indicates a 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, on February 9, 2023.

### **STEPSTONE GROUP INC.**

By: /s/ Johnny D. Randel

\_\_\_\_\_  
Johnny D. Randel

Chief Financial Officer

(Principal Financial Officer and Authorized Signatory)

**AMENDED AND RESTATED BYLAWS****OF****StepStone Group Inc.  
(a Delaware corporation)****ARTICLE I  
CORPORATE OFFICES**

Section 1.1 Registered Office. The registered office of the Corporation shall be fixed in the Certificate of Incorporation of the Corporation (as amended and/or restated from time to time, the "Certificate of Incorporation").

Section 1.2 Other Offices. The Corporation may also have an office or offices, and keep the books and records of the Corporation, except as otherwise required by law, at such other place or places, either within or without the State of Delaware, as the Corporation may from time to time determine or the business of the Corporation may require.

**ARTICLE II  
MEETINGS OF STOCKHOLDERS**

Section 2.1 Annual Meeting. The annual meeting of stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, if any, either within or without the State of Delaware, on such date, and at such time as the Board of Directors of the Corporation (the "Board of Directors" or the "Board") shall fix. The Corporation may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

Section 2.2 Special Meeting. Except as otherwise required by law, and except as otherwise provided for or fixed pursuant to the Certificate of Incorporation, including any certificate of designations relating to any series of Preferred Stock (each hereinafter referred to as a "Preferred Stock Designation"), a special meeting of the stockholders of the Corporation may be called at any time only by the Board of Directors or the Chairperson of the Board of Directors. The Corporation may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board of Directors.

### Section 2.3 Notice of Stockholders' Meetings.

(a) Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting of stockholders shall specify the place, if any, date and time of the meeting of stockholders, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for determining the stockholders entitled to notice of the meeting) and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting. The notice shall be given not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, except as otherwise provided by law, the Certificate of Incorporation (including any Preferred Stock Designation) or these Amended and Restated Bylaws (as the same may be amended and/or restated from time to time, the "Bylaws"). In the case of a special meeting, the purpose or purposes for which the meeting is called also shall be set forth in the notice.

(b) Except as otherwise required by law, notice may be given in writing directed to a stockholder's mailing address as it appears on the records of the Corporation and shall be given: (i) if mailed, when notice is deposited in the U.S. mail, postage prepaid; and (ii) if delivered by courier service, the earlier of when the notice is received or left at such stockholder's address.

(c) So long as the Corporation is subject to the Securities and Exchange Commission's proxy rules set forth in Regulation 14A under the Securities Exchange Act of 1934 (the "Exchange Act"), notice shall be given in the manner required by such rules. To the extent permitted by such rules, notice may be given by electronic transmission directed to the stockholder's electronic mail address, and if so given, shall be given when directed to such stockholder's electronic mail address unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by Section 232(e) of the General Corporation Law of the State of Delaware (as the same exists or may hereafter be amended from time to time, the "DGCL"). If notice is given by electronic mail, such notice shall comply with the applicable provisions of Sections 232(a) and 232(d) of the DGCL.

(d) Notice may be given by other forms of electronic transmission with the consent of a stockholder in the manner permitted by Section 232(b) of the DGCL and shall be deemed given as provided therein.

(e) An affidavit that notice has been given, executed by the Secretary of the Corporation, Assistant Secretary or any transfer agent or other agent of the Corporation, shall be *prima facie* evidence of the facts stated in the notice in the absence of fraud. Notice shall be deemed to have been given to all stockholders who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Exchange Act and Section 233 of the DGCL.

(f) When a meeting is adjourned to another time or place (including an adjournment taken to address a technical failure to convene or continue a meeting using remote communication), notice need not be given of the adjourned meeting if the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are: (i) announced at the meeting at which the adjournment is taken; (ii) displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxy holders to participate in the meeting by means of remote communication; or (iii) set forth in the notice of meeting given in accordance with Section 2.3(a); provided, however, that if the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned meeting in accordance with Section 7.6(a), and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

#### Section 2.4 Organization.

(a) Unless otherwise determined by the Board of Directors, meetings of stockholders shall be presided over by the Chairperson of the Board of Directors, or in his or her absence, by the Chief Executive Officer (if separate) or another person designated by or in the manner provided by the Board of Directors. The Secretary of the Corporation, or in his or her absence, an Assistant Secretary, or in the absence of the Secretary and all Assistant Secretaries, a person whom the chairperson of the meeting shall appoint, shall act as secretary of the meeting and keep a record of the proceedings thereof.

(b) The date and time of the opening and the closing of the polls for each matter upon which the stockholders shall vote at a meeting of stockholders shall be announced at the meeting. The Board of Directors may adopt such rules and regulations for the conduct of any meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairperson of the meeting shall have the authority to adopt and enforce such rules and regulations for the conduct of any meeting of stockholders and the safety of those in attendance as, in the judgment of the chairperson, are necessary, appropriate or convenient for the conduct of the meeting. Rules and regulations for the conduct of meetings of stockholders, whether adopted by the Board of Directors or by the chairperson of the meeting, may include, without limitation, establishing: (i) an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies, qualified representatives (including rules regarding who qualifies as such) and such other persons as the chairperson of the meeting shall permit; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) limitations on the time allotted for consideration of each agenda item and for questions and comments by participants;

(vi) regulations for the opening and closing of the polls for balloting and matters which are to be voted on by ballot (if any); and (vii) procedures (if any) requiring attendees to provide the Corporation advance notice of their intent to attend the meeting. Subject to any rules and regulations adopted by the Board of Directors, the chairperson of the meeting may convene and, for any or no reason, from time to time, adjourn and/or recess any meeting of stockholders pursuant to Section 2.7. The chairperson of the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall declare that a nomination or other business was not properly brought before the meeting if the facts warrant (including if a determination is made, pursuant to Section 2.10(c)(i) of these Bylaws, that a nomination or other business was not made or proposed, as the case may be, in accordance with Section 2.10 of these Bylaws), and if such chairperson should so declare, such nomination shall be disregarded or such other business shall not be transacted.

Section 2.5 List of Stockholders. The Corporation shall prepare, no later than the 10th day before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; provided, however, that if the record date for determining the stockholders entitled to vote is less than 10 days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date. Such list shall be arranged in alphabetical order and shall show the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing in this Section 2.5 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for 10 days ending on the day before the meeting date: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting; or (b) during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. Except as otherwise required by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.5 or to vote in person or by proxy at any meeting of stockholders.

Section 2.6 Quorum. Except as otherwise required by law, the Certificate of Incorporation (including any Preferred Stock Designation) or these Bylaws, at any meeting of stockholders, a majority of the voting power of the stock outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or series or classes or series is required, a majority of the voting power of the stock of such class or series or classes or series outstanding and entitled to vote on that matter, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to such matter. If a quorum is not present or represented at any meeting of stockholders, then the chairperson of the meeting, or a majority of the voting power of the stock present in person or represented by proxy at the meeting and entitled to vote thereon, shall have power to adjourn or recess the meeting from time to time in accordance with Section 2.7, until a quorum is present or

represented. Subject to applicable law, if a quorum initially is present at any meeting of stockholders, the stockholders may continue to transact business until adjournment or recess, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, but if a quorum is not present at least initially, no business other than adjournment or recess may be transacted.

Section 2.7 Adjourned or Recessed Meeting. Any annual or special meeting of stockholders, whether or not a quorum is present, may be adjourned or recessed for any or no reason from time to time by the chairperson of the meeting, subject to any rules and regulations adopted by the Board of Directors pursuant to Section 2.4(b). Any such meeting may be adjourned for any or no reason (and may be recessed if a quorum is not present or represented) from time to time by a majority of the voting power of the stock present in person or represented by proxy at the meeting and entitled to vote thereon. At any such adjourned or recessed meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting as originally called.

Section 2.8 Voting; Proxies.

(a) Except as otherwise required by law or the Certificate of Incorporation (including any Preferred Stock Designation), each holder of stock of the Corporation entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of such stock held of record by such holder that has voting power upon the subject matter in question.

(b) Except as otherwise required by law, the Certificate of Incorporation (including any Preferred Stock Designation), these Bylaws or any law, rule or regulation applicable to the Corporation or its securities (in which case such other vote shall be applicable), at each meeting of stockholders at which a quorum is present, all corporate actions to be taken by vote of the stockholders shall be authorized by the affirmative vote of at least a majority of the voting power of the stock present in person or represented by proxy and entitled to vote on the subject matter, voting as a single class, and where a separate vote by a class or series or classes or series is required, if a quorum of such class or series or classes or series is present, such act shall be authorized by the affirmative vote of at least a majority of the voting power of the stock of such class or series or classes or series present in person or represented by proxy and entitled to vote on the subject matter. Voting at meetings of stockholders need not be by written ballot.

(c) Every stockholder entitled to vote for directors, or on any other matter, shall have the right to do so either in person or by one or more persons authorized to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. A stockholder may revoke any proxy which is not irrevocable by

attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or an executed new proxy bearing a later date.

Section 2.9 Submission of Information by Director Nominees.

(a) To be eligible to be a nominee for election or re-election as a director of the Corporation, a person must deliver to the Secretary of the Corporation at the principal executive offices of the Corporation the following information:

(i) a written representation and agreement, which shall be signed by such person and pursuant to which such person shall represent and agree that such person: (A) consents to serving as a director if elected and to being named as a nominee in a proxy statement and form of proxy relating to the meeting at which directors are to be elected, and currently intends to serve as a director for the full term for which such person is standing for election; (B) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity: (1) as to how the person, if elected as a director, will act or vote on any issue or question that has not been disclosed to the Corporation; or (2) that could limit or interfere with the person's ability to comply, if elected as a director, with such person's fiduciary duties under applicable law; (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director or nominee that has not been disclosed to the Corporation; and (D) if elected as a director, will comply with all of the Corporation's corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines, and any other Corporation policies and guidelines applicable to directors (which will be promptly provided following a request therefor); and

(ii) all completed and signed questionnaires prepared by the Corporation (including those questionnaires required of the Corporation's directors and any other questionnaire the Corporation determines is necessary or advisable to assess whether a nominee will satisfy any qualifications or requirements imposed by the Certificate of Incorporation or these Bylaws, any law, rule, regulation or listing standard that may be applicable to the Corporation, and the Corporation's corporate governance policies and guidelines) (all of the foregoing, "Questionnaires"). The Questionnaires will be promptly provided following a request therefor.

(b) A nominee for election or re-election as a director of the Corporation shall also provide to the Corporation such other information as it may reasonably request. The Corporation may request such additional information as necessary to permit the Corporation to determine the eligibility of such person to serve as a director of the Corporation, including information relevant to a determination whether such person can be considered an independent director.

(c) If a stockholder has submitted notice of an intent to nominate a candidate for election or re-election as a director pursuant to Section 2.10, all written and signed representations and agreements and all completed and signed Questionnaires described in Section 2.9(a) above shall be provided to the Corporation at the same time as such notice, and the additional information described in Section 2.9(b) above shall be considered timely if provided to the Corporation promptly upon request by the Corporation, but in any event within five business days after such request. All information provided pursuant to this Section 2.9 shall be deemed part of the stockholder's notice submitted pursuant to Section 2.10.

(d) Notwithstanding the foregoing, if any information or communication submitted pursuant to this Section 2.9 is inaccurate or incomplete in any material respect (as determined by the Board of Directors (or any authorized committee thereof)) such information shall be deemed not to have been provided in accordance with this Section 2.9. Upon written request of the Secretary, the stockholder giving notice of an intent to nominate a candidate for election shall provide, within five business days after delivery of such request (or such longer period as may be specified in such request), (i) written verification, reasonably satisfactory to the Corporation, to demonstrate the accuracy of any information submitted and (ii) a written affirmation of any information submitted as of an earlier date. If such stockholder fails to provide such written verification or affirmation within such period, the information as to which written verification or affirmation was requested may be deemed not to have been provided in accordance with this Section 2.9.

#### Section 2.10 Notice of Stockholder Business and Nominations.

##### (a) Annual Meeting.

(i) Nominations of persons for election to the Board of Directors and the proposal of business other than nominations to be considered by the stockholders may be made at an annual meeting of stockholders only: (A) pursuant to the Corporation's notice of meeting (or any supplement thereto); (B) by or at the direction of the Board of Directors (or any authorized committee thereof); or (C) by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.10(a) is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.10(a). For the avoidance of doubt, the foregoing clause (C) shall be the exclusive means for a stockholder to make nominations or propose other business at an annual meeting of stockholders (other than a proposal included in the Corporation's proxy statement pursuant to and in compliance with Rule 14a-8 under the Exchange Act).

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of the foregoing paragraph, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and, in the case of business other than nominations, such business must be a proper subject for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at

the principal executive offices of the Corporation not later than the close of business (as defined in Section 2.10(c)(ii) below) on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting (which date of the preceding year's annual meeting shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of common stock are first publicly traded, be deemed to have occurred on September 24, 2020); provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 30 days after such anniversary date, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the date on which public announcement (as defined in Section 2.10(c)(ii) below) of the date of such meeting is first made by the Corporation. In no event shall an adjournment or recess of an annual meeting, or a postponement of an annual meeting for which notice of the meeting has already been given to stockholders or a public announcement of the meeting date has already been made, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. The number of nominees a stockholder may nominate for election at the annual meeting on such stockholder's behalf (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the annual meeting on behalf of the beneficial owner) shall not exceed the number of directors to be elected at such annual meeting. Such stockholder's notice shall set forth:

(A) as to each person whom the stockholder proposes to nominate for election or re-election as a director: (1) a written statement, not to exceed 500 words, in support of such person; (2) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act; and (3) the information required to be submitted by nominees pursuant to Section 2.9 above, including, within the time period specified in Section 2.9(c) above, all completed and signed Questionnaires, which will be promptly provided following a request therefor;

(B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any substantial interest (within the meaning of Item 5 of Schedule 14A under the Exchange Act) in such business of such stockholder and the beneficial owner (within the meaning of Section 13(d) of the Exchange Act), if any, on whose behalf the proposal is made;

(C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made or the other business is proposed:

(1) the name and address of such stockholder, as they appear on the Corporation's books, and the name and address of such beneficial owner;

(2) the class or series and number of shares of stock of the Corporation which are owned of record by such stockholder and such beneficial owner as of the date of the notice, and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of the class or series and number of shares of stock of the Corporation owned of record by the stockholder and such beneficial owner as of the record date for the meeting; and

(3) a representation that the stockholder (or a qualified representative of the stockholder) intends to appear at the meeting to make such nomination or propose such business;

(D) as to the stockholder giving the notice or, if the notice is given on behalf of a beneficial owner on whose behalf the nomination is made or the other business is proposed, as to such beneficial owner, and if such stockholder or beneficial owner is an entity, as to each individual who is a director, executive officer, general partner or managing member of such entity or of any other entity that has or shares control of such entity (any such individual or entity, a "control person"):

(1) the class or series and number of shares of stock of the Corporation which are beneficially owned (as defined in Section 2.10(c)(ii) below) by such stockholder or beneficial owner and by any control person as of the date of the notice, and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of the class or series and number of shares of stock of the Corporation beneficially owned by such stockholder or beneficial owner and by any control person as of the record date for the meeting;

(2) a description of (x) any plans or proposals which such stockholder, beneficial owner, if any, or control person may have with respect to securities of the Corporation that would be required to be disclosed pursuant to Item 4 of Exchange Act Schedule 13D and (y) any agreement, arrangement or understanding with respect to the nomination or other business between or among such stockholder, beneficial owner, if any, or control person and any other person, including, without limitation any agreements that would be required to be disclosed pursuant to Item 5 or Item 6 of Exchange Act Schedule 13D, which description shall include, in addition to all other information, information identifying all parties thereto (in the case of either clause (x) or (y), regardless of whether the requirement to file a Schedule 13D is applicable) and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of any such plans or proposals with respect to securities of the Corporation or any such agreement, arrangement or understanding in effect as of the record date for the meeting; and

(3) a description (which description shall include, in addition to all other information, information identifying all parties thereto) of any agreement, arrangement or understanding (including, without limitation, any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement or short positions, profit interests, options, hedging or pledging transactions, voting rights, dividend rights, and/or borrowed or loaned shares), whether the instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of stock of the Corporation, that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder, beneficial owner, if any, or control person, the effect or intent of which is to mitigate loss, manage risk or benefit from changes in the share price of any class or series of the Corporation's stock, or maintain, increase or decrease the voting power of the stockholder, beneficial owner, if any, or control person with respect to securities of the Corporation, and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting;

(4) any performance-related fees (other than an asset-based fee) that such stockholder, beneficial owner, if any, or control person is directly or indirectly entitled to based on any increase or decrease in the value of shares of the Corporation or in any agreement, arrangement or understanding under clause (a)(ii)(D)(3) of this Section 2.10 and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of any performance-related fees in effect as of the record date for the meeting;

(5) a representation as to whether the stockholder, beneficial owner, if any, control person or any other participant (as defined in Item 4 of Schedule 14A under the Exchange Act) will engage in a solicitation with respect to such nomination or proposal and, if so, whether or not such solicitation will be conducted as an exempt solicitation under Rule 14a-2(b) of the Exchange Act, the name of each participant in such solicitation and (x) in the case of a proposal of business other than nominations, whether such person or group intends to deliver, through means satisfying each of the conditions that would be applicable to the Corporation under either Exchange Act Rule 14a-16(a) or Exchange Act Rule 14a-16(n), a proxy statement and form of proxy to holders (including any beneficial owners pursuant to Rule 14b-1 and Rule 14b-2 of the Exchange Act) of at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or (y) in the case of any solicitation that is subject to Rule 14a-19 of the Exchange Act, confirming that such person or group will deliver, through means satisfying each of the conditions that would be applicable to the Corporation under either Exchange Act Rule 14a-16(a) or Exchange Act Rule 14a-16(n), a proxy statement and form of proxy to holders (including any beneficial owners pursuant to Rule 14b-1 and Rule 14b-2 of the Exchange Act) of at least 67% of the voting power of the Corporation's stock entitled to vote generally in the election of directors ; and

(6) a representation that promptly after soliciting the stockholders referred to in the representation required under clause (a)(ii)(D)(5)(y) of this Section 2.10, and no later than the 10th day before such meeting of stockholders, such stockholder or beneficial owner will provide the Corporation with documents, which may take the form of a certified statement and documentation from a proxy solicitor, specifically demonstrating that the necessary steps have been taken to deliver a proxy statement and form of proxy to holders of such percentage of the Corporation's stock.

(iii) Notwithstanding anything in Section 2.10(a)(ii) above or Section 2.10(b) below to the contrary, if the record date for determining the stockholders entitled to vote at any meeting of stockholders is different from the record date for determining the stockholders entitled to notice of the meeting, a stockholder's notice required by this Section 2.10 shall set forth a representation that the stockholder will notify the Corporation in writing within five business days after the record date for determining the stockholders entitled to vote at the meeting, or by the opening of business on the date of the meeting (whichever is earlier), of the information required under this Section 2.10(a), and such information when provided to the Corporation shall be current as of the record date for determining the stockholders entitled to vote at the meeting.

(iv) This Section 2.10(a) shall not apply to a proposal proposed to be made by a stockholder if the stockholder has notified the Corporation of his or her intention to present the proposal at an annual or special meeting only pursuant to and in compliance with Rule 14a-8 under the Exchange Act and such proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such meeting.

(v) Notwithstanding anything in this Section 2.10(a) to the contrary, in the event that the number of directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 10 days prior to the last day a stockholder may deliver a notice in accordance with Section 2.10(a)(ii) above, a stockholder's notice required by this Section 2.10(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting: (i) by or at the direction of the Board of Directors (or any authorized committee thereof); or (ii) provided that one or more directors are to be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.10(b) is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and upon such election and who delivers notice thereof in writing setting forth the information required by Section 2.10(a) above and

provides the additional information required by Section 2.9 above. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the notice required by this Section 2.10(b) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the date on which public announcement of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting is first made by the Corporation. The number of nominees a stockholder may nominate for election at the special meeting on such stockholder's own behalf (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such special meeting. In no event shall an adjournment, recess or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General.

(i) Except as otherwise required by law, only such persons who are nominated in accordance with the procedures set forth in this Section 2.10 shall be eligible to be elected at any meeting of stockholders of the Corporation to serve as directors and only such other business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.10. Notwithstanding any other provision of these Bylaws, a stockholder (and any beneficial owner on whose behalf a nomination is made or other business is proposed, and if such stockholder or beneficial owner is an entity, any control person), shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.10; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.10. The Chairperson of the Board, chairperson of the meeting, or any other person designated by the Board shall determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.10 (including whether a stockholder or beneficial owner solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in compliance with such stockholder's representation as required by clauses (a)(ii)(D)(5) of this Section 2.10 or complied or did not comply with the requirements of Rule 14a-19 under the Exchange Act). If any proposed nomination or other business is not in compliance with this Section 2.10, including due to a failure to comply with the requirements of Rule 14a-19 under the Exchange Act, then except as otherwise required by law, the chairperson of the meeting shall declare that such nomination shall be disregarded or that such other business shall not be transacted, notwithstanding that votes and proxies in

respect of any such nomination or other business have been received by the Corporation (which votes and proxies shall be disregarded) and notwithstanding that the proposal or nomination is set forth in the notice of meeting. In furtherance and not by way of limitation of the foregoing provisions of this Section 2.10, unless otherwise required by law, or otherwise determined by the Chairperson of the Board of Directors, the Board of Directors or the chairperson of the meeting, or any other person designated by the Board, (A) if the stockholder does not provide the information required under Section 2.9 or Section 2.10(a) or (b) to the Corporation within the time frames specified herein or (B) if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or other business, any such nomination shall be disregarded and/or such other business shall not be transacted, notwithstanding that votes and proxies in respect of any such nomination or other business may have been received by the Corporation (which votes and proxies shall be disregarded). To be considered a qualified representative of a stockholder for purposes of these Bylaws, a person must be a duly authorized officer, manager or partner of such stockholder or authorized by a writing executed by such stockholder (or a reliable reproduction of the writing) delivered to the Corporation prior to the making of such nomination or proposal at such meeting (and in any event not fewer than five days before the meeting) stating that such person is authorized to act for such stockholder as proxy at the meeting of stockholders.

(ii) For purposes of this Section 2.10, the “close of business” shall mean 6:00 p.m. local time at the principal executive offices of the Corporation on any calendar day, whether or not the day is a business day, and a “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act. For purposes of clause (a)(ii)(D)(1) of this Section 2.10, shares shall be treated as “beneficially owned” by a person if the person beneficially owns such shares, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulations 13D and 13G thereunder or has or shares pursuant to any agreement, arrangement or understanding (whether or not in writing): (A) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time or the fulfillment of a condition or both); (B) the right to vote such shares, alone or in concert with others; and/or (C) investment power with respect to such shares, including the power to dispose of, or to direct the disposition of, such shares.

(iii) Nothing in this Section 2.10 shall be deemed to affect any rights (A) of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 promulgated under the Exchange Act or (B) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation (including any Preferred Stock Designation).

(iv) Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use for solicitation by the Board of Directors.

Section 2.11 No Action by Written Consent. Except as otherwise provided for or fixed pursuant to the Certificate of Incorporation (including any Preferred Stock Designation), no action that is required or permitted to be taken by the stockholders of the Corporation may be effected by consent of stockholders in lieu of a meeting of stockholders.

Section 2.12 Inspectors of Election. Before any meeting of stockholders, the Corporation may, and shall, if required by law, appoint one or more inspectors of election to act at the meeting and make a written report thereof. Inspectors may be employees of the Corporation. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairperson of the meeting may, and shall, if required by law, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Inspectors need not be stockholders. No director or nominee for the office of director at an election shall be appointed as an inspector at such election.

Such inspectors shall:

- (a) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the validity of proxies and ballots;
- (b) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors;
- (c) count and tabulate all votes and ballots; and
- (d) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots.

Section 2.13 Meetings by Remote Communications. The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication in accordance with Section 211(a)(2) of the DGCL. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication: (a) participate in a meeting of stockholders; and (b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that: (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder; (ii) the Corporation shall implement reasonable measures to provide such stockholders and

proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2.14 Delivery to the Corporation. Whenever Section 2.9 or Section 2.10 of this Article II requires one or more persons (including a record or beneficial owner of stock) to deliver a document or information (other than a document authorizing another person to act for a stockholder by proxy at a meeting of stockholders pursuant to Section 212 of the DGCL) to the Corporation or any officer, employee or agent thereof (including any notice, request, questionnaire, revocation, representation or other document or agreement), the Corporation shall not be required to accept delivery of such document or information unless the document or information is in writing exclusively (and not in an electronic transmission) and shall be delivered exclusively by hand (including, without limitation, overnight courier service) or by certified or registered mail, return receipt requested. For the avoidance of doubt, the Corporation expressly opts out of Section 116 of the DGCL with respect to the delivery of information and documents (other than a document authorizing another person to act for a stockholder by proxy at a meeting of stockholders pursuant to Section 212 of the DGCL) to the Corporation required by this Article II.

### **ARTICLE III DIRECTORS**

Section 3.1 Powers. Except as otherwise required by the DGCL or as provided in the Certificate of Incorporation (including any Preferred Stock Designation), the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authorities these Bylaws expressly confer upon it, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Incorporation (including any Preferred Stock Designation) or these Bylaws required to be exercised or done by the stockholders.

Section 3.2 Number and Election. Except as otherwise provided for or fixed pursuant to the Certificate of Incorporation (including any Preferred Stock Designation), the Board of Directors shall consist of such number of directors as shall be determined from time to time solely by resolution adopted by a majority of the directors then in office; provided, however, that the directors then in office are not less than one-third of the total number of directors then authorized. At any meeting of stockholders at which directors are to be elected, directors shall be elected by a plurality of the votes cast. Directors need not be stockholders unless so required by the Certificate of Incorporation (including any Preferred Stock Designation) or these Bylaws, wherein other qualifications for directors may be prescribed.

Section 3.3 Vacancies and Newly Created Directorships. Subject to the rights of the holders of any outstanding series of Preferred Stock, and unless otherwise required by law, newly created directorships resulting from any increase in the authorized number of directors

and any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum, or by the sole remaining director, and any director so chosen shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall have been duly elected and qualified or until any such director's earlier death, resignation, removal, retirement or disqualification; provided, however, that commencing with the third annual meeting of stockholders following the completion of the Corporation's initial public offering, directors of each class the term of which shall then or thereafter expire shall be elected to hold office for a one-year term and until the election and qualification of their respective successors in office or until any such director's earlier death, resignation, removal, retirement or disqualification. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

Section 3.4 Resignations. Any director may resign at any time upon notice given in writing or by electronic transmission to the Board of Directors, the Chairperson of the Board of Directors or the Secretary of the Corporation. Such resignation shall take effect upon delivery, unless the resignation specifies a later effective date or time or an effective date or time determined upon the happening of an event or events. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.5 Regular Meetings. Regular meetings of the Board of Directors shall be held at such place or places, within or without the State of Delaware, on such date or dates and at such time or times, as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 3.6 Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairperson of the Board of Directors, the Chief Executive Officer (if separate and serving as a director) or a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place, within or without the State of Delaware, date and time of such meetings. Notice of each such meeting shall be given to each director, if by mail, addressed to such director at his or her residence or usual place of business, at least five days before the day on which such meeting is to be held, or shall be sent to such director by electronic transmission, or be delivered personally or by telephone, in each case at least 24 hours prior to the time set for such meeting. A notice of special meeting need not state the purpose of such meeting, and, unless indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 3.7 Remote Participation in Meetings. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

Section 3.8 Quorum and Voting. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, a majority of the total number of directors then authorized shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, and the vote of a majority of the directors present at a duly held meeting at which a quorum is present shall be the act of the Board of Directors. The chairperson of the meeting or a majority of the directors present may adjourn the meeting to another time and place whether or not a quorum is present. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 3.9 Action by Consent Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or any committee thereof, may be taken without a meeting, provided that all members of the Board of Directors or committee, as the case may be, consent in writing or by electronic transmission to such action. After an action is taken, the consent or consents relating thereto shall be filed with the minutes or proceedings of the Board of Directors or committee in the same paper or electronic form as the minutes are maintained. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action shall be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

Section 3.10 Chairperson of the Board. The Chairperson of the Board shall preside at meetings of stockholders in accordance with Section 2.4(a) above and at meetings of directors and shall perform such other duties as the Board of Directors may from time to time determine. If the Chairperson of the Board is not present at a meeting of the Board of Directors, the Chief Executive Officer (if separate and serving as a director) or another director chosen by or in the manner provided by the Board of Directors shall preside.

Section 3.11 Rules and Regulations. The Board of Directors shall adopt such rules and regulations not inconsistent with the provisions of law, the Certificate of Incorporation or these Bylaws for the conduct of its meetings and management of the affairs of the Corporation as the Board of Directors shall deem proper.

Section 3.12 Fees and Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation, directors may receive such compensation, if any, for their services on the Board of Directors and its committees, and such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors.

Section 3.13 Emergency Bylaws. This Section 3.13 shall be operative during any emergency condition as contemplated by Section 110 of the DGCL (an "Emergency"), notwithstanding any different or conflicting provisions in these Bylaws, the Certificate of

Incorporation or the DGCL. In the event of any Emergency, or other similar emergency condition, if a quorum cannot be readily convened for a meeting, the director or directors in attendance at a meeting of the Board of Directors or a standing committee thereof shall constitute a quorum. Such director or directors in attendance may further take action to appoint one or more of themselves or other directors to membership on any standing or temporary committees of the Board of Directors as they shall deem necessary and appropriate. Except as the Board of Directors may otherwise determine, during any Emergency, the Corporation and its directors and officers, may exercise any authority and take any action or measure contemplated by Section 110 of the DGCL.

#### **ARTICLE IV COMMITTEES**

Section 4.1 Committees of the Board of Directors. The Board of Directors may designate one or more committees, each such committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee to replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent permitted by law and provided in the resolution of the Board of Directors establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval; or (b) adopting, amending or repealing any bylaw of the Corporation. All committees of the Board of Directors shall keep minutes of their meetings and shall report their proceedings to the Board of Directors when requested or required by the Board of Directors.

Section 4.2 Meetings and Action of Committees. Unless the Board of Directors provides otherwise by resolution, any committee of the Board of Directors may adopt, alter and repeal such rules and regulations not inconsistent with the provisions of law, the Certificate of Incorporation or these Bylaws for the conduct of its meetings as such committee may deem proper. A majority of the directors then serving on a committee shall constitute a quorum for the transaction of business by the committee except as otherwise required by law, the Certificate of Incorporation or these Bylaws, and except as otherwise provided in a resolution of the Board of Directors; provided, however, that in no case shall a quorum be less than one-third of the directors then serving on the committee. Unless the Certificate of Incorporation, these Bylaws or a resolution of the Board of Directors requires a greater number, the vote of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee.

## **ARTICLE V OFFICERS**

Section 5.1 Officers. The officers of the Corporation shall consist of one or more Chief Executive Officers and a Secretary. The Board of Directors, in its sole discretion, may also elect one or more Chief Financial Officers, Chief Operating Officers, Presidents, Treasurers, Controllers, Assistant Secretaries, Assistant Treasurers and such other officers as the Board of Directors may from time to time determine, each of whom shall be elected by the Board of Directors, each to have such authority, functions or duties as set forth in these Bylaws or as determined by the Board of Directors. To the extent not so set forth or determined, each such officer shall have such authority, functions or duties as those that generally pertain to their respective offices, subject to the control of the Board of Directors. Each officer shall be elected by the Board of Directors and shall hold office for such term as may be prescribed by the Board of Directors and until such person's successor shall have been duly elected and qualified, or until such person's earlier death, disqualification, resignation or removal. Any number of offices may be held by the same person; provided, however, that no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, the Certificate of Incorporation or these Bylaws to be executed, acknowledged or verified by two or more officers. The Board of Directors may determine to leave any office vacant.

Section 5.2 Compensation. The salaries of the officers of the Corporation and the manner and time of the payment of such salaries shall be fixed and determined by the Board of Directors or by a duly authorized officer and may be altered by the Board of Directors from time to time as it deems appropriate, subject to the rights, if any, of such officers under any contract of employment.

Section 5.3 Removal, Resignation and Vacancies. Any officer of the Corporation may be removed, with or without cause, by the Board of Directors or by a duly authorized officer, without prejudice to the rights, if any, of such officer under any contract to which he or she is a party. Any officer may resign at any time upon notice given in writing or by electronic transmission to the Corporation, without prejudice to the rights, if any, of the Corporation under any contract to which such officer is a party. If any vacancy occurs in any office of the Corporation, the Board of Directors may elect a successor to fill such vacancy for the remainder of the unexpired term and until a successor shall have been duly elected and qualified, or such office may be left vacant.

Section 5.4 Chief Executive Officer. The Chief Executive Officer shall have general supervision and direction of the business and affairs of the Corporation, shall be responsible for corporate policy and strategy, and shall report directly to the Board of Directors. Unless otherwise provided in these Bylaws or determined by the Board of Directors, all other officers of the Corporation shall report directly to the Chief Executive Officer or as otherwise determined by the Chief Executive Officer. For the avoidance of doubt, to the extent the Board

appoints more than one Chief Executive Officer, reference to each “Chief Executive Officer” in these Bylaws means any Chief Executive Officer acting alone.

Section 5.5 Chief Financial Officer. The Chief Financial Officer shall exercise all the powers and perform the duties of the office of the chief financial officer and in general have overall supervision of the financial operations of the Corporation. The Chief Financial Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors or the Chief Executive Officer may from time to time determine.

Section 5.6 Chief Operating Officer. The Chief Operating Officer shall have general responsibility for the management and control of the operations of the Corporation. The Chief Operating Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors or the Chief Executive Officer may from time to time determine. For the avoidance of doubt, to the extent the Board appoints more than one Chief Operating Officer, reference to each “Chief Operating Officer” in these Bylaws means any Chief Operating Officer acting alone.

Section 5.7 President. The President shall have such powers and perform such duties as from time to time may be prescribed for him or her by the Board of Directors or are incident to the office of President.

Section 5.8 Treasurer. The Treasurer shall supervise and be responsible for all the funds and securities of the Corporation, the deposit of all moneys and other valuables to the credit of the Corporation in depositories of the Corporation, borrowings and compliance with the provisions of all indentures, agreements and instruments governing such borrowings to which the Corporation is a party, the disbursement of funds of the Corporation and the investment of its funds, and in general shall perform all of the duties incident to the office of the Treasurer. The Treasurer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors, the Chief Executive Officer or the Chief Financial Officer may from time to time determine.

Section 5.9 Controller. The Controller shall be the chief accounting officer of the Corporation. The Controller shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or the Treasurer may from time to time determine.

Section 5.10 Secretary. The powers and duties of the Secretary are: (i) to act as Secretary at all meetings of the Board of Directors, of the committees of the Board of Directors and of the stockholders and to record the proceedings of such meetings in a book or books to be kept for that purpose; (ii) to see that all notices required to be given by the Corporation are duly given and served; (iii) to act as custodian of the seal of the Corporation and affix the seal or cause it to be affixed to all certificates of stock of the Corporation and to all documents, the

execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws; (iv) to have charge of the books, records and papers of the Corporation and see that the reports, statements and other documents required by law to be kept and filed are properly kept and filed; and (v) to perform all of the duties incident to the office of Secretary. The Secretary shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors, the Chief Executive Officer or the Chief Operating Officer may from time to time determine.

Section 5.11 Additional Matters. The Chief Executive Officer and the Chief Financial Officer of the Corporation shall have the authority to designate employees of the Corporation to have the title of Vice President, Assistant Vice President, Assistant Treasurer or Assistant Secretary. Any employee so designated shall have the powers and duties determined by the officer making such designation. The persons upon whom such titles are conferred shall not be deemed officers of the Corporation unless elected by the Board of Directors.

Section 5.12 Checks; Drafts; Evidences of Indebtedness. From time to time, the Board of Directors shall determine the method, and designate (or authorize officers of the Corporation to designate) the person or persons who shall have authority, to sign or endorse all checks, drafts, other orders for payment of money and notes, bonds, debentures or other evidences of indebtedness that are issued in the name of or payable by the Corporation, and only the persons so authorized shall sign or endorse such instruments.

Section 5.13 Corporate Contracts and Instruments; How Executed. Except as otherwise provided in these Bylaws, the Board of Directors may determine the method, and designate (or authorize officers of the Corporation to designate) the person or persons who shall have authority to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. Unless so authorized, or within the power incident to a person's office or other position with the Corporation, no person shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 5.14 Signature Authority. Unless otherwise determined by the Board of Directors or otherwise provided by law or these Bylaws, contracts, evidences of indebtedness and other instruments or documents of the Corporation may be executed, signed or endorsed: (i) by the Chief Executive Officer or the Chief Operating Officer; or (ii) by the Chief Financial Officer, President, Treasurer, Secretary or Controller, in each case only with regard to such instruments or documents that pertain to or relate to such person's duties or business functions.

Section 5.15 Action with Respect to Securities of Other Corporations or Entities. The Chief Executive Officer or any other officer of the Corporation authorized by the Board of Directors or the Chief Executive Officer is authorized to vote, represent, and exercise on behalf of the Corporation all rights incident to any and all shares or other equity interests of any other corporation or entity or corporations or entities, standing in the name of the Corporation. The

authority herein granted may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by the person having such authority.

Section 5.16 Delegation. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding the foregoing provisions of this Article V.

## **ARTICLE VI INDEMNIFICATION AND ADVANCEMENT OF EXPENSES**

### Section 6.1 Right to Indemnification.

(a) Each person who was or is a party or is threatened to be made a party to, or was or is otherwise involved in, any action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, judicial, administrative or legislative hearing, or any other threatened, pending or completed proceeding, whether brought by or in the right of the Corporation or otherwise, including any and all appeals, whether of a civil, criminal, administrative, legislative, investigative or other nature (hereinafter a “proceeding”), by reason of the fact that he or she is or was a director or officer (as defined below) of the Corporation or while a director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, employee, agent, fiduciary or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan and with respect to StepStone Group Holdings LLC (the “General Partner”) and StepStone Group LP (the “Partnership”) (hereinafter an “indemnitee”), or by reason of anything done or not done by him or her in any such capacity, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes, penalties and amounts paid in settlement by or on behalf of the indemnitee) actually and reasonably incurred by such indemnitee in connection therewith, all on the terms and conditions set forth in these Bylaws; provided, however, that, except as otherwise required by law or provided in Section 6.3 with respect to suits to enforce rights under this Article VI, the Corporation shall indemnify any such indemnitee in connection with a proceeding, or part thereof, voluntarily initiated by such indemnitee (including claims and counterclaims, whether such counterclaims are asserted by: (i) such indemnitee; or (ii) the Corporation in a proceeding initiated by such indemnitee) only if such proceeding, or part thereof, was authorized or ratified by the Board of Directors or the Board of Directors otherwise determines that indemnification or advancement of expenses is appropriate. Any reference to an officer of the Corporation in this Article VI shall be deemed to refer exclusively to the Chief Executive Officer(s) and Secretary and any Chief Financial Officer, Chief Operating Officer, President, Chief Accounting Officer, Treasurer, Controller, Assistant Secretary, Assistant Treasurer or other officer of the Corporation appointed by the Board of Directors pursuant to Section 5.1, and any reference to an officer of any other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors or equivalent governing body of such other enterprise pursuant to the certificate of incorporation and bylaws (or equivalent

organizational documents) of such other enterprise. The fact that any person who is or was an employee of the Corporation or an employee of any other enterprise has been given or has used the title of “Vice President” or any other title that could be construed to suggest or imply that such person is or may be an officer of the Corporation or of such other enterprise shall not, by itself, result in such person being constituted as, or being deemed to be, an officer of the Corporation or of such other enterprise for purposes of this Article VI.

(b) To receive indemnification under this Section 6.1, an indemnitee shall submit a written request to the Secretary of the Corporation. Such request shall include documentation or information that is necessary to determine the entitlement of the indemnitee to indemnification and that is reasonably available to the indemnitee. Upon receipt by the Secretary of the Corporation of such a written request, the entitlement of the indemnitee to indemnification shall be determined by the following person or persons who shall be empowered to make such determination, as selected by the Board of Directors (except with respect to clause (v) of this Section 6.1(b)): (i) the Board of Directors by a majority vote of the directors who are not parties to such proceeding, whether or not such majority constitutes a quorum; (ii) a committee of such directors designated by a majority vote of such directors, whether or not such majority constitutes a quorum; (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the indemnitee; (iv) the stockholders of the Corporation; or (v) in the event that a change of control (as defined below) has occurred, by independent legal counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the indemnitee. The determination of entitlement to indemnification shall be made and, unless a contrary determination is made, such indemnification shall be paid in full by the Corporation not later than 60 days after receipt by the Secretary of the Corporation of a written request for indemnification. For purposes of this Section 6.1(b), a “change of control” will be deemed to have occurred if, with respect to any particular 24-month period, the individuals who, at the beginning of such 24-month period, constituted the Board of Directors (the “incumbent board”), cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the beginning of such 24-month period whose election, or nomination for election by the stockholders of the Corporation, was approved by a vote of at least a majority of the directors then comprising the incumbent board shall be considered as though such individual were a member of the incumbent board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors.

#### Section 6.2 Right to Advancement of Expenses.

(a) In addition to the right to indemnification conferred in Section 6.1, an indemnitee shall, to the fullest extent permitted by law, also have the right to be paid by the Corporation the expenses (including attorneys’ fees) incurred by indemnitee in defending any proceeding in advance of its final disposition (hereinafter an “advancement of expenses”);

provided, however, that an advancement of expenses shall be made only upon delivery to the Corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision of a court of competent jurisdiction from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this Article VI or otherwise.

(b) To receive an advancement of expenses under this Section 6.2, an indemnitee shall submit a written request to the Secretary of the Corporation. Such request shall reasonably evidence the expenses incurred by the indemnitee and shall include or be accompanied by the undertaking required by Section 6.2(a). Each such advancement of expenses shall be made within 20 days after the receipt by the Secretary of the Corporation of a written request for advancement of expenses.

(c) Notwithstanding the foregoing Section 6.2(a), the Corporation shall not make or continue to make advancements of expenses to an indemnitee (except by reason of the fact that the indemnitee is or was a director of the Corporation or, while a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another enterprise, in which event this Section 6.2(c) shall not apply) if a determination is reasonably made that the facts known at the time such determination is made demonstrate clearly and convincingly that the indemnitee acted in bad faith or in a manner that the indemnitee did not reasonably believe to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal proceeding, that the indemnitee had reasonable cause to believe his or her conduct was unlawful. Such determination shall be made: (i) by the Board of Directors by a majority vote of directors who are not parties to such proceeding, whether or not such majority constitutes a quorum; (ii) by a committee of such directors designated by a majority vote of such directors, whether or not such majority constitutes a quorum; or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the indemnitee.

Section 6.3 Right of Indemnitee to Bring Suit. In the event that a determination is made that the indemnitee is not entitled to indemnification or if payment is not timely made following a determination of entitlement to indemnification pursuant to Section 6.1(b) or if an advancement of expenses is not timely made under Section 6.2(b), the indemnitee may at any time thereafter bring suit against the Corporation in a court of competent jurisdiction in the State of Delaware seeking an adjudication of entitlement to such indemnification or advancement of expenses. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit to the fullest extent permitted by law. In any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the indemnitee has not met any applicable standard of conduct for indemnification set forth in the DGCL. Further, in

any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the indemnitee has not met any applicable standard of conduct for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under applicable law, this Article VI or otherwise shall be on the Corporation.

Section 6.4 Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any law, agreement (including any partnership agreement or limited liability company agreement), vote of stockholders or disinterested directors, provisions of a certificate of incorporation or bylaws, or otherwise.

Section 6.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee, agent or fiduciary of the Corporation or another corporation, partnership, joint venture, trust or other enterprise, including the General Partner and the Partnership, against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 6.6 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent and in the manner permitted by law, and to the extent authorized from time to time, grant rights to indemnification and to the advancement of expenses to any employee, agent or fiduciary of the Corporation.

Section 6.7 Nature of Rights. The rights conferred upon indemnitees in this Article VI shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VI that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, alteration or repeal.

Section 6.8 Settlement of Claims. Notwithstanding anything in this Article VI to the contrary, the Corporation shall not be liable to indemnify any indemnitee under this Article VI for any amounts paid in settlement of any proceeding effected without the Corporation's written consent, which consent shall not be unreasonably withheld.

Section 6.9 Subrogation. In the event of payment under this Article VI, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee (excluding insurance obtained on the indemnitee's own behalf), and the indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

Section 6.10 Severability. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law: (a) the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not by themselves invalid, illegal or unenforceable) and the application of such provision to other persons or entities or circumstances shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent of the parties that the Corporation provide protection to the indemnitee to the fullest extent set forth in this Article VI.

## **ARTICLE VII CAPITAL STOCK**

Section 7.1 Certificates of Stock. The shares of the Corporation shall be represented by certificates; provided, however, that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by any two authorized officers of the Corporation certifying the number of shares owned by such holder in the Corporation. Each of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the President, the Chief Accounting Officer, the Treasurer, the Controller, the Secretary, or an Assistant Treasurer or Assistant Secretary shall be deemed to have the authority to sign stock certificates. Any or all such signatures may be facsimiles or otherwise electronic signatures. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 7.2 Special Designation on Certificates. If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the registered owner thereof shall be given a notice, in writing or by electronic transmission, containing the information required to be set forth or stated on certificates pursuant to this Section 7.2 or Sections 151, 156, 202(a) or 218(a) of the DGCL or with respect to this Section 7.2 and Section 151 of the DGCL a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 7.3 Transfers of Stock. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation upon authorization by the registered holder thereof or by such holder's attorney thereunto authorized by a power of attorney duly executed and filed with the Secretary of the Corporation or a transfer agent for such stock, and if such shares are represented by a certificate, upon surrender of the certificate or certificates for such shares properly endorsed or accompanied by a duly executed stock transfer power and the payment of any taxes thereon; provided, however, that the Corporation shall be entitled to recognize and enforce any lawful restriction on transfer. Transfers may also be made in any manner authorized by the Corporation (or its authorized transfer agent) and permitted by Section 224 of the DGCL.

Section 7.4 Lost Certificates. The Corporation may issue a new share certificate or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate or the owner's legal representative to give the Corporation a bond (or other adequate security) sufficient to indemnify it against any claim that may be made against it (including any expense or liability) on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares. The Board of Directors may adopt such other provisions and restrictions with reference to lost certificates, not inconsistent with applicable law, as it shall in its discretion deem appropriate.

Section 7.5 Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 7.6 Record Date for Determining Stockholders.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjourned meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, unless otherwise required by law, not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjourned meeting; provided, however, that the Board of Directors may fix a new record date for the determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 7.7 Regulations. To the extent permitted by applicable law, the Board of Directors may make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of shares of stock of the Corporation.

Section 7.8 Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL or the Certificate of Incorporation or these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, the Board of Directors or a committee of the Board of Directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Bylaws.

## **ARTICLE VIII GENERAL MATTERS**

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 8.2 Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary of the Corporation. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 8.3 Reliance upon Books, Reports and Records. Each director and each member of any committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 8.4 Subject to Law and Certificate of Incorporation. All powers, duties and responsibilities provided for in these Bylaws, whether or not explicitly so qualified, are qualified by the Certificate of Incorporation (including any Preferred Stock Designation) and applicable law.

Section 8.5 Electronic Signatures, etc. Except as otherwise required by the Certificate of Incorporation (including as otherwise required by any Preferred Stock Designation) or these Bylaws (including, without limitation, as otherwise required by Section 2.14), any document, including, without limitation, any consent, agreement, certificate or instrument, required by the DGCL, the Certificate of Incorporation (including any Preferred Stock Designation) or these Bylaws to be executed by any officer, director, stockholder, employee or agent of the

Corporation may be executed using a facsimile or other form of electronic signature to the fullest extent permitted by applicable law. All other contracts, agreements, certificates or instruments to be executed on behalf of the Corporation may be executed using a facsimile or other form of electronic signature to the fullest extent permitted by applicable law. The terms “electronic mail,” “electronic mail address,” “electronic signature” and “electronic transmission” as used herein shall have the meanings ascribed thereto in the DGCL.

## **ARTICLE IX AMENDMENTS**

Section 9.1 Amendments. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to adopt, amend or repeal these Bylaws. Subject to any greater or additional vote provided in the Certificate of Incorporation (including the terms of any Preferred Stock Designation that provides for a greater or lesser vote) or these Bylaws, and in addition to any other vote required by law, the affirmative vote of the holders of at least a majority in voting power of the outstanding stock entitled to vote thereon, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal, or adopt any provision inconsistent with, any provision of these Bylaws.

*The foregoing Amended and Restated Bylaws were adopted by the Board of Directors on February 7, 2023.*

**STEPSTONE GROUP INC.**  
**2020 LONG-TERM INCENTIVE PLAN**  
**FORM OF NOTICE OF GRANT OF AWARD OF RESTRICTED STOCK UNITS**

**Notice of Grant**

StepStone Group Inc. (the “Company”) hereby grants to the Participant named below (the “Participant” or “you”) the number of restricted stock units specified below (the “Award”). Each restricted stock unit represents the right to receive one share of the Company’s Class A common stock, par value \$0.001 (the “Common Stock”), upon the terms and subject to the conditions set forth in this Grant Notice, the StepStone Group Inc. 2020 Long-Term Incentive Plan (the “Plan”), any Appendix to the Plan applicable to you (the “Appendix”) and the Global Restricted Stock Unit Award Agreement, including the additional general terms and conditions for Participants in countries outside the United States and any special terms and conditions for Participant’s country, all set forth in the addendum attached hereto (the “Addendum” and, together with the Global Restricted Stock Unit Award Agreement, the “Award Agreement”) promulgated under such Plan, each as amended from time to time. Any applicable Appendix shall be treated as part of the Plan for purposes of this Award, and any references to the Plan in this Grant Notice or the Award Agreement shall include the Appendix. Capitalized terms used but not defined herein shall have the meanings given to them in the Plan or the Award Agreement, as the case may be.

This Award is granted pursuant to the Plan and is subject to and qualified in its entirety by the Award Agreement:

**Participant Name:**

\_\_\_\_\_

**Grant Date:**

\_\_\_\_\_

**Vesting Commencement Date:**

\_\_\_\_\_

**Number of Restricted Stock Units:**

\_\_\_\_\_

**Vesting Schedule:**

- [            ] of the Restricted Stock Units (which is 25% of the total Restricted Stock Units) will vest on [DATE];
- [            ] of the Restricted Stock Units will vest on [DATE];
- [            ] of the Restricted Stock Units will vest on [DATE]; and
- [            ] of the Restricted Stock Units will vest on [DATE];

subject in each case to Continuous Service through each such date. If Participant ceases Continuous Service for any or no reason before Participant vests in any portion of the Restricted

Stock Units, the unvested Restricted Stock Units will immediately terminate; provided, however, that if Participant's termination of Continuous Service is due to:

- (i) Participant's death or Disability, all of the Restricted Stock Units shall vest in full upon such termination; or
- (ii) Participant's termination of employment on or after attaining age 50 and having been employed for at least 15 years as a result of resignation or involuntary resignation other than for Cause at a time when the sum of Participant's age and the number of Participant's years of employment is at least 65 (Participant's "Retirement"), the Restricted Stock Units shall continue to vest in accordance with the vesting schedule set forth above notwithstanding that Participant is no longer providing Continuous Service on each vesting date. The Board or Committee responsible for administering the Plan shall have discretion to determine that a termination of employment that does not meet the foregoing conditions shall nevertheless qualify as a Retirement entitling Participant to continued vesting. Notwithstanding the foregoing, if applicable legislation or case law is enacted or decided which would, in the Company's sole and absolute discretion, put it at risk of claims, then such vesting treatment upon Participant's Retirement shall not apply.

However, notwithstanding anything herein to the contrary, the vesting of the Restricted Stock Units shall be subject to any additional vesting acceleration provisions applicable to the Restricted Stock Units contained in the Plan and/or any employment or service agreement, offer letter, severance agreement, or any other agreement between Participant and the Company or any Affiliate or Subsidiary (such agreement, a "Separate Agreement").

#### **Agreements**

By your signature and the Company's signature below, or by electronic acceptance or authentication in a form authorized by the Company, you and the Company agree that this Award is granted under and governed by the terms of the Plan and the Award Agreement which are attached hereto and incorporated herein by this reference.

You also acknowledge that by providing your signature below or accepting the award via the Company's electronic acceptance procedure, you expressly agree with the data processing practices described in Section 9 of the Global Restricted Stock Unit Award Agreement and consent to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned in Section 9 of the Global Restricted Stock Unit Award Agreement, including recipients located in countries which do not provide an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described in Section 9 of the Global Restricted Stock Unit Award Agreement. You understand that consenting to such collection, processing and use of your Data is a condition of receiving the Award and that you may forfeit the Award if you do not grant (or if you withdraw) such consent. You understand that you may withdraw consent at any time with future effect for any or no reason as described in Section 9 of the Global Restricted Stock Unit Award Agreement.

You further acknowledge that your rights to any Restricted Stock Units will be earned only as you provide Continuous Service to the Company over time, that the grant of this Award is not consideration for service you rendered to the Company prior to the Grant Date, and that nothing herein or the attached documents confers upon you any right to continue your employment or other service relationship with the Company or any Affiliate or Subsidiary for any period of time, nor does it interfere in any way with your right or the Company's (or any Affiliate's or Subsidiary's) right to terminate that relationship at any time, for any reason or no reason, with or without Cause, and with or without advance notice, except as may be required by the terms of a Separate Agreement or in compliance with governing public law.

“COMPANY”

StepStone Group Inc.

\_\_\_\_\_  
Name:  
Title:

“PARTICIPANT”

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

**STEPSTONE GROUP INC.**  
**2020 LONG-TERM INCENTIVE PLAN**  
**GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Award Agreement is made and entered into by and between StepStone Group Inc., a Delaware corporation (“Company”), and the Participant identified in the Notice of Grant of Award of Restricted Stock Units (“Grant Notice”) which is attached hereto (“Participant”).

**1. Grant of Restricted Stock Units.** The Company hereby grants to the Participant named in the Grant Notice an award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which are incorporated herein by reference. Restricted Stock Units issued pursuant to a Grant Notice and this Award Agreement are referred to in this Agreement as “Restricted Stock Units” or “RSUs.”

**2. Company’s Obligation to Pay.** Each Restricted Stock Unit represents the right to receive payment on the date it vests in the form of one share of the Company’s Common Stock (each, a “Share” and collectively, the “Shares”). Participant will have no right to payment of any Shares on any Restricted Stock Units unless and until the Restricted Stock Units have vested in the manner set forth in the Grant Notice and this Award Agreement. Prior to actual payment of a Share on any vested Restricted Stock Unit, such Restricted Stock Unit will represent an unsecured obligation of the Company, for which there is no trust and no obligation other than to issue Shares as contemplated by this Award Agreement and the Plan.

**3. Vesting of Award.** The Award shall not be vested as of the Grant Date set forth in the Grant Notice and shall be forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and this Award Agreement. After the Grant Date, subject to termination or acceleration as provided in this Award Agreement or any Separate Agreement, the Award shall become vested as described in the Grant Notice with respect to that number of Restricted Stock Units as set forth in the Grant Notice. Restricted Stock Units that have vested and are no longer subject to forfeiture are referred to herein as “Vested RSUs.” Restricted Stock Units awarded hereunder that are not vested and remain subject to forfeiture are referred to herein as “Unvested RSUs.” Notwithstanding anything contained in this Award Agreement to the contrary, upon Participant’s termination of Continuous Service, except as otherwise provided in the Grant Notice or any Separate Agreement or the Addendum, any then Unvested RSUs held by Participant shall be forfeited and canceled as of the date of such termination.

**4. Change in Control.** Unless otherwise provided in a Separate Agreement, upon the occurrence of a Change in Control, Sections 9(c) and 9(d) of the Plan shall control. In addition, unless otherwise provided in a Separate Agreement, if Participant’s Continuous Service is terminated without Cause or due to Good Reason (as defined below) upon or within the thirteen-month period following a Change in Control, the Award shall vest in full. For purposes hereof, Participant shall have “Good Reason” to terminate Continuous Service if, without Participant’s consent, (i) the Company (or Successor Corporation) reduces Participant’s annual base salary, unless such reduction is pursuant to a general reduction in annual base salaries applicable to all similarly situated employees, (ii) Participant experiences a significant diminution of position, duties, responsibilities or status or (iii) Participant is required to relocate to a location that exceeds a 50 mile radius from Participant’s primary workplace prior to such Change in Control.

**5. Restrictions on Resales.** The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by Participant or other subsequent transfers by Participant of any Shares issued pursuant to Vested RSUs, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

**6. Rights as a Stockholder.** Participant shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any RSUs unless and until Shares settled for such RSUs shall have been issued by the Company to Participant (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). Notwithstanding the foregoing, from and after the Grant Date and until the earlier of (a) the time when the RSUs become nonforfeitable and payable in accordance with the terms hereof or (b) the time when Participant's right to receive Common Stock upon payment of RSUs is forfeited, on the date that the Company pays a cash dividend (if any) to holders of Common Stock generally, Participant shall be credited with a dollar amount equal to (i) the per Share cash dividend paid by the Company on its Common Stock on such date, multiplied by (ii) the total number of RSUs subject to the Award that are outstanding immediately prior to the record date for that dividend (the "Dividend Equivalent Right"). Such Dividend Equivalent Rights (if any) shall be subject to the same terms and conditions, including vesting and the obligation to satisfy any withholding tax obligations, in the same manner and at the same time as the RSUs to which the Dividend Equivalent Rights relate; provided, however, that the amount of any vested Dividend Equivalent Rights shall be paid in cash and, provided further, that Participant shall be entitled to apply such Dividend Equivalent Rights to any withholding tax obligations.

**7. Responsibility for Taxes.**

(a) Participant acknowledges that, regardless of any action taken by the Company or, if different, the member of the Subsidiary or Affiliate for which Participant provides Continuous Service (the "Service Recipient"), the ultimate liability for all income tax, social insurance contributions, payroll tax, fringe benefits tax, payment on account, and other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, Dividend Equivalent Rights or other distributions paid on the Shares, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax-withholding event, as applicable, Participant agrees to make arrangements satisfactory to the Company and/or the Service Recipient to satisfy any withholding obligations the Company and/or the Service Recipient may have for Tax-Related Items. In this regard, Participant authorizes the Company to satisfy any withholding obligation for Tax-Related Items by withholding from proceeds of the sale of Shares to be issued upon settlement of the Vested Units through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization without further consent); provided, however, if the proceeds from such sale of Shares are not sufficient to fully satisfy any withholding obligation for Tax-Related Items, Participant authorizes the Company to satisfy such excess withholding obligation by withholding from Participant's wages or other cash compensation payable to Participant by the Company or the Service Recipient. Notwithstanding the forgoing, if Participant is either (i) a Section 16 officer of the Company under the Exchange Act or (ii) employed in China, then any withholding obligation for Tax-Related Items shall not be satisfied as described in the preceding sentence and instead shall be satisfied by withholding from Shares to be issued to Participant upon settlement of the Vested Units.

(c) The Company and/or the Service Recipient may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including maximum rates applicable in Participant's jurisdiction(s), in which case Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the withholding obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, Participant will be deemed to have been issued the full number of Shares subject to the Vested Units, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the Tax-Related Items.

(d) Participant agrees to pay to the Company or the Service Recipient any amount of Tax-Related Items that the Company or the Service Recipient may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver the Shares or the proceeds from the sale of Shares, if Participant fails to comply with Participant's obligations for Tax-Related Items.

**8. Non-Transferability of Award.** Participant understands, acknowledges and agrees that, except as otherwise provided in the Plan or as permitted by the Board, the Award may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of other than by will or the laws of descent and distribution; provided, however, that Participant may transfer the Award to any "family member" of Participant (as such term is defined in Section A.1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as amended ("Form S-8")), to trusts solely for the benefit of such family members and to partnerships or limited liability companies in which such family members and/or trusts are the only partners/members; provided that, (i) as a condition thereof, the transferor and the transferee must execute a written agreement containing such terms as specified by the Board, and (ii) the transfer is pursuant to a gift or a domestic relations order to the extent permitted under the General Instructions to Form S-8. Except to the extent specified otherwise in the agreement the Board provides for Participant and transferee to execute, all vesting, exercisability and forfeiture provisions that are conditioned on Participant's Continuous Service shall continue to be determined with reference to Participant's employment or service (and not to the status of the transferee) after any transfer of the Award pursuant to this Section 8, and the responsibility to pay any taxes in connection with the Award shall remain with Participant notwithstanding any transfer other than by will or intestate succession.

**9. Data Privacy Consent.** Participant consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other grant materials by and among, as applicable, the Company, the Service Recipient and any other Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan, to the extent consent is required by applicable law for the collection, use and transfer of the same.

Participant understands that the Company, the Service Recipient and other Affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to certain third parties, such as Morgan Stanley and certain of its affiliated companies (collectively, "Morgan Stanley") which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that, if and to the extent the right is expressly provided under applicable law, he or she may request a list with the names and addresses of any potential recipients or categories of recipients to whom Data has or will be disclosed by contacting his or her local human resources representative. Participant authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to collect, receive, possess, use, retain, transfer, or otherwise process Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. The Company may further transfer Data to its transfer agent, payroll providers and/or certain other service provider(s) as may be, presently or in the future, engaged to assist with the implementation, administration and management of the Plan. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Participant understands that, if and to the extent the right is expressly provided under applicable law, Participant may view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting Participant's local human resources representative. Further, Participant understands that any consent he or she is providing herein is on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, Participant's Continuous Service and career with the Service Recipient will not be affected; the only consequence of refusing or withdrawing his or her consent may be that the Company would not be able to grant RSUs or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

**10. Other Agreements Superseded.** The Grant Notice, this Award Agreement, the Plan and any Separate Agreement constitute the entire understanding between Participant and the Company regarding the Award. Any prior agreements, commitments or negotiations concerning the Award are superseded.

**11. Limitation of Interest in Shares Subject to Restricted Stock Units.** Neither Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through Participant shall have any right, title, interest, or privilege in or to any Shares allocated or reserved for the purpose of the Plan or subject to the Grant Notice or this Award Agreement except as to such Shares, if any, as shall have been issued to such person in connection with the Award.

**12. No Right to Service.** Nothing in the Plan, the Grant Notice, this Award Agreement or any other instrument executed pursuant to the Plan shall confer upon Participant any right to continue in the Company's employ or service nor limit in any way the Company's (or any Affiliate's or Subsidiary's) right to terminate Participant's employment or service at any time for any reason or no reason, with or without Cause, and with or without advance notice.

**13. No Liability of Company.** The Company and any Affiliate or Subsidiary which is in existence or hereafter comes into existence shall not be liable to Participant or any other person as to: (a) the non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder; and (b) any tax consequence expected, but not realized, by Participant or other person due to the receipt or settlement of any Restricted Stock Units granted hereunder.

#### **14. General.**

(a) Governing Plan Document. The Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of a conflict between the general terms and conditions of the Plan and this Award Agreement, the terms and conditions of the Plan shall prevail; however, this Award Agreement sets out specific terms for the Award, and those terms will prevail over more general terms in the Plan on the same issue, if any, or in the conflict between such terms.

(b) Governing Law and Choice of Venue. This Award Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to principles of conflicts of law.

Furthermore, each of the parties irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware or, to the extent the Court of Chancery does not have subject matter jurisdiction, the United States District Court for the District of Delaware and the appellate courts having jurisdiction of appeals in such courts for the purpose of any suit, action or other proceeding arising out of this Award Agreement. Each of the parties hereto further agrees that service of any process, summons, notice or document by U.S. registered mail or its foreign equivalent to such party's respective address shall be effective service of process for any action, suit or proceeding with respect to any matters to which it has submitted to jurisdiction in this Section 14(b). Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suite or proceeding arising out of this Award Agreement in Delaware, and further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(c) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. By executing the Grant Notice, Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to Participant pursuant to applicable securities laws) regarding the Company and its Affiliates, the Plan, the Award and the Common Stock via Company web site or other electronic delivery established and maintained by the Company or a third party designated by the Company.

(d) Notices. Any notice required or permitted to be delivered under this Award Agreement shall be in writing (which shall include electronic transmission) and shall be deemed received (i) the business day following electronic verification of receipt if sent electronically, (ii) upon personal delivery to the party to whom the notice is directed, or (iii) the business day following deposit with a reputable overnight courier (or the second business day following deposit in the case of an international delivery). Notice shall be addressed to the Company's Legal Department and to Participant at the address that he or she most recently provided to the Company. The recipient may acknowledge actual receipt at a time earlier than the deemed receipt set forth herein or by a means other than that set forth herein.

(e) Successors/Assigns. This Award Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(f) Severability. If one or more provisions of this Award Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Award Agreement, and the balance of the Award Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms. The parties agree to replace such illegal, void, invalid or unenforceable provision of this Award Agreement with a legal, valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void, invalid or unenforceable provision.

(g) Waivers. Participant acknowledges that a waiver by the Company or breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by Participant or any other participants.

(h) Insider Trading Restrictions / Market Abuse Laws. By accepting the Award, Participant acknowledges that he or she is bound by all the terms and conditions of the insider trading policy as may be in effect from time to time. Participant further acknowledges that, depending on Participant's or his or her broker's country or the country in which the Shares are listed, he or she may be subject to insider trading restrictions and/or market abuse laws which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., Restricted Stock Units) or rights linked to the value of Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees or service providers and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy as may be in effect from time to time. Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and Participant should speak to his or her personal advisor on this matter.

(i) Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Award and the Shares acquired upon settlement of the RSUs, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to enter into any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(j) Compliance with Law. Notwithstanding any other provision of the Plan or this Award Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the Award prior to the completion of any registration or qualification of the Common Stock under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission (“SEC”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Participant understands that the Company is under no obligation to register or qualify the Shares subject to the Award with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this Award Agreement without Participant’s consent to the extent necessary to comply with securities or other laws applicable to the issuance of the Shares.

(k) Addendum. Notwithstanding any provision in this Global Restricted Stock Unit Award Agreement, the RSUs shall be subject to the additional general terms and conditions for Participants in countries outside the United States as well as any special terms and conditions for Participant’s country, all as set forth in the Addendum attached hereto. If Participant transfers from the United States to a country outside the United States, or if Participant relocates between countries included in the Addendum during the life of the RSUs, the applicable terms and conditions in the Addendum shall apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

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

I, Scott W. Hart, certify that:

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

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

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

Date: February 9, 2023

By: /s/ Scott W. Hart

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

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

I, Johnny D. Randel, certify that:

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

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

Date: February 9, 2023

By: /s/ Johnny D. Randel

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Johnny D. Randel  
Chief Financial Officer  
*(Principal Financial Officer)*

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

In connection with the Quarterly Report of StepStone Group Inc. (the "Company") on Form 10-Q for the three months ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Scott W. Hart, Chief Executive Officer of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: February 9, 2023

By: /s/ Scott W. Hart

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

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

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

In connection with the Quarterly Report of StepStone Group Inc. (the "Company") on Form 10-Q for the three months ended December 31, 2022, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Johnny D. Randel, Chief Financial Officer of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: February 9, 2023

By: /s/ Johnny D. Randel

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Johnny D. Randel  
Chief Financial Officer  
*(Principal Financial Officer)*

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