

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED September 30, 2023
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: 001-35538

CARLYLE
The Carlyle Group Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-2832612
(I.R.S. Employer
Identification No.)

1001 Pennsylvania Avenue, NW
Washington, DC, 20004-2505
(Address of principal executive offices) (Zip Code)

(202) 729-5626
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CG	The Nasdaq Global Select Market
4.625% Subordinated Notes due 2061 of Carlyle Finance L.L.C.	CGABL	The Nasdaq Global Select Market

As of November 3, 2023, there were 360,795,648 shares of common stock of the registrant outstanding.

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, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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

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Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include, but are not limited to, statements related to our expectations, estimates, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions and statements that are not historical facts, including our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, contingencies, and our dividend policy. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks, uncertainties, and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements including, but not limited to, those described in this report and under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the U.S. Securities and Exchange Commission (“SEC”) on February 9, 2023, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Quarterly Report on Form 10-Q and in our other periodic filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments, or otherwise, except as required by applicable law.

Website and Social Media Disclosure

We use our website (www.carlyle.com), our corporate Facebook page (www.facebook.com/onecarlyle), our corporate X account (@OneCarlyle or www.twitter.com/onecarlyle), our corporate Instagram account (@onecarlyle or www.instagram.com/onecarlyle), our corporate LinkedIn account (www.linkedin.com/company/the-carlyle-group), our corporate YouTube channel (www.youtube.com/user/onecarlyle), and our corporate WeChat account (ID: gh_3e34f090ec20) as channels of distribution of material company information. For example, financial and other material information regarding our company is routinely posted on and accessible at www.carlyle.com. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about Carlyle when you enroll your email address by visiting the “Email Alerts” section at <http://ir.carlyle.com/email-alerts>. The contents of our website and social media channels are not, however, a part of this Quarterly Report on Form 10-Q and are not incorporated by reference herein.

On January 1, 2020, we completed our conversion from a Delaware limited partnership named The Carlyle Group L.P. into a Delaware Corporation named The Carlyle Group Inc. (the conversion, together with such restructuring steps and related transactions, the “Conversion”).

Unless the context suggests otherwise, references in this report to “Carlyle,” the “Company,” “we,” “us” and “our” refer to The Carlyle Group Inc. and its consolidated subsidiaries. When we refer to our “senior Carlyle professionals,” we are referring to the partner-level personnel of our firm. References in this report to the ownership of the senior Carlyle professionals include the ownership of personal planning vehicles of these individuals. When we refer to the “Carlyle Holdings partnerships” or “Carlyle Holdings,” we are referring to Carlyle Holdings I L.P., Carlyle Holdings II L.P., and Carlyle Holdings III L.P., which prior to the Conversion were the holding partnerships through which the Company and our senior Carlyle professionals and other holders of Carlyle Holdings partnership units owned their respective interests in our business.

“Carlyle funds,” “our funds” and “our investment funds” refer to the investment funds and vehicles advised by Carlyle.

“Carry funds” generally refers to closed-end investment vehicles, in which commitments are drawn down over a specified investment period, and in which the general partner receives a special residual allocation of income from limited partners, which we refer to as carried interest, in the event that specified investment returns are achieved by the fund. Disclosures referring to carry funds will also include the impact of certain commitments which do not earn carried interest, but are either part of or associated with our carry funds. The rate of carried interest, as well as the share of carried interest allocated to Carlyle, may vary across the carry fund platform. Carry funds generally include the following investment vehicles across our three business segments:

- Global Private Equity: Buyout, middle market and growth capital, real estate, infrastructure and natural resources funds advised by Carlyle, as well as certain energy funds advised by our strategic partner NGP Energy Capital Management (“NGP”) in which Carlyle is entitled to receive a share of carried interest (“NGP Carry Funds”)
- Global Credit: Opportunistic credit, aircraft finance, and other closed-end credit funds advised by Carlyle
- Global Investment Solutions: Funds and vehicles advised by AlpInvest Partners B.V. (“AlpInvest”), which include primary fund, secondary and portfolio financing, and co-investment strategies

Carry funds specifically exclude certain legacy Abingworth funds in which Carlyle is not entitled to receive a share of carried interest, collateralized loan obligation vehicles (“CLOs”), our business development companies and associated managed accounts, as well as capital raised from a strategic third-party investor which directly invests in Fortitude (defined below) alongside a carry fund.

For an explanation of the fund acronyms used throughout this Quarterly Report on Form 10-Q, refer to “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation – Our Global Investment Offerings.”

“Fortitude” refers to Fortitude Group Holdings, LLC (“Fortitude Holdings”) prior to October 1, 2021 and to FGH Parent, L.P. (“FGH Parent”) as of October 1, 2021. On October 1, 2021, the owners of Fortitude Holdings contributed their interests to FGH Parent such that FGH Parent became the direct parent of Fortitude Holdings. Fortitude Holdings owns 100% of the outstanding common shares of Fortitude Reinsurance Company Ltd., a Bermuda domiciled reinsurer (“Fortitude Re”). See Note 4 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information regarding the Company’s strategic investment in Fortitude.

“Fee-earning assets under management” or “Fee-earning AUM” refers to the assets we manage or advise from which we derive recurring fund management fees. Our Fee-earning AUM is generally based on one of the following, once fees have been activated:

- (a) the amount of limited partner capital commitments, generally for carry funds where the original investment period has not expired and for AlpInvest carry funds during the commitment fee period;
- (b) the remaining amount of limited partner invested capital at cost, generally for carry funds and certain co-investment vehicles where the original investment period has expired, as well as one of our business development companies;
- (c) the amount of aggregate fee-earning collateral balance of our CLOs and other securitization vehicles, as defined in the fund indentures (pre-2020 CLO vintages are generally exclusive of equities and defaulted positions) as of the quarterly cut-off date;
- (d) the external investor portion of the net asset value of certain carry funds;
- (e) the fair value of Fortitude’s general account assets invested under the strategic advisory services agreement;
- (f) the gross assets (including assets acquired with leverage), excluding cash and cash equivalents, of one of our business development companies and certain carry funds; or
- (g) the lower of cost or fair value of invested capital, generally for AlpInvest carry funds where the commitment fee period has expired and certain carry funds where the investment period has expired.

“Assets under management” or “AUM” refers to the assets we manage or advise. Our AUM generally equals the sum of the following:

- (a) the aggregate fair value of our carry funds and related co-investment vehicles, and separately managed accounts, plus the capital that Carlyle is entitled to call from investors in those funds and vehicles (including Carlyle commitments to those funds and vehicles and those of senior Carlyle professionals and employees) pursuant to the terms of their capital commitments to those funds and vehicles;
- (b) the amount of aggregate collateral balance and principal cash or aggregate principal amount of the notes of our CLOs and other structured products (inclusive of all positions);
- (c) the net asset value of certain carry funds;
- (d) the fair value of Fortitude’s general account assets covered by the strategic advisory services agreement; and

- (e) the gross assets (including assets acquired with leverage) of our business development companies, plus the capital that Carlyle is entitled to call from investors in those vehicles pursuant to the terms of their capital commitments to those vehicles.

We include in our calculation of AUM and Fee-earning AUM certain energy and renewable resources funds that we jointly advise with Riverstone Holdings L.L.C. (“Riverstone”) and the NGP Carry Funds that are advised by NGP. Our calculation of AUM also includes third-party capital raised for the investment in Fortitude through a Carlyle-affiliated investment fund and from a strategic investor which directly invests in Fortitude alongside the fund. The total AUM and Fee-earning AUM related to the strategic advisory services agreement with Fortitude is inclusive of the net asset value of investments in Carlyle products. These amounts are also reflected in the AUM and Fee-earning AUM of the strategy in which they are invested.

For most of our carry funds, total AUM includes the fair value of the capital invested, whereas Fee-earning AUM includes the amount of capital commitments or the remaining amount of invested capital, depending on whether the original investment period for the fund has expired. As such, Fee-earning AUM may be greater than total AUM when the aggregate fair value of the remaining investments is less than the cost of those investments.

Our calculations of AUM and Fee-earning AUM may differ from the calculations of other asset managers. As a result, these measures may not be comparable to similar measures presented by other asset managers. In addition, our calculation of AUM (but not Fee-earning AUM) includes uncalled commitments to, and the fair value of invested capital in, our investment funds from Carlyle and our personnel, regardless of whether such commitments or invested capital are subject to management fees, incentive fees or performance allocations. Our calculations of AUM or Fee-earning AUM are not based on any definition of AUM or Fee-earning AUM that is set forth in the agreements governing the investment funds that we manage or advise.

“Perpetual Capital” refers to the assets we manage or advise which have an indefinite term and for which there is no immediate requirement to return capital to investors upon the realization of investments made with such capital, except as required by applicable law. Perpetual Capital may be materially reduced or terminated under certain conditions, including reductions from changes in valuations and payments to investors, including through elections by investors to redeem their investments, dividend payments, and other payment obligations, as well as the termination of or failure to renew the respective investment advisory agreements. Perpetual Capital includes: (a) assets managed under the strategic advisory services agreement with Fortitude, (b) our Core Plus real estate fund, (c) our business development companies and certain other direct lending products, (d) our Interval Fund (“CTAC”) and (e) our retail-oriented product Carlyle AlpInvest Private Markets Fund (“CAPM”).

“Legacy Energy Funds” include Energy III, Energy IV, and Renew II and are managed with Riverstone and its affiliates. The investment periods for these funds have expired and the remaining investments in each fund are being disposed of in the ordinary course of business. The impact of these funds is no longer significant to our results of operations.

“Metropolitan” refers to Metropolitan Real Estate Management, LLC, which was included in the Global Investment Solutions business segment prior to its sale on April 1, 2021.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**The Carlyle Group Inc.
Condensed Consolidated Balance Sheets
(Dollars in millions)**

	September 30, 2023	December 31, 2022
	(Unaudited)	
Assets		
Cash and cash equivalents	\$ 1,267.7	\$ 1,360.7
Cash and cash equivalents held at Consolidated Funds	352.3	209.0
Restricted cash	4.5	0.8
Corporate treasury investments	57.3	20.0
Investments, including accrued performance allocations of \$6,209.2 million and \$7,117.7 million as of September 30, 2023 and December 31, 2022, respectively	9,974.7	10,767.9
Investments of Consolidated Funds	7,059.2	6,894.4
Due from affiliates and other receivables, net	688.3	579.4
Due from affiliates and other receivables of Consolidated Funds, net	131.7	101.9
Fixed assets, net	154.8	139.9
Lease right-of-use assets, net	337.4	337.0
Deposits and other	119.9	78.4
Intangible assets, net	796.0	897.8
Deferred tax assets	13.5	15.8
Total assets	\$ 20,957.3	\$ 21,403.0
Liabilities and equity		
Debt obligations	\$ 2,275.5	\$ 2,271.7
Loans payable of Consolidated Funds	6,419.2	5,905.2
Accounts payable, accrued expenses and other liabilities	263.5	369.2
Accrued compensation and benefits	3,694.4	4,320.9
Due to affiliates	290.0	362.5
Deferred revenue	413.8	126.4
Deferred tax liabilities	276.2	402.7
Other liabilities of Consolidated Funds	279.9	279.3
Lease liabilities	496.0	502.9
Accrued giveback obligations	44.0	40.9
Total liabilities	14,452.5	14,581.7
Commitments and contingencies		
Common stock, \$0.01 par value, 100,000,000,000 shares authorized (360,719,374 and 362,298,650 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively)	3.6	3.6
Additional paid-in-capital	3,337.8	3,138.5
Retained earnings	2,902.6	3,401.1
Accumulated other comprehensive loss	(323.9)	(322.2)
Non-controlling interests in consolidated entities	584.7	600.3
Total equity	6,504.8	6,821.3
Total liabilities and equity	\$ 20,957.3	\$ 21,403.0

See accompanying notes.

The Carlyle Group Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in millions, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Fund management fees	\$ 502.6	\$ 535.9	\$ 1,511.2	\$ 1,532.9
Incentive fees	21.1	15.1	61.9	42.6
Investment income (loss)				
Performance allocations	(118.3)	298.1	(204.3)	1,346.2
Principal investment income	100.6	124.2	105.1	500.5
Total investment income (loss)	(17.7)	422.3	(99.2)	1,846.7
Interest and other income	57.9	35.5	152.1	92.5
Interest and other income of Consolidated Funds	152.7	79.7	411.7	204.6
Total revenues	716.6	1,088.5	2,037.7	3,719.3
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	267.6	251.4	798.4	779.7
Equity-based compensation	64.4	54.2	186.8	139.3
Performance allocations and incentive fee related compensation	(53.9)	163.5	(40.4)	741.2
Total compensation and benefits	278.1	469.1	944.8	1,660.2
General, administrative and other expenses	143.0	149.2	470.7	387.2
Interest	31.4	27.3	91.8	82.0
Interest and other expenses of Consolidated Funds	102.5	53.7	298.3	137.1
Other non-operating expenses	0.1	0.3	0.2	0.8
Total expenses	555.1	699.6	1,805.8	2,267.3
Other income (loss)				
Net investment income (loss) of Consolidated Funds	(9.3)	(30.3)	9.9	(51.0)
Income before provision for income taxes	152.2	358.6	241.8	1,401.0
Provision for income taxes	41.2	76.2	68.2	274.9
Net income	111.0	282.4	173.6	1,126.1
Net income attributable to non-controlling interests in consolidated entities	29.7	1.6	90.0	28.3
Net income attributable to The Carlyle Group Inc.	\$ 81.3	\$ 280.8	\$ 83.6	\$ 1,097.8
Net income attributable to The Carlyle Group Inc. per common share (see Note 12)				
Basic	\$ 0.23	\$ 0.77	\$ 0.23	\$ 3.04
Diluted	\$ 0.22	\$ 0.77	\$ 0.23	\$ 3.00
Weighted-average common shares				
Basic	360,568,375	362,895,064	361,583,260	360,657,999
Diluted	363,655,647	366,787,149	364,092,860	365,389,217

Substantially all revenue is earned from affiliates of the Company. See accompanying notes.

The Carlyle Group Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(Dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 111.0	\$ 282.4	\$ 173.6	\$ 1,126.1
Other comprehensive income (loss)				
Foreign currency translation adjustments	(24.1)	(91.8)	4.9	(219.3)
Defined benefit plans				
Unrealized loss for the period	(0.9)	(0.2)	(0.9)	(4.7)
Less: reclassification adjustment for gain (loss) during the period, included in cash-based compensation and benefits expense	(0.1)	0.2	(0.2)	0.7
Other comprehensive income (loss)	(25.1)	(91.8)	3.8	(223.3)
Comprehensive income	85.9	190.6	177.4	902.8
Comprehensive income (loss) attributable to non-controlling interests in consolidated entities	29.2	(11.3)	95.5	(2.8)
Comprehensive income attributable to The Carlyle Group Inc.	<u>\$ 56.7</u>	<u>\$ 201.9</u>	<u>\$ 81.9</u>	<u>\$ 905.6</u>

See accompanying notes.

The Carlyle Group Inc.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)
(Dollars and shares in millions)

	Common Shares	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non- controlling Interests in Consolidated Entities	Total Equity
Balance at June 30, 2023	360.0	\$ 3.6	\$ 3,266.5	\$ 2,992.9	\$ (299.3)	\$ 680.9	\$ 6,644.6
Shares repurchased	(1.3)	—	—	(42.9)	—	—	(42.9)
Equity-based compensation	—	—	68.9	—	—	—	68.9
Shares issued for equity-based awards	2.0	—	—	—	—	—	—
Dividend-equivalent rights on certain equity-based awards	—	—	2.4	(2.4)	—	—	—
Deconsolidation of a Consolidated Entity	—	—	—	—	—	(103.3)	(103.3)
Contributions	—	—	—	—	—	43.5	43.5
Dividends and distributions	—	—	—	(126.3)	—	(65.6)	(191.9)
Net income (loss)	—	—	—	81.3	—	29.7	111.0
Currency translation adjustments	—	—	—	—	(23.6)	(0.5)	(24.1)
Defined benefit plans, net	—	—	—	—	(1.0)	—	(1.0)
Balance at September 30, 2023	<u>360.7</u>	<u>\$ 3.6</u>	<u>\$ 3,337.8</u>	<u>\$ 2,902.6</u>	<u>\$ (323.9)</u>	<u>\$ 584.7</u>	<u>\$ 6,504.8</u>

	Common Shares	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non- controlling Interests in Consolidated Entities	Total Equity
Balance at December 31, 2022	362.3	\$ 3.6	\$ 3,138.5	\$ 3,401.1	\$ (322.2)	\$ 600.3	\$ 6,821.3
Shares repurchased	(6.5)	—	—	(203.7)	—	—	(203.7)
Equity-based compensation	—	—	192.3	—	—	—	192.3
Shares issued for equity-based awards	4.9	—	—	—	—	—	—
Dividend-equivalent rights on certain equity-based awards	—	—	7.0	(7.0)	—	—	—
Deconsolidation of a Consolidated Entity	—	—	—	—	—	(110.4)	(110.4)
Contributions	—	—	—	—	—	99.0	99.0
Dividends and distributions	—	—	—	(371.4)	—	(99.7)	(471.1)
Net income	—	—	—	83.6	—	90.0	173.6
Currency translation adjustments	—	—	—	—	(0.6)	5.5	4.9
Defined benefit plans, net	—	—	—	—	(1.1)	—	(1.1)
Balance at September 30, 2023	<u>360.7</u>	<u>\$ 3.6</u>	<u>\$ 3,337.8</u>	<u>\$ 2,902.6</u>	<u>\$ (323.9)</u>	<u>\$ 584.7</u>	<u>\$ 6,504.8</u>

The Carlyle Group Inc.
Condensed Consolidated Statements of Changes in Equity
(Continued) (Unaudited)
(Dollars and shares in millions)

	Common Shares	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interests in Consolidated Entities	Total Equity
Balance at June 30, 2022	361.2	\$ 3.6	\$ 3,033.6	\$ 3,309.9	\$ (360.8)	\$ 446.0	\$ 6,432.3
Shares repurchased	(1.2)	—	—	(41.6)	—	—	(41.6)
Equity-based compensation	—	—	62.0	—	—	—	62.0
Shares issued for equity-based awards	2.6	—	—	—	—	—	—
Shares issued for performance allocations	0.2	—	2.4	—	—	—	2.4
Shares issued related to the acquisition of Abingworth	0.6	—	25.0	—	—	—	25.0
Contributions	—	—	—	—	—	115.2	115.2
Distributions	—	—	—	(118.3)	—	(16.9)	(135.2)
Net income	—	—	—	280.8	—	1.6	282.4
Non-controlling interests related to the acquisition of Abingworth	—	—	—	—	—	4.2	4.2
Currency translation adjustments	—	—	—	—	(78.9)	(12.9)	(91.8)
Balance at September 30, 2022	363.4	\$ 3.6	\$ 3,123.0	\$ 3,430.8	\$ (439.7)	\$ 537.2	\$ 6,654.9

	Common Shares	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interests in Consolidated Entities	Total Equity
Balance at December 31, 2021	355.4	\$ 3.6	\$ 2,717.6	\$ 2,805.3	\$ (247.5)	\$ 427.2	\$ 5,706.2
Shares repurchased	(3.6)	—	—	(146.9)	—	—	(146.9)
Equity-based compensation	—	—	147.0	—	—	—	147.0
Shares issued for equity-based awards	5.9	—	—	—	—	—	—
Shares issued for performance allocations	0.9	—	38.9	—	—	—	38.9
Shares issued related to the acquisition of CBAM	4.2	—	194.5	—	—	—	194.5
Shares issued related to the acquisition of Abingworth	0.6	—	25.0	—	—	—	25.0
Contributions	—	—	—	—	—	282.1	282.1
Distributions	—	—	—	(325.4)	—	(173.5)	(498.9)
Net income	—	—	—	1,097.8	—	28.3	1,126.1
Non-controlling interests related to the acquisition of Abingworth	—	—	—	—	—	4.2	4.2
Currency translation adjustments	—	—	—	—	(188.2)	(31.1)	(219.3)
Defined benefit plans, net	—	—	—	—	(4.0)	—	(4.0)
Balance at September 30, 2022	363.4	\$ 3.6	\$ 3,123.0	\$ 3,430.8	\$ (439.7)	\$ 537.2	\$ 6,654.9

See accompanying notes.

The Carlyle Group Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in millions)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities		
Net income	\$ 173.6	\$ 1,126.1
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	137.0	102.7
Equity-based compensation	186.8	139.3
Non-cash performance allocations and incentive fees, net	427.3	184.1
Non-cash principal investment income	(91.6)	(483.8)
Other non-cash amounts	8.1	(27.4)
Consolidated Funds related:		
Realized/unrealized (gain) loss on investments of Consolidated Funds	(262.7)	319.3
Realized/unrealized (gain) loss from loans payable of Consolidated Funds	252.8	(268.3)
Purchases of investments by Consolidated Funds	(2,321.1)	(3,090.1)
Proceeds from sale and settlements of investments by Consolidated Funds	1,693.8	2,418.4
Non-cash interest income, net	(21.2)	(7.6)
Change in cash and cash equivalents held at Consolidated Funds	(178.1)	(29.5)
Change in other receivables held at Consolidated Funds	(30.2)	15.8
Change in other liabilities held at Consolidated Funds	9.3	(380.1)
Purchases of investments	(221.3)	(559.6)
Proceeds from the sale of investments	338.4	388.3
Payments of contingent consideration	(68.6)	(5.7)
Changes in deferred taxes, net	(103.3)	(2.3)
Change in due from affiliates and other receivables	16.7	(62.6)
Change in deposits and other	(38.5)	(12.8)
Change in accounts payable, accrued expenses and other liabilities	(101.8)	(27.7)
Change in accrued compensation and benefits	(128.3)	(265.3)
Change in due to affiliates	(8.8)	2.4
Change in lease right-of-use assets and lease liabilities	(7.5)	(7.0)
Change in deferred revenue	290.0	274.9
Net cash used in operating activities	(49.2)	(258.5)
Cash flows from investing activities		
Purchases of corporate treasury investments	(187.3)	(69.6)
Proceeds from corporate treasury investments	152.4	—
Purchases of fixed assets, net	(49.6)	(25.0)
Purchase of Abingworth, net of cash acquired	—	(150.2)
Purchase of CBAM intangibles and investments, net	—	(618.4)
Net cash used in investing activities	(84.5)	(863.2)

The Carlyle Group Inc.
Condensed Consolidated Statements of Cash Flows
(Continued) (Unaudited)
(Dollars in millions)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from financing activities		
Payments on CLO borrowings	(7.3)	(8.9)
Proceeds from CLO borrowings, net of financing costs	10.0	55.2
Net borrowings on loans payable of Consolidated Funds	777.2	449.4
Dividends to common stockholders	(371.4)	(325.4)
Payment of deferred consideration for Carlyle Holdings units	(68.8)	(68.8)
Contributions from non-controlling interest holders	99.0	282.1
Distributions to non-controlling interest holders	(99.7)	(173.5)
Common shares issued for performance allocations	—	38.9
Common shares repurchased	(203.7)	(146.9)
Change in due to/from affiliates financing activities	(82.7)	(13.2)
Net cash provided by financing activities	52.6	88.9
Effect of foreign exchange rate changes	(8.2)	(79.8)
Decrease in cash, cash equivalents and restricted cash	(89.3)	(1,112.6)
Cash, cash equivalents and restricted cash, beginning of period	1,361.5	2,475.1
Cash, cash equivalents and restricted cash, end of period	<u>\$ 1,272.2</u>	<u>\$ 1,362.5</u>
Supplemental non-cash disclosures		
Issuance of common shares related to the acquisition of CBAM and Abingworth	<u>\$ —</u>	<u>\$ 219.5</u>
Net asset impact of deconsolidation of Consolidated Funds	<u>\$ (110.4)</u>	<u>\$ —</u>
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	\$ 1,267.7	\$ 1,361.9
Restricted cash	4.5	0.6
Total cash, cash equivalents and restricted cash, end of period	<u>\$ 1,272.2</u>	<u>\$ 1,362.5</u>
Cash and cash equivalents held at Consolidated Funds	<u>\$ 352.3</u>	<u>\$ 177.2</u>

See accompanying notes.

**Notes to the Condensed Consolidated Financial Statements
(Unaudited)**

1. Organization and Basis of Presentation

Carlyle is one of the world's largest global investment firms that deploys private capital across its business and conducts its operations through three reportable segments: Global Private Equity, Global Credit and Global Investment Solutions (see Note 15). In the Global Private Equity segment, Carlyle advises buyout, growth, real estate, infrastructure and natural resources funds. The primary areas of focus for the Global Credit segment are liquid credit, private credit, real assets credit, and other credit such as insurance solutions, loan syndication and capital markets. The Global Investment Solutions segment provides investment opportunities and resources for investors and clients through secondary purchases and financing of existing portfolios, managed co-investment programs and primary fund investments. Carlyle typically serves as the general partner, investment manager or collateral manager, making day-to-day investment decisions concerning the assets of these products.

Basis of Presentation

The accompanying financial statements include the accounts of the Company and its consolidated subsidiaries. In addition, certain Carlyle-affiliated funds, related co-investment entities and certain CLOs managed by the Company (collectively, the "Consolidated Funds") have been consolidated in the accompanying financial statements pursuant to accounting principles generally accepted in the United States ("U.S. GAAP"), as described in Note 2. The consolidation of the Consolidated Funds generally has a gross-up effect on assets, liabilities and cash flows, and generally has no effect on the net income attributable to the Company. The economic ownership interests of the other investors in the Consolidated Funds are reflected as non-controlling interests in consolidated entities in the accompanying condensed consolidated financial statements (see Note 2).

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information. These statements, including notes, have not been audited, exclude some of the disclosures required for annual financial statements, and should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission ("SEC"). 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. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for the fair presentation of the financial condition and results of operations for the interim periods presented.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Company consolidates all entities that it controls either through a majority voting interest or as the primary beneficiary of variable interest entities ("VIEs").

The Company evaluates (1) whether it holds a variable interest in an entity, (2) whether the entity is a VIE, and (3) whether the Company's involvement would make it the primary beneficiary. In evaluating whether the Company holds a variable interest, fees (including management fees, incentive fees and performance 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. The Company considers all economic interests, including indirect interests, to determine if a fee is considered a variable interest.

For those entities where the Company holds a variable interest, the Company determines whether each of these entities qualifies as a VIE and, if so, whether or not the Company is the primary beneficiary. The assessment of whether the entity is a VIE is generally performed qualitatively, which requires judgment. These judgments include: (a) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the economic performance of the entity, (c) determining whether two or more parties' equity interests should be aggregated, and (d) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity.

For entities that are determined to be VIEs, the Company consolidates those entities where it has concluded it is the primary beneficiary. The primary beneficiary is defined as the variable interest holder with (a) the power to direct the activities of a VIE that most significantly impact 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. In evaluating whether the

**Notes to the Condensed Consolidated Financial Statements
(Unaudited)**

Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly or indirectly by the Company.

As of September 30, 2023, assets and liabilities of the consolidated VIEs reflected in the unaudited condensed consolidated balance sheets were \$7.6 billion and \$6.7 billion, respectively. As of December 31, 2022, assets and liabilities of the consolidated VIEs reflected in the unaudited condensed consolidated balance sheets were \$7.2 billion and \$6.2 billion, respectively. Except to the extent of the consolidated assets of the VIEs, the holders of the consolidated VIEs' liabilities generally do not have recourse to the Company.

The Company's Consolidated Funds are primarily CLOs, which are VIEs that issue loans payable that are backed by diversified collateral asset portfolios consisting primarily of loans or structured debt. In exchange for managing the collateral for the CLOs, the Company earns investment management fees, including in some cases subordinated management fees and contingent incentive fees. In cases where the Company consolidates the CLOs (primarily because of a retained interest that is significant to the CLO), those management fees and contingent incentive fees have been eliminated as intercompany transactions. As of September 30, 2023, the Company held \$115.9 million of investments in these CLOs which represents its maximum risk of loss. The Company's investments in these CLOs are generally subordinated to other interests in the entities and entitle the Company to receive a pro rata portion of the residual cash flows, if any, from the entities. Investors in the CLOs have no recourse against the Company for any losses sustained in the CLO structure. The Company's Consolidated Funds also include certain investment funds in our Global Private Equity segment that are accounted for as consolidated VIEs due to the Company providing financing to bridge investment purchases. As of September 30, 2023, the Company held \$309.8 million of notes receivable from these investment funds which represents its maximum risk of loss. The Company's Consolidated Funds also include certain funds in our Global Credit and Global Investment Solutions segments that are accounted for as consolidated VIEs due to the Company having a significant indirect interest in these funds via the Company's investment in Fortitude.

Entities that do not qualify as VIEs are generally assessed for consolidation as voting interest entities. Under the voting interest entity model, the Company consolidates those entities it controls through a majority voting interest.

All significant inter-entity transactions and balances of entities consolidated have been eliminated.

Investments in Unconsolidated Variable Interest Entities

The Company holds variable interests in certain VIEs that are not consolidated because the Company is not the primary beneficiary, including its investments in certain CLOs and certain AlpInvest vehicles, as well as its strategic investment in NGP Management Company, L.L.C. ("NGP Management" and, together with its affiliates, "NGP"). Refer to Note 4 for information on the strategic investment in NGP. The Company's involvement with such entities is in the form of direct or indirect equity interests and fee arrangements. The maximum exposure to loss represents the loss of assets recognized by the Company relating to its variable interests in these unconsolidated entities.

The assets recognized in the Company's unaudited condensed consolidated balance sheets related to the Company's variable interests in these non-consolidated VIEs were as follows:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Investments	\$ 1,110.7	\$ 1,124.0
Accrued performance allocations	457.0	406.0
Management fee receivables	46.7	49.6
Total	<u>\$ 1,614.4</u>	<u>\$ 1,579.6</u>

These amounts represent the Company's maximum exposure to loss related to the unconsolidated VIEs as of September 30, 2023 and December 31, 2022.

Basis of Accounting

The accompanying financial statements are prepared in accordance with U.S. GAAP. Management has determined that the Company's Funds are investment companies under U.S. GAAP for the purposes of financial reporting. U.S. GAAP for an investment company requires investments to be recorded at estimated fair value and the unrealized gains and/or losses in an investment's fair value are recognized on a current basis in the statements of operations. Additionally, the Funds do not

**Notes to the Condensed Consolidated Financial Statements
(Unaudited)**

consolidate their majority-owned and controlled investments (the “Portfolio Companies”). In the preparation of these unaudited condensed consolidated financial statements, the Company has retained the specialized accounting for the Funds.

All of the investments held and notes issued by the Consolidated Funds are presented at their estimated fair values in the Company’s condensed consolidated balance sheets. Interest and other income of the Consolidated Funds, interest expense and other expenses of the Consolidated Funds, and net investment income (losses) of Consolidated Funds are included in the Company’s unaudited condensed consolidated statements of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management’s estimates are based on historical experiences and other factors, including expectations of future events that management believes to be reasonable under the circumstances. It also requires management to exercise judgment in the process of applying the Company’s accounting policies. Assumptions and estimates regarding the valuation of investments and their resulting impact on performance allocations and incentive fees involve a higher degree of judgment and complexity and these assumptions and estimates may be significant to the consolidated financial statements and the resulting impact on performance allocations and incentive fees. Actual results could differ from these estimates and such differences could be material.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting, under which the purchase price of the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. Contingent consideration obligations that are elements of consideration transferred are recognized as of the acquisition date as part of the fair value transferred in exchange for the acquired business. Acquisition-related costs incurred in connection with a business combination are expensed as incurred.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. ASC 606 includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, which includes assessing the collectability of the consideration to which it will be entitled to in exchange for the goods or services transferred to the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the entity satisfies a performance obligation.

The Company accounts for performance allocations that represent a performance-based capital allocation from fund limited partners to the Company (commonly known as “carried interest”) as earnings from financial assets within the scope of ASC 323, *Investments — Equity Method and Joint Ventures*, and therefore are not in the scope of ASC 606. In accordance with ASC 323, the Company records equity method income (losses) as a component of investment income based on the change in its proportionate claim on net assets of the investment fund, including performance allocations, assuming the investment fund was liquidated as of each reporting date pursuant to each fund’s governing agreements. See Note 4 for additional information on the components of investments and investment income. Performance fees that do not meet the definition of performance-based capital allocations are in the scope of ASC 606 and are included in incentive fees in the unaudited condensed consolidated statements of operations. The calculation of unrealized performance revenues utilizes investment valuations of the funds’ underlying investments, which are derived using the policies, methodologies and templates prepared by the Company’s valuation group, as described in Note 3, Fair Value Measurement.

While the determination of who is the customer in a contractual arrangement will be made on a contract-by-contract basis, the customer will generally be the investment fund for the Company’s significant management and advisory contracts. The customer determination impacts the Company’s analysis of the accounting for contract costs.

Fund Management Fees

The Company provides management services to funds in which it holds a general partner interest or to funds or certain portfolio companies with which it has an investment advisory or investment management agreement. The Company considers

**Notes to the Condensed Consolidated Financial Statements
(Unaudited)**

the performance obligations in its contracts with its funds to be the promise to provide (or to arrange for third parties to provide) investment management services related to the management, policies and operations of the funds.

As it relates to the Company's performance obligation to provide investment management services, the Company typically satisfies this performance obligation over time as the services are rendered, since the funds simultaneously receive and consume the benefits provided as the Company performs the service. 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 funds. Management fees earned from each investment management contract over the contract life represent variable consideration because the consideration the Company is entitled to varies based on fluctuations in the basis for the management fee, for example fund net asset value ("NAV") or assets under management ("AUM"). Given that the management fee basis is susceptible to market factors outside of the Company's influence, management fees are constrained and, therefore, estimates of future period management fees are generally not included in the transaction price. Revenue recognized for the investment management services provided is generally the amount determined at the end of the period because that is when the uncertainty for that period is resolved.

For closed-end carry funds in the Global Private Equity and Global Credit segments, management fees generally range from 1.0% to 2.0% of commitments during the fund's investment period based on limited partners' capital commitments to the funds. Following the expiration or termination of the investment period, management fees generally are based on the lower of cost or fair value of invested capital and the rate charged may also be reduced. These terms may vary for certain separately managed accounts, longer-dated carry funds, and other closed-end funds. The Company will receive management fees during a specified period of time, which is generally ten years from the initial closing date, or, in some instances, from the final closing date, but such termination date may be earlier in certain limited circumstances or later if extended for successive one-year periods, typically up to a maximum of two years. Depending upon the contracted terms of investment advisory or investment management and related agreements, these fees are generally called semi-annually in advance and are recognized as earned over the subsequent six month period. For certain longer-dated carry funds and certain other closed-end funds, management fees are called quarterly over the life of the funds.

Within the Global Credit segment, for CLOs and other structured products, management fees generally range from 0.4% to 0.5% based on the total par amount of assets or the aggregate principal amount of the notes in the CLO and are generally due quarterly in arrears based on the terms and recognized over the respective period. Management fees for the CLOs and other structured products are governed by indentures and collateral management agreements. The Company will receive management fees for the CLOs, which is generally five to ten years after issuance, including after the CLO redemption date up until all eligible assets are disposed of or at such time the collateral manager waives fees as its discretion. Management fees for the business development companies are due quarterly in arrears at annual rates that range from 1.0% of capital under management to 1.5% of gross assets, excluding cash and cash equivalents. Management fees for Carlyle Tactical Private Credit ("CTAC") are due monthly in arrears at the annual rate of 1.0% of the month-end value of the CTAC's net assets. Carlyle Aviation Partners' funds have varying management fee arrangements depending on the strategy of the particular fund. Under the strategic advisory services agreement with Fortitude, the Company earns a recurring management fee based on Fortitude's general account assets, which adjusts within an agreed range based on Fortitude's overall profitability and which is due quarterly in arrears.

Management fees for the Company's carry fund vehicles in the Global Investment Solutions segment generally range from 0.25% to 1.0% of the vehicle's capital commitments during the commitment fee period of the relevant fund. Following the expiration of the commitment fee period, the management fees generally range from 0.25% to 1.0% on (i) the net invested capital, (ii) the lower of cost or net asset value of the capital invested, or (iii) the net asset value for unrealized investments. Management fees for the Global Investment Solutions carry fund vehicles are generally due quarterly in advance and recognized over the related quarter.

The Company also provides transaction advisory and portfolio advisory services to the portfolio companies, and where covered by separate contractual agreements, recognizes fees for these services when the performance obligation has been satisfied and collection is reasonably assured. The Company is generally required to offset its fund management fees earned by a percentage of the transaction and advisory fees earned, which is referred to as the "rebate offset," which generally ranges from 80% to 100%. The Company also recognizes underwriting fees from the Company's loan syndication and capital markets business, Carlyle Global Capital Markets. Fund management fees include transaction and portfolio advisory fees, as well as capital markets fees, of \$9.4 million and \$34.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$39.3 million and \$92.3 million for the nine months ended September 30, 2023 and 2022, respectively, net of rebate offsets as defined in the respective partnership agreements.

**Notes to the Condensed Consolidated Financial Statements
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Fund management fees exclude the reimbursement of any partnership expenses paid by the Company on behalf of the Carlyle funds pursuant to the limited partnership agreements, including amounts related to the pursuit of actual, proposed, or unconsummated investments, professional fees, expenses associated with the acquisition, holding and disposition of investments, and other fund administrative expenses. For the professional fees that the Company arranges for the investment funds, the Company concluded that the nature of its promise is to arrange for the services to be provided and it does not control the services provided by third parties before they are transferred to the customer. Therefore, the Company concluded it is acting in the capacity of an agent. Accordingly, the reimbursement for these professional fees paid on behalf of the investment funds is presented on a net basis in general, administrative and other expenses in the unaudited condensed consolidated statements of operations.

The Company also incurs certain costs, primarily employee travel and entertainment costs, employee compensation and systems costs, for which it receives reimbursement from the investment funds in connection with its performance obligation to provide investment and management services. For reimbursable travel, compensation and systems costs, the Company concluded it controls the services provided by its employees and the resources used to develop applicable systems before they are transferred to the customer and therefore is a principal. Accordingly, the reimbursement for these costs incurred by the Company to manage the fund limited partnerships are presented on a gross basis in interest and other income in the unaudited condensed consolidated statements of operations and the expense in general, administrative and other expenses or cash-based compensation and benefits expenses in the unaudited condensed consolidated statements of operations.

Incentive Fees

In connection with management contracts from certain of its Global Credit funds, the Company is also entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets. In such arrangements, incentive fees are recognized when the performance benchmark has been achieved. Incentive fees are variable consideration because they are contingent upon the investment vehicle achieving stipulated investment return hurdles. Investment returns are highly susceptible to market factors outside of the Company's influence. Accordingly, incentive fees are constrained until all uncertainty is resolved. Estimates of future period incentive fees are generally not included in the transaction price because these estimates are constrained. The transaction price for incentive fees is generally the amount determined at the end of each accounting period to which they relate because that is when the uncertainty for that period is resolved, as these fees are not subject to clawback.

Investment Income (Loss), including Performance Allocations

Investment income (loss) represents the unrealized and realized gains and losses resulting from the Company's equity method investments, including any associated general partner performance allocations, and other principal investments, including CLOs.

General partner performance allocations consist of the allocation of profits from certain of the funds to which the Company is entitled (commonly known as carried interest).

For closed-end carry funds in the Global Private Equity and Global Credit segments, the Company is generally entitled to a 20% allocation (or approximately 2% to 12.5% for most of the Global Investment Solutions segment carry fund vehicles) of the net realized income or gain as a carried interest after returning the invested capital, the allocation of preferred returns of generally 7% to 9% and return of certain fund costs (generally subject to catch-up provisions as set forth in the fund limited partnership agreement). These terms may vary on longer-dated funds, certain credit funds, and external co-investment vehicles. Carried interest is recognized upon appreciation of the funds' investment values above certain return hurdles set forth in each respective partnership agreement. The Company recognizes revenues attributable to performance allocations based upon the amount that would be due pursuant to the fund partnership agreement at each period end as if the funds were terminated at that date. Accordingly, the amount recognized as investment income for performance allocations reflects the Company's share of the gains and losses of the associated funds' underlying investments measured at their then-current fair values relative to the fair values as of the end of the prior period. Because of the inherent uncertainty, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

Carried interest is ultimately realized when: (i) an underlying investment is profitably disposed of, (ii) certain costs borne by the limited partner investors have been reimbursed, (iii) the fund's cumulative returns are in excess of the preferred return, and (iv) the Company has decided to collect carry rather than return additional capital to limited partner investors. Realized carried interest may be required to be returned by the Company in future periods if the fund's investment values decline below certain levels. When the fair value of a fund's investments remains constant or falls below certain return hurdles, previously

**Notes to the Condensed Consolidated Financial Statements
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recognized performance allocations are reversed. In all cases, each fund is considered separately in this regard, and for a given fund, performance allocations can never be negative over the life of a fund. If upon a hypothetical liquidation of a fund's investments at their then-current fair values, previously recognized and distributed carried interest would be required to be returned, a liability is established for the potential giveback obligation. As of September 30, 2023 and December 31, 2022, the Company has accrued \$44.0 million and \$40.9 million, respectively, for giveback obligations.

Principal investment income (loss) is realized when the Company redeems all or a portion of its investment or when the Company receives or is due cash income, such as dividends or distributions. Unrealized principal investment income (loss) results from the Company's proportionate share of the investee's unrealized earnings, including changes in the fair value of the underlying investment, as well as the reversal of unrealized gain (loss) at the time an investment is realized. As it relates to the Company's investments in NGP (see Note 4), principal investment income includes the related amortization of the basis difference between the Company's carrying value of its investment and the Company's share of underlying net assets of the investee, as well as the compensation expense associated with compensatory arrangements provided by the Company to employees of its equity method investee.

Interest Income

Interest income is recognized when earned. For debt securities representing non-investment grade beneficial interests in securitizations, the effective yield is determined based on the estimated cash flows of the security. Changes in the effective yield of these securities due to changes in estimated cash flows are recognized on a prospective basis as adjustments to interest income in future periods. Interest income earned by the Company is included in interest and other income in the accompanying unaudited condensed consolidated statements of operations. Interest income of the Consolidated Funds was \$135.2 million and \$72.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$367.1 million and \$188.2 million for the nine months ended September 30, 2023 and 2022, respectively, and is included in interest and other income of Consolidated Funds in the accompanying unaudited condensed consolidated statements of operations.

Credit Losses

The Company measures all expected credit losses for financial assets held at the reporting date in accordance with ASC 326, *Financial Instruments — Credit Losses*, based on historical experience, current conditions, and reasonable and supportable forecasts. The Company assesses the collection risk characteristics of the outstanding amounts in its due from affiliates balance into the following pools of receivables:

- Reimbursable fund expenses receivables,
- Management fee receivables,
- Incentive fee receivables,
- Transaction fee receivables,
- Portfolio fee receivables, and
- Notes receivable.

The Company generally utilizes either historical credit loss information or discounted cash flows to calculate expected credit losses for each pool. The Company's receivables are predominantly with its investment funds, which have low risk of credit loss based on the Company's historical experience. Historical credit loss data may be adjusted for current conditions and reasonable and supportable forecasts, including the Company's expectation of near-term realization based on the liquidity of the affiliated investment funds.

Compensation and Benefits

Cash-based Compensation and Benefits – Cash-based compensation and benefits includes salaries, bonuses (discretionary awards and guaranteed amounts), performance payment arrangements and benefits paid and payable to Carlyle employees. Bonuses are accrued over the service period to which they relate.

Equity-Based Compensation – Compensation expense relating to the issuance of equity-based awards is measured at fair value on the grant date. The compensation expense for awards that vest over a future service period is recognized over the relevant service period on a straight-line basis. The compensation expense for awards that do not require future service is recognized immediately. Cash settled equity-based awards are classified as liabilities and are re-measured at the end of each reporting period. The compensation expense for awards that contain performance conditions is recognized when it is probable that the performance conditions will be achieved; in certain instances, such compensation expense may be recognized prior to the grant date of the award. The compensation expense for awards that contain market conditions is based on a grant-date fair

**Notes to the Condensed Consolidated Financial Statements
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value that factors in the probability that the market conditions will be achieved and is recognized over the requisite service period on a straight-line basis.

Certain equity-based awards contain dividend-equivalent rights, which are subject to the same terms and conditions, including with respect to vesting and settlement, that apply to the related award. Dividend-equivalents are accounted for as a reclassification from retained earnings to additional paid-in capital at the time dividends are declared and do not result in incremental compensation expense.

Equity-based awards issued to non-employees are generally recognized as general, administrative and other expenses, except to the extent they are recognized as part of the Company's equity method earnings because they are issued to employees of equity method investees.

The Company recognizes equity-based award forfeitures in the period they occur as a reversal of previously recognized compensation expense. The reduction in compensation expense is determined based on the specific awards forfeited during that period. Furthermore, the Company recognizes all excess tax benefits and deficiencies as income tax benefit or expense in the unaudited condensed consolidated statements of operations.

Performance Allocations and Incentive Fee Related Compensation – A portion of the performance allocations and incentive fees earned is due to employees and advisors of the Company. These amounts are accounted for as compensation expense in conjunction with the recognition of the related performance allocations and incentive fee revenue and, until paid, are recognized as a component of the accrued compensation and benefits liability. Accordingly, upon a reversal of performance allocations or incentive fee revenue, the related compensation expense, if any, is also reversed. As of September 30, 2023 and December 31, 2022, the Company had recorded a liability of \$3.2 billion and \$3.6 billion, respectively, related to the portion of accrued performance allocations and incentive fees due to employees and advisors, respectively, which was included in accrued compensation and benefits in the accompanying unaudited condensed consolidated balance sheets.

Income Taxes

The Carlyle Group Inc. is a corporation for U.S. federal income tax purposes and thus is subject to U.S. federal, state and local corporate income taxes. Tax positions taken by the Company are subject to periodic audit by U.S. federal, state, local and foreign taxing authorities. The interim provision for income taxes is calculated using the discrete effective tax rate method as allowed by ASC 740, *Accounting for Income Taxes*. The discrete method is applied when the application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. In addition, the discrete method treats the year-to-date period as if it was the annual period and determines the income tax expense or benefit on that basis.

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement reporting and the tax basis of assets and liabilities using enacted tax rates in effect for the period in which the difference is expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the change in the provision for income taxes. Further, deferred tax assets are recognized for the expected realization of available net operating loss and tax credit carry forwards. A valuation allowance is recorded on the Company's gross deferred tax assets when it is "more likely than not" that such asset will not be realized. When evaluating the realizability of the Company's deferred tax assets, all evidence, both positive and negative, is evaluated. Items considered in this analysis include the ability to carry back losses, the reversal of temporary differences, tax planning strategies, and expectations of future earnings. The Company accounts for the valuation allowance assessment on its deferred tax assets and without regard to the Company's potential future corporate alternative minimum tax ("CAMT") status. Lastly, the Company accounts for the tax on global intangible low-taxed income ("GILTI") as incurred and therefore has not recorded deferred taxes related to GILTI on its foreign subsidiaries.

Under U.S. GAAP for income taxes, the amount of tax benefit to be recognized is the amount of benefit that is "more likely than not" to be sustained upon examination. The Company analyzes its tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in these jurisdictions. If, based on this analysis, the Company determines that uncertainties in tax positions exist, a liability is established, which is included in accounts payable, accrued expenses and other liabilities in the unaudited condensed consolidated financial statements. The Company recognizes accrued interest and penalties related to unrecognized tax positions in the provision for income taxes. If recognized, the entire amount of unrecognized tax positions would be recorded as a reduction in the provision for income taxes.

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Non-controlling Interests

Non-controlling interests in consolidated entities represent the component of equity in consolidated entities held by third-party investors. These interests are adjusted for general partner allocations which occur during the reporting period. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. Transaction costs incurred in connection with such changes in ownership of a subsidiary are recorded as a direct charge to equity.

Earnings Per Common Share

The Company computes earnings per common share in accordance with ASC 260, *Earnings Per Share*. Basic earnings per common share is calculated by dividing net income (loss) attributable to the common shares of the Company by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share reflects the assumed conversion of all dilutive securities. The Company applies the treasury stock method to determine the dilutive weighted-average common shares outstanding for certain equity-based compensation awards. For certain equity-based compensation awards that contain performance or market conditions, the number of contingently issuable common shares is included in diluted earnings per common share based on the number of common shares, if any, that would be issuable under the terms of the awards if the end of the reporting period were the end of the contingency period, if the result is dilutive.

Fair Value of Financial Instruments

The underlying entities that the Company manages and invests in (and in certain cases, consolidates) are primarily investment companies which account for their investments at estimated fair value.

The fair value measurement accounting guidance under ASC Topic 820, *Fair Value Measurement* (“ASC 820”), establishes a hierarchical disclosure framework which ranks the observability of market price inputs used in measuring financial instruments at fair value. The observability of inputs is impacted 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, or for which fair value can be measured from quoted prices in active markets, will generally have a higher degree of market price observability and a lesser degree of judgment applied in determining 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 fair values, as follows:

- *Level I* – inputs to the valuation methodology are quoted prices available in active markets for identical instruments as of the reporting date. The type of financial instruments in this category include unrestricted securities, such as equities and derivatives, listed in active markets. The Company does not adjust the quoted price for these instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.
- *Level II* – inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. The types of financial instruments in this category include less liquid and restricted securities listed in active markets, securities traded in other than active markets, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.
- *Level III* – inputs to the valuation methodology are unobservable and significant to overall fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments in this category include investments in privately-held entities, non-investment grade residual interests in securitizations, collateralized loan obligations, and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

In certain cases, debt and equity securities (including corporate treasury investments) are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments,

**Notes to the Condensed Consolidated Financial Statements
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quotations from dealers, pricing matrices, market transactions in comparable investments and various relationships between investments.

In the absence of observable market prices, the Company values its investments and its funds' investments using valuation methodologies applied on a consistent basis. For some investments little market activity may exist. Management's determination of fair value is then based on the best information available in the circumstances and may incorporate management's own assumptions and involve a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks. Investments for which market prices are not observable include private investments in the equity and debt of operating companies and real assets, CLO investments and CLO loans payable and fund investments. The valuation technique for each of these investments is described below:

Investments in Operating Companies and Real Assets – The fair values of private investments in operating companies and real assets are generally determined by reference to the income approach (including the discounted cash flow method and the income capitalization method) and the market approach (including the comparable publicly traded company method and the comparable transaction method). Valuations under these approaches are typically derived by reference to investment-specific inputs (such as projected cash flows, earnings before interest, taxes, depreciation and amortization (“EBITDA”), and net operating income) combined with market-based inputs (such as discount rates, EBITDA multiples and capitalization rates). In many cases the investment-specific inputs are unaudited at the time received. Management may also adjust the market-based inputs to account for differences between the subject investment and the companies, asset or investments used to derive the market-based inputs. Adjustments to observable valuation measures are frequently made upon the initial investment to calibrate the initial investment valuation to industry observable inputs. Such adjustments are made to align the investment to observable industry inputs for differences in size, profitability, projected growth rates, geography, capital structure, and other factors as applicable. The adjustments are then reviewed with each subsequent valuation to assess how the investment has evolved relative to the observable inputs. Additionally, the investment may be subject to certain specific risks and/or development milestones which are also taken into account in the valuation assessment. Option pricing models and similar tools may also be considered but do not currently drive a significant portion of operating company or real asset valuations and are used primarily to value warrants, derivatives, certain restrictions and other atypical investment instruments.

Credit-Oriented Investments – The fair values of credit-oriented investments (including corporate treasury investments) are generally determined on the basis of prices between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices, market transactions in comparable investments and various relationships between investments. Specifically, for investments in distressed debt and corporate loans and bonds, the fair values are generally determined by valuations of comparable investments. In some instances, the Company may utilize other valuation techniques, including the discounted cash flow method.

CLO Investments and CLO Loans Payable – The Company measures the financial liabilities of its consolidated CLOs based on the fair value of the financial assets of its consolidated CLOs, as the Company believes the fair value of the financial assets are more observable. The fair values of the CLO loan and bond assets are primarily based on quotations from reputable dealers or relevant pricing services. In situations where valuation quotations are unavailable, the assets are valued based on similar securities, market index changes, and other factors. The Company performs certain procedures to ensure the reliability of the quotations from pricing services for its CLO assets and CLO structured asset positions, which generally includes corroborating prices with a discounted cash flow analysis. Generally, the loan and bond assets of the CLOs are not publicly traded and are classified as Level III. The fair values of the CLO structured asset positions are determined based on both discounted cash flow analyses and third party quotes. Those analyses consider the position size, liquidity, current financial condition of the CLOs, the third party financing environment, reinvestment rates, recovery lags, discount rates and default forecasts and are compared to broker quotations from market makers and third party dealers.

The Company measures the CLO loan payables held by third party beneficial interest holders on the basis of the fair value of the financial assets of the CLO and the beneficial interests held by the Company. The Company continues to measure the CLO loans payable that it holds at fair value based on relevant pricing services or discounted cash flow analyses, as described above.

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Fund Investments – The Company’s primary and secondary investments in external funds are generally valued as its proportionate share of the most recent net asset value provided by the third-party general partners of the underlying fund partnerships, adjusted for subsequent cash flows received from or distributed to the underlying fund partnerships. The Company also adjusts for any changes in the market prices of public securities held by the underlying fund partnerships and may also apply a market adjustment to reflect the estimated change in the fair value of the underlying fund partnerships’ non-public investments from the date of the most recent net asset value provided by the third-party general partners.

Investment professionals with responsibility for the underlying investments are responsible for preparing the investment valuations pursuant to the policies, methodologies and templates prepared by the Company’s valuation group, which is a team made up of dedicated valuation professionals reporting to the Company’s chief accounting officer. The valuation group is responsible for maintaining the Company’s valuation policy and related guidance, templates and systems that are designed to be consistent with the guidance found in ASC 820. These valuations, inputs and preliminary conclusions are reviewed by the fund accounting teams. The valuations are then reviewed and approved by the respective fund valuation subcommittees, which include the respective fund head(s), segment head, chief financial officer and chief accounting officer, as well as members of the valuation group. The valuation group compiles the aggregate results and significant matters and presents them for review and approval by the global valuation committee, which includes the Company’s Chief Executive Officer, chief risk officer, chief financial officer, chief accounting officer, and the business segment heads, and observed by the chief compliance officer, the director of internal audit, the Company’s audit committee and others. Additionally, each quarter a sample of valuations are reviewed by external valuation firms. Valuations of the funds’ investments are used in the calculation of accrued performance allocations, or “carried interest.”

Investments, at Fair Value

Investments include (i) the Company’s ownership interests (typically general partner interests) in the Funds, including the Company’s investment in Fortitude (which are accounted for as equity method investments), (ii) the Company’s investment in NGP (which is accounted for as an equity method investment), (iii) the investments held by the Consolidated Funds (which are presented at fair value in the Company’s unaudited condensed consolidated financial statements), and (iv) certain credit-oriented investments, including investments in the CLOs and the preferred securities of Carlyle Secured Lending, Inc. (“CSL,” formerly known as “TCG BDC, Inc.,” the preferred securities of which are referred to as the “BDC Preferred Shares”) (which are accounted for as trading securities).

Upon the sale of a security or other investment, the realized net gain or loss is computed on a weighted average cost basis, with the exception of the investments held by the CLOs, which compute the realized net gain or loss on a first in, first out basis. Securities transactions are recorded on a trade date basis.

Equity Method Investments

The Company accounts for all investments in which it has or is otherwise presumed to have significant influence, including investments in the unconsolidated Funds and the Company’s investment in NGP, using the equity method of accounting. The carrying value of equity method investments is determined based on amounts invested by the Company, adjusted for the equity in earnings or losses of the investee (including performance allocations) allocated based on the respective partnership agreement, less distributions received. 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash held at banks and cash held for distributions, including investments with original maturities of less than three months when purchased.

Cash and Cash Equivalents Held at Consolidated Funds

Cash and cash equivalents held at Consolidated Funds consists of cash and cash equivalents held by the Consolidated Funds, which, although not legally restricted, is not available to fund the general liquidity needs of the Company.

Restricted Cash

Restricted cash primarily represents cash held by the Company’s foreign subsidiaries due to certain government regulatory capital requirements as well as certain amounts held on behalf of Carlyle funds.

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Corporate Treasury Investments

Corporate treasury investments represent investments in U.S. Treasury and government agency obligations, commercial paper, certificates of deposit, other investment grade securities and other investments with original maturities of greater than three months when purchased. These investments are accounted for as trading securities in which changes in the fair value of each investment are recorded through investment income (loss). Any interest earned on debt investments is recorded through interest and other income.

Derivative Instruments

The Company uses derivative instruments primarily to reduce its exposure to changes in foreign currency exchange rates. Derivative instruments are recognized at fair value in the unaudited condensed consolidated balance sheets with changes in fair value recognized in the unaudited condensed consolidated statements of operations for all derivatives not designated as hedging instruments.

Securities Sold Under Agreements to Repurchase

As it relates to certain European CLOs sponsored by the Company, securities sold under agreements to repurchase (“repurchase agreements”) are accounted for as collateralized financing transactions. The Company provides securities to counterparties to collateralize amounts borrowed under repurchase agreements on terms that permit the counterparties to repledge or resell the securities to others. As of September 30, 2023, \$294.1 million of securities were transferred to counterparties under repurchase agreements and are included within investments in the unaudited condensed consolidated balance sheets. Cash received under repurchase agreements is recognized as a liability within debt obligations in the unaudited condensed consolidated balance sheets. See Note 6 for additional information.

Fixed Assets

Fixed assets consist of furniture, fixtures and equipment, leasehold improvements, computer hardware and software, and fractional shares in corporate aircraft, and are stated at cost, less accumulated depreciation and amortization. Depreciation is recognized on a straight-line method over the assets’ estimated useful lives, which for leasehold improvements are the lesser of the lease terms or the life of the asset, and three to seven years for other fixed assets. Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Leases

The Company accounts for its leases in accordance with ASC 842, *Leases*, and recognizes a lease liability and right-of-use asset in the condensed consolidated balance sheet for contracts that it determines are leases or contain a lease. The Company’s leases primarily consist of operating leases for office space in various countries around the world. The Company also has operating leases for office equipment and vehicles, which are not significant. The Company does not separate non-lease components from lease components for its office space and equipment operating leases and instead accounts for each separate lease component and its associated non-lease component as a single lease component. Right-of-use assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the leases. The Company’s right-of-use assets and lease liabilities are recognized at lease commencement based on the present value of lease payments over the lease term. Lease right-of-use assets include initial direct costs incurred by the Company and are presented net of deferred rent and lease incentives. Absent an implicit interest rate in the lease, the Company uses its incremental borrowing rate, adjusted for the effects of collateralization, based on the information available at commencement in determining the present value of lease payments. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The Company does not recognize a lease liability or right-of-use asset on the balance sheet for short-term leases. Instead, the Company recognizes short-term lease payments as an expense on a straight-line basis over the lease term. A short-term lease is defined as a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. When determining whether a lease qualifies as a short-term lease, the Company evaluates the lease term and the purchase option in the same manner as all other leases.

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Intangible Assets and Goodwill

The Company’s intangible assets consist of acquired contractual rights to earn future fee income, including management and advisory fees, customer relationships, and acquired trademarks. Finite-lived intangible assets are amortized over their estimated useful lives, which range from four to eight years, and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Goodwill represents the excess of cost over the identifiable net assets of businesses acquired and is recorded in the functional currency of the acquired entity. Goodwill is recognized as an asset and is reviewed for impairment annually as of October 1 and between annual tests when events and circumstances indicate that impairment may have occurred.

Deferred Revenue

Deferred revenue represents management fees and other revenue received prior to the balance sheet date, which has not yet been earned. Deferred revenue also includes transaction and portfolio advisory fees received by the Company that are required to offset fund management fees pursuant to the related fund agreements. The increase in the deferred revenue balance for the nine months ended September 30, 2023 was primarily driven by cash payments received in advance of the Company satisfying its performance obligations, partially offset by revenues recognized that were included in the deferred revenue balance at the beginning of the period.

Accumulated Other Comprehensive Income (Loss)

The Company’s accumulated other comprehensive income (loss) is comprised of foreign currency translation adjustments and gains and losses on defined benefit plans sponsored by AlpInvest. The components of accumulated other comprehensive income (loss) as of September 30, 2023 and December 31, 2022 were as follows:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Currency translation adjustments	\$ (322.6)	\$ (322.0)
Unrealized losses on defined benefit plans	(1.3)	(0.2)
Total	\$ (323.9)	\$ (322.2)

Foreign Currency Translation

Non-U.S. dollar denominated assets and liabilities are translated at period-end rates of exchange, and the unaudited condensed consolidated statements of operations are translated at rates of exchange in effect throughout the period. Foreign currency gains (losses) resulting from transactions outside of the functional currency of an entity of \$19.6 million and \$15.9 million for the three months ended September 30, 2023 and 2022, respectively, and \$(2.8) million and \$39.1 million for the nine months ended September 30, 2023 and 2022, respectively, are included in general, administrative and other expenses in the unaudited condensed consolidated statements of operations.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all accounting standard updates (“ASU”) issued by the Financial Accounting Standards Board (“FASB”). ASUs not listed below were assessed and either determined to be not applicable or expected to have minimal impact on the Company’s consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments in this update clarify the guidance in Topic 820 when measuring the fair value of an equity security subject to contractual sale restrictions and introduce new disclosure requirements related to such equity securities. The amendments are effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company does not expect the impact of this guidance to be material to its consolidated financial statements.

The Carlyle Group Inc.

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3. Fair Value Measurement

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis by the above fair value hierarchy levels as of September 30, 2023:

(Dollars in millions)	Level I	Level II	Level III	Total
Assets				
Investments of Consolidated Funds ⁽¹⁾ :				
Equity securities ⁽²⁾	\$ —	\$ —	\$ 369.7	\$ 369.7
Bonds	—	—	478.7	478.7
Loans	—	—	5,746.8	5,746.8
	—	—	6,595.2	6,595.2
Investments in CLOs and other:				
Investments in CLOs	—	—	524.7	524.7
Other investments ⁽³⁾	41.2	42.7	81.8	165.7
	41.2	42.7	606.5	690.4
Corporate treasury investments:				
Commercial paper and other	—	57.3	—	57.3
	—	57.3	—	57.3
Foreign currency forward contracts	—	0.3	—	0.3
Subtotal	\$ 41.2	\$ 100.3	\$ 7,201.7	\$ 7,343.2
Investments measured at net asset value				475.1
Total				<u>\$ 7,818.3</u>
Liabilities				
Loans payable of Consolidated Funds ⁽⁴⁾⁽⁵⁾	\$ —	\$ —	\$ 6,249.7	\$ 6,249.7
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,249.7</u>	<u>\$ 6,249.7</u>

- (1) This balance excludes \$464.0 million related to investments of consolidated funds that are included in investments measured at net asset value.
- (2) This balance includes \$321.6 million related to investments that have been bridged by the Company to investment funds and are accounted for as consolidated VIEs as of September 30, 2023.
- (3) The Level III balance excludes \$50.1 million related to three corporate investments in equity securities which the Company has elected to account for under the measurement alternative for equity securities without readily determinable fair values pursuant to ASC 321, *Investments – Equity Securities*. As a non-recurring fair value measurement, the fair value of these equity securities is excluded from the tabular Level III rollforward disclosures.
- (4) Senior and subordinated notes issued by CLO vehicles are valued based on the more observable fair value of the CLO financial assets, less (i) the fair value of any beneficial interest held by the Company and (ii) the carrying value of any beneficial interests that represent compensation for services.
- (5) Loans payable of Consolidated Funds balance excludes a \$169.5 million revolving credit balance related to loans payable of Consolidated Funds.

The Carlyle Group Inc.

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The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis by the above fair value hierarchy levels as of December 31, 2022:

(Dollars in millions)	Level I	Level II	Level III	Total
Assets				
Investments of Consolidated Funds ⁽¹⁾ :				
Equity securities ⁽²⁾	\$ —	\$ —	\$ 430.6	\$ 430.6
Bonds	—	—	594.9	594.9
Loans	—	—	5,352.9	5,352.9
	—	—	6,378.4	6,378.4
Investments in CLOs and other:				
Investments in CLOs	—	—	526.1	526.1
Other investments ⁽³⁾	1.6	41.6	79.4	122.6
	1.6	41.6	605.5	648.7
Corporate treasury investments:				
Commercial paper and other	—	20.0	—	20.0
	—	20.0	—	20.0
Foreign currency forward contracts	—	2.2	—	2.2
Subtotal	\$ 1.6	\$ 63.8	\$ 6,983.9	\$ 7,049.3
Investments measured at net asset value				528.5
Total				\$ 7,577.8
Liabilities				
Loans payable of Consolidated Funds ⁽⁴⁾⁽⁵⁾	\$ —	\$ —	\$ 5,491.6	\$ 5,491.6
Foreign currency forward contracts	—	3.2	—	3.2
Total	\$ —	\$ 3.2	\$ 5,491.6	\$ 5,494.8

- (1) This balance excludes \$516.0 million related to investments of consolidated funds that are included in investments measured at net asset value.
- (2) This balance includes \$377.4 million related to investments that have been bridged by the Company to investment funds and are accounted for as consolidated VIEs as of December 31, 2022.
- (3) The Level III balance excludes \$58.2 million related to two corporate investments in equity securities which the Company has elected to account for under the measurement alternative for equity securities without readily determinable fair values pursuant to ASC 321, *Investments – Equity Securities*. As a non-recurring fair value measurement, the fair value of these equity securities is excluded from the tabular Level III rollforward disclosures.
- (4) Senior and subordinated notes issued by CLO vehicles are valued based on the more observable fair value of the CLO financial assets, less (i) the fair value of any beneficial interests held by the Company and (ii) the carrying value of any beneficial interests that represent compensation for services.
- (5) Loans payable of Consolidated Funds balance excludes \$235.6 million of senior notes measured at amortized cost and a \$178.0 million revolving credit balance related to loans payable of Consolidated Funds.

The Carlyle Group Inc.

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The changes in financial instruments measured at fair value for which the Company has used Level III inputs to determine fair value are as follows (Dollars in millions):

Financial Assets						
Three Months Ended September 30, 2023						
Investments of Consolidated Funds						
	Equity securities	Bonds	Loans	Investments in CLOs	Other investments	Total
Balance, beginning of period	\$ 487.6	\$ 548.4	\$ 5,858.4	\$ 538.1	\$ 81.5	\$ 7,514.0
Deconsolidation of funds ⁽¹⁾	(18.4)	—	—	—	—	(18.4)
Purchases	6.3	56.4	465.7	1.0	—	529.4
Sales and distributions	(109.0)	(116.2)	(422.7)	(16.7)	(0.9)	(665.5)
Settlements	—	—	(172.3)	—	—	(172.3)
Realized and unrealized gains (losses), net						
Included in earnings	3.2	5.2	113.0	17.2	1.2	139.8
Included in other comprehensive income	—	(15.1)	(95.3)	(14.9)	—	(125.3)
Balance, end of period	<u>\$ 369.7</u>	<u>\$ 478.7</u>	<u>\$ 5,746.8</u>	<u>\$ 524.7</u>	<u>\$ 81.8</u>	<u>\$ 7,201.7</u>
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	\$ (1.5)	\$ 4.4	\$ 117.0	\$ 17.2	\$ 0.3	\$ 137.4
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	\$ —	\$ (12.7)	\$ (90.9)	\$ (14.9)	\$ —	\$ (118.5)

Financial Assets						
Nine Months Ended September 30, 2023						
Investments of Consolidated Funds						
	Equity securities	Bonds	Loans	Investments in CLOs	Other investments	Total
Balance, beginning of period	\$ 430.6	\$ 594.9	\$ 5,352.9	\$ 526.1	\$ 79.4	\$ 6,983.9
Deconsolidation of funds ⁽¹⁾	(18.8)	—	(372.2)	—	—	(391.0)
Purchases	64.8	128.0	1,903.9	1.0	—	2,097.7
Sales and distributions	(109.0)	(244.5)	(857.7)	(37.4)	(2.6)	(1,251.2)
Settlements	—	(8.2)	(451.2)	—	—	(459.4)
Realized and unrealized gains (losses), net						
Included in earnings	2.1	13.3	206.3	33.1	5.0	259.8
Included in other comprehensive income	—	(4.8)	(35.2)	1.9	—	(38.1)
Balance, end of period	<u>\$ 369.7</u>	<u>\$ 478.7</u>	<u>\$ 5,746.8</u>	<u>\$ 524.7</u>	<u>\$ 81.8</u>	<u>\$ 7,201.7</u>
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	\$ (2.8)	\$ 7.1	\$ 184.6	\$ 33.1	\$ 2.4	\$ 224.4
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	\$ —	\$ (5.1)	\$ (40.5)	\$ 1.9	\$ —	\$ (43.7)

(1) As a result of the deconsolidation of one fund during the three and nine months ended September 30, 2023.

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Financial Assets

Three Months Ended September 30, 2022

	Investments of Consolidated Funds					Total
	Equity securities	Bonds	Loans	Investments in CLOs	Other investments	
Balance, beginning of period	\$ 12.4	\$ 669.8	\$ 5,516.8	\$ 508.6	\$ 65.1	\$ 6,772.7
Purchases	518.5	46.6	473.9	19.9	—	1,058.9
Sales and distributions	—	(92.6)	(552.4)	(7.2)	(0.9)	(653.1)
Settlements	—	—	(130.4)	—	—	(130.4)
Realized and unrealized gains (losses), net						
Included in earnings	(18.3)	(21.6)	(30.0)	7.1	0.4	(62.4)
Included in other comprehensive income	(0.7)	(41.4)	(223.2)	(28.8)	—	(294.1)
Balance, end of period	\$ 511.9	\$ 560.8	\$ 5,054.7	\$ 499.6	\$ 64.6	\$ 6,691.6
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	\$ (18.3)	\$ (22.1)	\$ (35.7)	\$ 4.5	\$ 0.4	\$ (71.2)
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	\$ (0.7)	\$ (34.3)	\$ (202.2)	\$ (28.8)	\$ —	\$ (266.0)

Financial Assets

Nine Months Ended September 30, 2022

	Investments of Consolidated Funds					Total
	Equity securities	Bonds	Loans	Investments in CLOs	Other investments	
Balance, beginning of period	\$ 17.9	\$ 599.5	\$ 5,898.1	\$ 361.1	\$ 78.7	\$ 6,955.3
Purchases	518.6	429.0	2,014.8	251.9	0.9	3,215.2
Sales and distributions	(7.2)	(320.2)	(1,566.5)	(36.1)	(3.8)	(1,933.8)
Settlements	—	(0.3)	(492.1)	—	—	(492.4)
Realized and unrealized gains (losses), net						
Included in earnings	(15.9)	(59.6)	(277.4)	(17.9)	(11.2)	(382.0)
Included in other comprehensive income	(1.5)	(87.6)	(522.2)	(59.4)	—	(670.7)
Balance, end of period	\$ 511.9	\$ 560.8	\$ 5,054.7	\$ 499.6	\$ 64.6	\$ 6,691.6
Changes in unrealized gains (losses) included in earnings related to financial assets still held at the reporting date	\$ (16.7)	\$ (57.0)	\$ (266.3)	\$ (17.9)	\$ (11.2)	\$ (369.1)
Changes in unrealized gains (losses) included in other comprehensive income related to financial assets still held at the reporting date	\$ (1.3)	\$ (55.2)	\$ (422.7)	\$ (59.4)	\$ —	\$ (538.6)

The Carlyle Group Inc.

Notes to the Condensed Consolidated Financial Statements
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	Financial Liabilities	
	Loans Payable of Consolidated Funds	
	Three Months Ended September 30,	
	2023	2022
Balance, beginning of period	\$ 6,383.9	\$ 5,757.8
Borrowings	5.4	26.4
Paydowns	(2.0)	(1.8)
Sales	(156.2)	(193.9)
Realized and unrealized (gains) losses, net		
Included in earnings	131.0	(40.8)
Included in other comprehensive income	(112.4)	(244.0)
Balance, end of period	<u>\$ 6,249.7</u>	<u>\$ 5,303.7</u>
Changes in unrealized (gains) losses included in earnings related to financial liabilities still held at the reporting date	\$ 132.9	\$ (41.3)
Changes in unrealized (gains) losses included in other comprehensive income related to financial liabilities still held at the reporting date	\$ (112.1)	\$ (235.5)

	Financial Liabilities	
	Loans Payable of Consolidated Funds	
	Nine Months Ended September 30,	
	2023	2022
Balance, beginning of period	\$ 5,491.6	\$ 5,811.0
Borrowings	875.2	1,597.7
Paydowns	(51.0)	(419.1)
Sales	(276.8)	(863.4)
Realized and unrealized (gains) losses, net		
Included in earnings	252.7	(268.3)
Included in other comprehensive income	(42.0)	(554.2)
Balance, end of period	<u>\$ 6,249.7</u>	<u>\$ 5,303.7</u>
Changes in unrealized (gains) losses included in earnings related to financial liabilities still held at the reporting date	\$ 225.5	\$ (262.6)
Changes in unrealized (gains) losses included in other comprehensive income related to financial liabilities still held at the reporting date	\$ (36.1)	\$ (567.0)

Realized and unrealized gains and losses included in earnings for Level III investments for investments in CLOs and other investments are included in investment income (loss), and such gains and losses for investments of Consolidated Funds and loans payable of the Consolidated Funds are included in net investment gains (losses) of Consolidated Funds in the unaudited condensed consolidated statements of operations.

Gains and losses included in other comprehensive income for all Level III financial asset and liabilities are included in accumulated other comprehensive loss and non-controlling interests in consolidated entities.

The Carlyle Group Inc.

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The following table summarizes quantitative information about the Company's Level III inputs as of September 30, 2023:

<i>(Dollars in millions)</i>	Fair Value at September 30, 2023	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Investments of Consolidated Funds:				
Equity securities	\$ 3.8	Consensus Pricing	Indicative Quotes (\$ per share)	0.00 - 337.17 (0.14)
	321.6	Discounted Cash Flow	Discount Rates	10% - 10% (10%)
			Terminal Growth Rate	0% - 7% (5%)
		Comparable Multiple	EBITDA Multiple	12.7x - 12.7x (12.7x)
			TCF Multiple	23.8x - 23.8x (23.8x)
	44.3	Discounted Cash Flow	Discount Rates	10% - 10% (10%)
			Terminal Growth Rate	0% - 7% (5%)
		Comparable Multiple	TCF Multiple	23.8x - 23.8x (23.8x)
Bonds	478.7	Consensus Pricing	Indicative Quotes (% of Par)	30 - 108 (88)
Loans	5,717.4	Consensus Pricing	Indicative Quotes (% of Par)	0 - 115 (96)
	10.9	Discounted Cash Flow	Discount Rates	7% - 16% (15%)
	9.6	Discounted Cash Flow	Discount Rates	19% - 19% (19%)
			Constant Prepayment Rate	10% - 10% (10%)
			Constant Default Rate	2% - 2% (2%)
			Recovery Rate	30% - 30% (30%)
	8.9	Other ⁽¹⁾	N/A	N/A
	<u>6,595.2</u>			
Investments in CLOs:				
Senior secured notes	465.1	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	71 - 100 (96)
			Discount Margins (Basis Points)	155 - 1,600 (311)
			Default Rates	2% - 2% (2%)
			Recovery Rates	60% - 60% (60%)
Subordinated notes and preferred shares	59.6	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	2 - 96 (42)
			Discount Rates	11% - 28% (22%)
			Default Rates	2% - 2% (2%)
			Recovery Rates	60% - 60% (60%)
Other investments:				
BDC preferred shares	79.3	Market Yield Analysis	Market Yields	11% - 11% (11%)
Aviation subordinated notes	2.5	Discounted Cash Flow	Discount Rates	21% - 21% (21%)
Total	<u>\$ 7,201.7</u>			
Liabilities				
Loans payable of Consolidated Funds:				
Senior secured notes	\$ 6,040.9	Other ⁽²⁾	N/A	N/A
Subordinated notes and preferred shares	208.8	Consensus Pricing with Discounted Cash Flow	Indicative Quotes (% of Par)	19 - 99 (41)
			Discount Rates	15% - 28% (19%)
			Default Rates	2% - 2% (2%)
			Recovery Rates	60% - 60% (60%)
Total	<u>\$ 6,249.7</u>			

(1) Fair value approximates transaction price that was in close proximity to the reporting date.

(2) Senior and subordinated notes issued by CLO vehicles are classified based on the more observable fair value of the CLO financial assets, less (i) the fair value of any beneficial interests held by the Company and (ii) the carrying value of any beneficial interests that represent compensation for services.

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The following table summarizes quantitative information about the Company's Level III inputs as of December 31, 2022:

<i>(Dollars in millions)</i>	Fair Value at December 31, 2022	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Assets				
Investments of Consolidated Funds:				
Equity securities	\$ 3.1	Consensus Pricing	Indicative Quotes (\$ per share)	0.00 - 4.73 (0.18)
	363.5	Discounted Cash Flow	Discount Rates	10% - 10% (10%)
			Terminal Growth Rate	0% - 7% (5%)
		Comparable Multiple	EBITDA Multiple	12.7x - 12.7x (12.7x)
			TCF Multiple	23.8x - 23.8x (23.8x)
	64.0	Other ⁽¹⁾	N/A	N/A
Bonds	594.9	Consensus Pricing	Indicative Quotes (% of Par)	46 - 105 (88)
Loans	5,043.4	Consensus Pricing	Indicative Quotes (% of Par)	0 - 100 (91)
	11.8	Discounted Cash Flow	Discount Rates	0% - 9% (1%)
	248.7	Discounted Cash Flow	Discount Rates	7% - 10% (8%)
	37.4	Consensus Pricing	Indicative Quotes (% of Par)	97% - 98% (97%)
	11.1	Consensus Pricing	Indicative Quotes (% of Par)	91% - 91% (91%)
	0.5	Other ⁽¹⁾	N/A	N/A
	<u>6,378.4</u>			
Investments in CLOs:				
Senior secured notes	462.1	Discounted Cash Flow with Consensus Pricing	Indicative Quotes (% of Par)	67 - 100 (93)
			Discount Margins (Basis Points)	170 - 1,800 (386)
			Default Rates	2% - 3% (2%)
			Recovery Rates	50% - 70% (60%)
Subordinated notes and preferred shares	64.0	Discounted Cash Flow with Consensus Pricing	Indicative Quotes (% of Par)	0 - 82 (40)
			Discount Rate	15% - 25% (20%)
			Default Rates	2% - 3% (2%)
			Recovery Rates	50% - 70% (60%)
Other investments:				
BDC preferred shares	76.9	Market Yield Analysis	Market Yields	11% - 11% (11%)
Aviation subordinated notes	2.5	Discounted Cash Flow	Discount Rates	21% - 21% (21%)
Total	<u>\$ 6,983.9</u>			
Liabilities				
Loans payable of Consolidated Funds:				
Senior secured notes	\$ 5,303.3	Other ⁽²⁾	N/A	N/A
Subordinated notes and preferred shares	188.3	Discounted Cash Flow with Consensus Pricing	Indicative Quotes (% of Par)	21 - 96 (38)
			Discount Rates	15% - 25% (20%)
			Default Rates	2% - 3% (3%)
			Recovery Rates	50% - 70% (60%)
Total	<u>\$ 5,491.6</u>			

(1) Fair value approximates transaction price that was in close proximity to the reporting date.

(2) Senior and subordinated notes issued by CLO vehicles are classified based on the more observable fair value of the CLO financial assets, less (i) the fair value of any beneficial interests held by the Company and (ii) the carrying value of any beneficial interests that represent compensation for services.

The significant unobservable inputs used in the fair value measurement of investments of the Company's consolidated funds are indicative quotes. Significant decreases in indicative quotes in isolation would result in a significantly lower fair value measurement.

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The significant unobservable inputs used in the fair value measurement of the Company's investments in CLOs and other investments include indicative quotes, discount margins, discount rates, default rates, and recovery rates. Significant decreases in indicative quotes or recovery rates in isolation would result in a significantly lower fair value measurement. Significant increases in discount margins, discount rates or default rates in isolation would result in a significantly lower fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Company's loans payable of Consolidated Funds are discount rates, default rates, recovery rates and indicative quotes. Significant increases in discount rates or default rates in isolation would result in a significantly lower fair value measurement. Significant decreases in recovery rates or indicative quotes in isolation would result in a significantly lower fair value measurement.

4. Investments

Investments consist of the following:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Accrued performance allocations	\$ 6,209.2	\$ 7,117.7
Principal equity method investments, excluding performance allocations	3,008.3	2,922.0
Principal investments in CLOs	524.7	526.1
Other investments	232.5	202.1
Total	\$ 9,974.7	\$ 10,767.9

Accrued Performance Allocations

The components of accrued performance allocations are as follows:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Global Private Equity	\$ 4,510.4	\$ 5,577.1
Global Credit	281.4	193.9
Global Investment Solutions	1,417.4	1,346.7
Total	\$ 6,209.2	\$ 7,117.7

Approximately 10% and 13% of accrued performance allocations at September 30, 2023 and December 31, 2022, respectively, are related to Carlyle Partners VI, L.P., one of the Company's Global Private Equity funds.

Accrued performance allocations are shown gross of the Company's accrued performance allocations and incentive fee related compensation (see Note 7), and accrued giveback obligations, which are separately presented in the unaudited condensed consolidated balance sheets. The components of the accrued giveback obligations are as follows:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Global Private Equity	\$ (18.4)	\$ (18.4)
Global Credit	(25.6)	(22.5)
Total	\$ (44.0)	\$ (40.9)

Principal Equity-Method Investments, Excluding Performance Allocations

The Company's principal equity method investments (excluding performance allocations) include its fund investments in Global Private Equity, Global Credit, and Global Investment Solutions typically as general partner interests, and its investments

Notes to the Condensed Consolidated Financial Statements
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in Fortitude through a Carlyle-affiliated fund (included within Global Credit) and NGP (included within Global Private Equity), which are not consolidated. Principal investments are related to the following segments:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Global Private Equity ⁽¹⁾	\$ 1,806.2	\$ 1,853.5
Global Credit ⁽²⁾	975.8	974.2
Global Investment Solutions	226.3	94.3
Total	<u>\$ 3,008.3</u>	<u>\$ 2,922.0</u>

(1) The balance includes \$954.6 million and \$1,015.7 million as of September 30, 2023 and December 31, 2022, respectively, related to the Company's equity method investments in NGP.

(2) As of September 30, 2023 and December 31, 2022, the balance includes \$595.4 million and \$646.0 million, respectively, related to the Company's investment in Fortitude.

Investment in Fortitude

On November 13, 2018, the Company acquired a 19.9% interest in Fortitude Group Holdings, LLC ("Fortitude Holdings"), a wholly owned subsidiary of American International Group, Inc. ("AIG") (the "Minority Transaction"), pursuant to a Membership Interest Purchase Agreement by and among the Company, AIG and Fortitude Holdings, dated as of July 31, 2018 (the "2018 MIPA"). Fortitude Holdings owns 100% of the outstanding common shares of Fortitude Reinsurance Company Ltd., a Bermuda domiciled reinsurer ("Fortitude Re," f/k/a "DSA Re") established to reinsure a portfolio of AIG's legacy life, annuity and property and casualty liabilities.

The Company paid \$381 million in cash at closing of the Minority Transaction (the "Initial Purchase Price") and will pay \$95 million in additional deferred consideration by March 31, 2024. In May 2020, the Initial Purchase Price was adjusted upward by \$99.5 million in accordance with the 2018 MIPA as Fortitude Holdings chose not to distribute a planned non-pro rata dividend to AIG prior to May 13, 2020. The Company paid \$79.6 million of such adjustment in May 2020 and will pay the remaining \$19.9 million by March 31, 2024.

On June 2, 2020, Carlyle FRL, L.P. ("Carlyle FRL"), a Carlyle-affiliated investment fund, acquired a 51.6% ownership interest in Fortitude Holdings from AIG (the "Control Transaction") and T&D United Capital Co., Ltd. ("T&D"), a subsidiary of T&D Holdings, Inc., purchased a 25.0% ownership interest as a strategic third-party investor pursuant to a Membership Interest Purchase Agreement by and among the Company, AIG, Carlyle FRL, and T&D, dated as of November 25, 2019 (the "2019 MIPA"). At closing, the Company contributed its existing 19.9% interest in Fortitude Holdings to Carlyle FRL, such that Carlyle FRL held a 71.5% interest in Fortitude Holdings. Taken together, Carlyle FRL and T&D had 96.5% ownership of Fortitude Holdings. On October 1, 2021, Carlyle FRL, T&D and AIG effected a restructuring of the ownership of Fortitude Holdings that interposed FGH Parent, L.P. ("FGH Parent"), as the direct parent company of Fortitude Holdings (the "Restructuring"). Each of Carlyle FRL, T&D and AIG contributed the entirety of their interest in Fortitude Holdings to FGH Parent in exchange for an equivalent ownership interest in FGH Parent. References to "Fortitude" prior to the Restructuring refer to Fortitude Holdings. For periods subsequent to the Restructuring, references to "Fortitude" refer to FGH Parent.

In March 2022, the Company raised \$2.0 billion in third-party equity capital from certain investors in Carlyle FRL and T&D, and committed \$100 million from the Company for additional equity capital in Fortitude. In May 2022, Fortitude called \$1.1 billion of the capital raise. In connection with the capital raise and subsequent funding, the Company's indirect ownership of Fortitude decreased from 19.9% to 13.5%. As a result of the dilution, the Company recorded a reduction in the carrying value of its equity method investment and corresponding loss of \$176.9 million. In May 2023, Fortitude called the remaining \$1 billion of the capital commitments and the Company's indirect ownership of Fortitude further decreased from 13.5% to 10.5%. As a result of the dilution, the Company recorded an additional reduction in the carrying value of its equity method investment and corresponding loss of \$104.0 million. As of September 30, 2023, the carrying value of the Company's investment in Carlyle FRL, which is an investment company that accounts for its investment in Fortitude at fair value, was \$595.4 million, relative to equity invested of \$564.7 million.

The Company has an asset management relationship with Fortitude pursuant to which Fortitude committed to allocate assets in asset management strategies and vehicles of the Company and its affiliates. As of September 30, 2023, Fortitude Holdings and certain Fortitude reinsurance counterparties have committed approximately \$11.3 billion of capital to-date to various Carlyle strategies. On April 1, 2022, the Company entered into a strategic advisory services agreement with certain

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subsidiaries of Fortitude through a newly-formed investment advisor, Carlyle Insurance Solutions Management L.L.C. (“CISM”). Under the agreement, CISM provides Fortitude with certain services, including business development and growth, transaction origination and execution, and capital management services in exchange for a recurring management fee based on Fortitude’s general account assets, which adjusts within an agreed range based on Fortitude’s overall profitability. Third party investors who participated in the March 2022 capital raise also made a minority investment in CISM, which is reflected as non-controlling interest in consolidated entities in the unaudited condensed consolidated financial statements.

Investment in NGP

The Company has equity interests in NGP Management Company, L.L.C. (“NGP Management”), the general partners of certain carry funds advised by NGP, and principal investments in certain NGP funds. The Company does not control NGP and accounts for its investments in NGP under the equity method of accounting, and includes these investments in the Global Private Equity segment. These interests entitle the Company to an allocation of income equal to 55.0% of the management fee related revenues of NGP Management which serves as the investment advisor to certain NGP funds as well as 47.5% (40% or 42.75% in the case of certain funds) of the performance allocations received by certain current and future NGP fund general partners.

The Company’s investments in NGP as of September 30, 2023 and December 31, 2022 are as follows:

	As of	
	September 30, 2023	December 31, 2022
(Dollars in millions)		
Investment in NGP Management	\$ 372.9	\$ 369.7
Investments in NGP general partners - accrued performance allocations	516.3	564.5
Principal investments in NGP funds	65.4	81.5
Total investments in NGP	<u>\$ 954.6</u>	<u>\$ 1,015.7</u>

Investment in NGP Management. The Company’s equity interests in NGP Management entitle the Company to an allocation of income equal to 55.0% of the management fee related revenues of NGP Management, which serves as the investment advisor to the NGP Energy Funds. Management fees are generally calculated as 1.0% to 2.0% of the limited partners’ commitments during the fund’s investment period, and 0.5% to 2.0% based on the lower of cost or fair market value of invested capital following the expiration or termination of the investment period. Management fee related revenues from NGP Management are primarily driven by NGP XII and NGP XI during the three and nine months ended September 30, 2023 and 2022.

The Company records investment income (loss) for its equity income allocation from NGP management fee related revenues and also records its share of any allocated expenses from NGP Management, expenses associated with the compensatory elements of the investment and the amortization of the basis differences related to the definite-lived identifiable intangible assets of NGP Management. The net investment income (loss) recognized in the Company’s unaudited condensed consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Management fee related revenues from NGP Management	\$ 20.5	\$ 18.1	\$ 58.4	\$ 52.7
Expenses related to the investment in NGP Management	(3.5)	(3.5)	(11.0)	(8.9)
Amortization of basis differences from the investment in NGP Management	—	(0.4)	—	(1.1)
Net investment income from NGP Management	<u>\$ 17.0</u>	<u>\$ 14.2</u>	<u>\$ 47.4</u>	<u>\$ 42.7</u>

The difference between the Company’s remaining carrying value of its investment and its share of the underlying net assets of the investee was amortized over a period of 10 years from the initial investment date and was fully amortized as of December 31, 2022. The Company assesses the remaining carrying value of its equity method investment for impairment

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whenever events or circumstances indicate that the carrying value may not be recoverable, and considers factors including, but not limited to, expected cash flows from its interest in future management fees and NGP's ability to raise new funds.

Investment in the General Partners of NGP Carry Funds. The Company's investment in the general partners of the NGP Carry Funds entitle it to 47.5% (40% or 42.75% in the case of certain funds) of the performance allocations received by certain current and future NGP fund general partners. The Company records its equity income allocation from NGP performance allocations in principal investment income (loss) from equity method investments rather than performance allocations in its unaudited condensed consolidated statements of operations. The Company recognized \$51.2 million and \$81.6 million of net investment earnings related to these performance allocations for the three months ended September 30, 2023 and 2022, respectively. The Company recognized \$87.7 million and \$532.2 million of net investment earnings related to these performance allocations for the nine months ended September 30, 2023 and 2022, respectively.

Principal Investments in NGP Funds. The Company also holds principal investments in the NGP Carry Funds. The Company recognized net investment earnings (losses) related to principal investment income in its unaudited condensed consolidated statements of operations of \$6.7 million and \$9.6 million for the three months ended September 30, 2023 and 2022, respectively, and \$10.6 million and \$43.0 million for the nine months ended September 30, 2023 and 2022, respectively.

Principal Investments in CLOs and Other Investments

Principal investments in CLOs as of September 30, 2023 and December 31, 2022 were \$524.7 million and \$526.1 million, respectively, and consisted of investments in CLO senior and subordinated notes. A portion of the Company's principal investments in CLOs is collateral to CLO term loans (see Note 6). As of September 30, 2023 and December 31, 2022, other investments include the Company's investment in the BDC Preferred Shares at fair value of \$79.3 million and \$76.9 million, respectively (see Note 9).

Investment Income (Loss)

The components of investment income (loss) are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Performance allocations				
Realized	\$ 49.1	\$ 770.5	\$ 614.8	\$ 1,579.0
Unrealized	(167.4)	(472.4)	(819.1)	(232.8)
	(118.3)	298.1	(204.3)	1,346.2
Principal investment income (loss) from equity method investments (excluding performance allocations)				
Realized	177.8	70.6	181.9	34.3
Unrealized	(85.2)	80.3	(94.9)	536.5
	92.6	150.9	87.0	570.8
Principal investment income (loss) from investments in CLOs and other investments				
Realized	0.5	6.2	0.4	9.4
Unrealized ⁽¹⁾	7.5	(32.9)	17.7	(79.7)
	8.0	(26.7)	18.1	(70.3)
Total	\$ (17.7)	\$ 422.3	\$ (99.2)	\$ 1,846.7

(1) The nine months ended September 30, 2023 includes investment loss of \$13.3 million associated with the remeasurement of a corporate investment resulting from observable price changes pursuant to ASC 321, *Investments - Equity Securities*.

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The performance allocations included in revenues are derived from the following segments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Global Private Equity	\$ (188.2)	\$ 237.2	\$ (519.6)	\$ 1,106.4
Global Credit	45.3	27.2	116.4	(3.6)
Global Investment Solutions	24.6	33.7	198.9	243.4
Total	<u>\$ (118.3)</u>	<u>\$ 298.1</u>	<u>\$ (204.3)</u>	<u>\$ 1,346.2</u>

The following table summarizes the funds that are the primary drivers of performance allocations for the periods presented, as well as the total revenue recognized, including performance allocations as well as fund management fees and principal investment income:

Three Months Ended September 30, 2023				Nine Months Ended September 30, 2023			
(Dollars in millions)				(Dollars in millions)			
Global Private Equity	Carlyle Partners VI, L.P.	\$ (148.5)		Global Private Equity	Carlyle Partners VII, L.P.	\$ (374.9)	
Global Private Equity	Carlyle Partners VII, L.P.	(112.0)		Global Private Equity	Carlyle Partners VI, L.P.		(202.0)
Global Private Equity	Carlyle Asia Partners V, L.P.	60.4		Global Private Equity	Carlyle Asia Partners V, L.P.		(41.2)
				Global Credit	Carlyle Credit Opportunities Fund II, L.P.		96.5
Three Months Ended September 30, 2022				Nine Months Ended September 30, 2022			
(Dollars in millions)				(Dollars in millions)			
Global Private Equity	Carlyle Europe Partners V, L.P.	\$ 79.6		Global Private Equity	Carlyle Realty Partners VIII, L.P.	\$ 259.1	
Global Private Equity	Carlyle Power Partners II, L.P.	63.1		Global Private Equity	Carlyle Power Partners II, L.P.		198.1
Global Private Equity	Carlyle Partners VII, L.P.	(16.7)		Global Private Equity	Carlyle Asia Partners V, L.P.		11.1
Global Private Equity	Carlyle Asia Partners V, L.P.	(29.3)		Global Private Equity	Carlyle Partners VI, L.P.		(340.4)

Carlyle's income (loss) from its principal equity method investments consists of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Global Private Equity	\$ 77.2	\$ 124.7	\$ 157.8	\$ 698.8
Global Credit	15.0	26.8	(79.4)	(134.6)
Global Investment Solutions	0.4	(0.6)	8.6	6.6
Total	<u>\$ 92.6</u>	<u>\$ 150.9</u>	<u>\$ 87.0</u>	<u>\$ 570.8</u>

Principal investment loss for Global Credit during the nine months ended September 30, 2023 includes an investment loss of \$104.0 million on the Company's equity method investment in Carlyle FRL related to the dilution of the Company's indirect ownership in Fortitude from 13.5% to 10.5%. Principal investment loss for Global Credit during the nine months ended September 30, 2022 includes an investment loss of \$176.9 million on the Company's equity method investment in Carlyle FRL related to the dilution of the Company's indirect ownership in Fortitude from 19.9% to 13.5%.

Notes to the Condensed Consolidated Financial Statements
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Investments of Consolidated Funds

The Company consolidates the financial positions and results of operations of certain CLOs in which it is the primary beneficiary. During the nine months ended September 30, 2023, the Company formed two new CLOs for which the Company is the primary beneficiary. Investments in Consolidated Funds as of September 30, 2023 also include \$321.6 million related to investments that have been bridged by the Company to an investment fund and is accounted for as a consolidated VIE.

There were no individual investments with a fair value greater than five percent of the Company's total assets for any period presented.

Interest and Other Income of Consolidated Funds

The components of interest and other income of Consolidated Funds are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Interest income from investments	\$ 135.2	\$ 72.5	\$ 367.1	\$ 188.2
Other income	17.5	7.2	44.6	16.4
Total	<u>\$ 152.7</u>	<u>\$ 79.7</u>	<u>\$ 411.7</u>	<u>\$ 204.6</u>

Net Investment Income (Loss) of Consolidated Funds

Net investment income (loss) of Consolidated Funds include net realized gains (losses) from sales of investments and unrealized gains (losses) resulting from changes in fair value of the Consolidated Funds' investments. The components of net investment income (loss) of Consolidated Funds are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Gains (losses) from investments of Consolidated Funds	\$ 121.6	\$ (71.2)	\$ 262.7	\$ (319.3)
Gains (losses) from liabilities of CLOs	(130.9)	40.9	(252.8)	268.3
Total	<u>\$ (9.3)</u>	<u>\$ (30.3)</u>	<u>\$ 9.9</u>	<u>\$ (51.0)</u>

The following table presents realized and unrealized gains (losses) earned from investments of the Consolidated Funds:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Realized gains (losses)	\$ (24.1)	\$ (9.3)	\$ (63.0)	\$ (13.1)
Net change in unrealized gains (losses)	145.7	(61.9)	325.7	(306.2)
Total	<u>\$ 121.6</u>	<u>\$ (71.2)</u>	<u>\$ 262.7</u>	<u>\$ (319.3)</u>

The Carlyle Group Inc.

Notes to the Condensed Consolidated Financial Statements
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5. Intangible Assets and Goodwill

The following table summarizes the carrying amount of intangible assets as of September 30, 2023 and December 31, 2022:

	As of	
	September 30, 2023	December 31, 2022
(Dollars in millions)		
Acquired contractual rights	\$ 920.8	\$ 920.2
Accumulated amortization	(228.6)	(126.3)
Finite-lived intangible assets, net	692.2	793.9
Goodwill	103.8	103.9
Intangible Assets, net	<u>\$ 796.0</u>	<u>\$ 897.8</u>

As discussed in Note 2, the Company reviews its intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable, and considers factors including, but not limited to, expected cash flows from its interest in future management fees and the ability to raise new funds. For the three and nine months ended September 30, 2023, the Company recorded no impairment losses. For the three months ended September 30, 2022, the Company recorded no impairment losses. For the nine months ended September 30, 2022, the Company recorded an impairment charge of \$4.0 million on certain acquired contractual rights related to Carlyle Aviation Partners as a result of impaired income streams from aircraft under lease in Russia.

Intangible asset amortization expense was \$36.7 million and \$32.0 million for the three months ended September 30, 2023 and 2022, respectively, and \$102.4 million and \$70.7 million for the nine months ended September 30, 2023 and 2022, respectively, and is included in general, administrative, and other expenses in the unaudited condensed consolidated statements of operations. Certain intangible assets are held by entities of which the functional currency is not the U.S. dollar. Any corresponding currency translation is recorded in other comprehensive income.

The following table summarizes the expected amortization expense for 2023 through 2027 and thereafter (Dollars in millions):

Year ending December 31,	
2023 (excluding the nine months ended September 30, 2023)	\$ 32.7
2024	130.7
2025	130.6
2026	130.5
2027	120.4
Thereafter	147.3
	<u>\$ 692.2</u>

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

6. Borrowings

The Company borrows and enters into credit agreements for its general operating and investment purposes. The Company's debt obligations consist of the following:

	September 30, 2023		December 31, 2022	
	Borrowing Outstanding	Carrying Value	Borrowing Outstanding	Carrying Value
(Dollars in millions)				
CLO Borrowings (See below)	\$ 425.0	\$ 421.3	\$ 421.7	\$ 418.1
3.500% Senior Notes Due 9/19/2029	425.0	422.3	425.0	422.0
5.625% Senior Notes Due 3/30/2043	600.0	600.6	600.0	600.6
5.650% Senior Notes Due 9/15/2048	350.0	346.3	350.0	346.3
4.625% Subordinated Notes Due 5/15/2061	500.0	485.0	500.0	484.7
Total debt obligations	<u>\$ 2,300.0</u>	<u>\$ 2,275.5</u>	<u>\$ 2,296.7</u>	<u>\$ 2,271.7</u>

Senior Credit Facility

As of September 30, 2023, the senior credit facility, which was amended on April 29, 2022, included \$1.0 billion in a revolving credit facility. The Company's borrowing capacity is subject to the ability of the financial institutions in the banking syndicate to fulfill their respective obligations under the revolving credit facility. The revolving credit facility is scheduled to mature on April 29, 2027, and principal amounts outstanding under the revolving credit facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus an applicable margin not to exceed 0.50% per annum, or (b) at SOFR (or similar benchmark for non-U.S. dollar borrowings) plus a 0.10% adjustment and an applicable margin not to exceed 1.50% per annum (at September 30, 2023, the interest rate was 6.42%). The Company made no borrowings under the revolving credit facility during the three and nine months ended September 30, 2023 and there was no balance outstanding at September 30, 2023.

Global Credit Revolving Credit Facility

Certain subsidiaries of the Company are parties to a revolving line of credit, primarily intended to support certain lending activities within the Global Credit segment. In August 2023, certain subsidiaries of the Company entered into an amendment to the Global Credit Revolving Credit Facility to increase the capacity of the existing revolving line of credit from \$250 million to \$300 million (the "2027 Tranche Revolving Loans") and extend the maturity date to occur in September 2027. This amendment also provides for a new tranche of revolving loans with a capacity of \$200 million maturing in August 2024 (the "2024 Tranche Revolving Loans," together with the 2027 Tranche Revolving Loans, the "Global Credit Revolving Credit Facility"). The Company's borrowing capacity is subject to the ability of the financial institutions in the banking syndicate to fulfill their respective obligations under the credit facility. Principal amounts outstanding under the facility accrue interest at applicable SOFR or Eurocurrency rates plus an applicable margin of 2.00% or an alternate base rate plus an applicable margin of 1.00%. The Company made no borrowings under the credit facility during the three and nine months ended September 30, 2023, and there was no balance outstanding as of September 30, 2023.

The Carlyle Group Inc.

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CLO Borrowings

For certain of the Company's CLOs, the Company finances a portion of its investment in the CLOs through the proceeds received from term loans and other financing arrangements with financial institutions. The Company's outstanding CLO borrowings consist of the following (Dollars in millions):

Formation Date	Borrowing Outstanding September 30, 2023	Borrowing Outstanding December 31, 2022	Maturity Date (1)	Interest Rate as of September 30, 2023	
February 28, 2017	\$ 38.2	\$ 38.7	September 21, 2029	5.55%	(2)
June 29, 2017	50.0	54.8	July 20, 2030	6.79%	(4)
December 6, 2017	42.7	43.8	January 15, 2031	6.95%	(5)
March 15, 2019	1.7	1.8	March 15, 2032	11.95%	(3)
August 20, 2019	3.8	3.9	August 15, 2032	8.52%	(3)
September 15, 2020	18.8	19.1	April 15, 2033	5.25%	(3)
January 8, 2021	19.7	19.9	January 15, 2034	6.16%	(3)
March 9, 2021	17.5	19.1	August 15, 2030	5.17%	(3)
March 30, 2021	17.8	18.0	March 15, 2032	5.55%	(3)
April 21, 2021	3.4	3.4	April 15, 2033	9.51%	(3)
May 21, 2021	14.8	15.0	November 17, 2031	5.15%	(3)
June 4, 2021	19.8	20.0	January 16, 2034	5.94%	(3)
June 10, 2021	1.3	1.3	November 17, 2031	6.63%	(3)
July 15, 2021	14.8	15.0	July 15, 2034	5.96%	(3)
July 20, 2021	19.7	20.0	July 20, 2031	5.98%	(3)
August 4, 2021	16.0	16.2	August 15, 2032	5.53%	(3)
October 27, 2021	23.0	23.3	October 15, 2035	6.07%	(3)
November 5, 2021	13.7	13.8	January 14, 2034	5.75%	(3)
January 6, 2022	19.8	20.1	February 15, 2035	6.16%	(3)
February 22, 2022	19.9	20.1	November 10, 2035	6.22%	(3)
July 13, 2022	16.7	16.9	January 13, 2035	6.99%	(3)
October 25, 2022	17.3	17.5	October 25, 2035	7.48%	(3)
September 5, 2023	14.6	—	August 28, 2031	5.27%	(3)
	<u>\$ 425.0</u>	<u>\$ 421.7</u>			

- (1) Maturity date is earlier of date indicated or the date that the CLO is dissolved.
- (2) Outstanding borrowing of €36.1 million; incurs interest at EURIBOR plus applicable margins as defined in the agreement.
- (3) Incurs interest at the average effective interest rate of each class of purchased securities plus 0.50% spread percentage.
- (4) Incurs interest at SOFR plus 1.46%.
- (5) Incurs interest at SOFR plus 1.64%.

The CLO term loans are secured by the Company's investments in the respective CLO, have a general unsecured interest in the Carlyle entity that manages the CLO, and generally do not have recourse to any other Carlyle entity. Interest expense for the three months ended September 30, 2023 and 2022 was \$6.8 million and \$2.8 million, respectively. Interest expense for the nine months ended September 30, 2023 and 2022 was \$17.8 million and \$6.8 million, respectively. The fair value of the outstanding balance of the CLO term loans at September 30, 2023 approximated par value based on current market rates for similar debt instruments. These CLO term loans are classified as Level III within the fair value hierarchy.

European CLO Financing - February 28, 2017

On February 28, 2017, a subsidiary of the Company entered into a financing agreement with several financial institutions under which these financial institutions provided a term loan to the Company. This term loan is secured by the Company's investments in the retained notes in certain European CLOs that were formed in 2014 and 2015. This term loan will mature on

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the earlier of September 21, 2029 or the date that the certain European CLO retained notes have been redeemed. The Company may prepay the term loan in whole or in part at any time. Interest on this term loan accrues at EURIBOR plus applicable margins (5.55% at September 30, 2023). As of September 30, 2023, €36.1 million (\$38.2 million) was outstanding under the term loan.

Master Credit Agreement - Term Loans

The Company assumed liabilities under master credit agreements previously entered into by CBAM under which a financial institution provided term loans to CBAM for the purchase of eligible interests in CLOs (see Note 4 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022). Term loans issued under these master credit agreements are secured by the Company's investment in the respective CLO as well as any senior management fee and subordinated management fee payable by each CLO. Term loans generally bear interest at SOFR plus a weighted average spread over SOFR on the CLO notes, which is due quarterly. As of September 30, 2023, term loans under these agreements had \$92.7 million outstanding. The master credit agreements mature in July 2030 and January 2031, respectively. Prior to the third quarter of 2023, the interest rate base under these agreements was LIBOR.

CLO Repurchase Agreements

On February 5, 2019, the Company entered into a master credit facility agreement (the "Carlyle CLO Financing Facility") to finance a portion of the risk retention investments in certain European CLOs managed by the Company. Each transaction entered into under the Carlyle CLO Financing Facility will bear interest at a rate based on the weighted average effective interest rate of each class of securities that have been sold plus a spread to be agreed upon by the parties. As of September 30, 2023, €216.1 million (\$228.6 million) was outstanding under the Carlyle CLO Financing Facility. Additional borrowings may be made on terms agreed upon by the Company and the counterparty subject to the terms and conditions of the Carlyle CLO Financing Facility.

The Company assumed liabilities under a master credit facility agreement previously entered into by CBAM (the "CBAM CLO Financing Facility," together with the Carlyle CLO Financing Facility, the "CLO Financing Facilities") to finance a portion of the risk retention investments in certain European CLOs managed by CBAM (see Note 4 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022). The maximum facility amount is €100.0 million, but may be expanded on such terms agreed upon by the Company and the counterparty subject to the terms and conditions of the CBAM CLO Financing Facility. Each transaction entered into under the CBAM CLO Financing Facility will bear interest at a rate based on the weighted average effective interest rate of each class of securities that have been sold plus a spread to be agreed upon by the parties. As of September 30, 2023, €61.9 million (\$65.5 million) was outstanding under the CBAM CLO Financing Facility.

Each transaction entered into under the CLO Financing Facility provides for payment netting and, in the case of a default or similar event with respect to the counterparty to the CLO Financing Facility, provides for netting across transactions. Generally, upon a counterparty default, the Company can terminate all transactions under the CLO Financing Facility and offset amounts it owes in respect of any one transaction against collateral, if any, or other amounts it has received in respect of any other transactions under the CLO Financing Facility; provided, however, that in the case of certain defaults, the Company may only be able to terminate and offset solely with respect to the transaction affected by the default. During the term of a transaction entered into under the CLO Financing Facility, the Company will deliver cash or additional securities acceptable to the counterparty if the securities sold are in default. Upon termination of a transaction, the Company will repurchase the previously sold securities from the counterparty at a previously determined repurchase price. The CLO Financing Facility may be terminated at any time upon certain defaults or circumstances agreed upon by the parties.

The repurchase agreements may result in credit exposure in the event the counterparty to the transaction is unable to fulfill its contractual obligations. The Company minimizes the credit risk associated with these activities by monitoring counterparty credit exposure and collateral values. Other than margin requirements, the Company is not subject to additional terms or contingencies which would expose the Company to additional obligations based upon the performance of the securities pledged as collateral.

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Senior Notes

Certain indirect subsidiaries of the Company have issued long term borrowings in the form of senior notes, on which interest is payable semi-annually in arrears. The following table provides information regarding these senior notes (Dollars in millions):

	Aggregate Principal Amount	Fair Value ⁽¹⁾ As of		Interest Expense			
		September 30, 2023	December 31, 2022	Three Months Ended September 30,		Nine Months Ended September 30,	
				2023	2022	2023	2022
3.500% Senior Notes Due 9/19/2029 ⁽²⁾	\$ 425.0	\$ 381.0	\$ 364.1	\$ 3.8	\$ 3.8	\$ 11.5	\$ 11.5
5.625% Senior Notes Due 3/30/2043 ⁽³⁾	600.0	497.5	545.8	8.4	8.4	25.3	25.3
5.650% Senior Notes Due 9/15/2048 ⁽⁴⁾	350.0	289.7	322.2	4.9	5.0	14.9	14.9
				<u>\$ 17.1</u>	<u>\$ 17.2</u>	<u>\$ 51.7</u>	<u>\$ 51.7</u>

- (1) Including accrued interest. Fair value is based on indicative quotes and the notes are classified as Level II within the fair value hierarchy.
- (2) Issued in September 2019 at 99.841% of par.
- (3) Issued \$400.0 million in aggregate principal at 99.583% of par in March 2013. An additional \$200.0 million in aggregate principal was issued at 104.315% of par in March 2014, and is treated as a single class with the outstanding \$400.0 million in senior notes previously issued.
- (4) Issued in September 2018 at 99.914% of par.

The issuers may redeem the senior notes, in whole at any time or in part from time to time, at a price equal to the greater of (i) 100% of the principal amount of the notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on any notes being redeemed discounted to the redemption date on a semiannual basis at the Treasury Rate plus 40 basis points (30 basis points in the case of the 3.500% senior notes), plus in each case accrued and unpaid interest on the principal amounts being redeemed.

Subordinated Notes

In May 2021, an indirect subsidiary of the Company issued \$435.0 million aggregate principal amount of 4.625% Subordinated Notes due May 15, 2061 (the "Subordinated Notes"), on which interest is payable quarterly accruing from May 11, 2021. In June 2021, an additional \$65.0 million aggregate principal amount of these Subordinated Notes were issued and are treated as a single series with the already outstanding \$435.0 million aggregate principal amount. The Subordinated Notes are unsecured and subordinated obligations of the issuer, and are fully and unconditionally guaranteed (the "Guarantees"), jointly and severally, on a subordinated basis, by the Company, each of the Carlyle Holdings partnerships, and CG Subsidiary Holdings L.L.C., an indirect subsidiary of the Company (collectively, the "Guarantors"). The Consolidated Funds are not guarantors, and as such, the assets of the Consolidated Funds are not available to service the Subordinated Notes under the Guarantee. The Subordinated Notes may be redeemed at the issuer's option in whole at any time or in part from time to time on or after June 15, 2026 at a redemption price equal to their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption. If interest due on the Subordinated Notes is deemed no longer to be deductible in the U.S., a "Tax Redemption Event," the Subordinated Notes may be redeemed, in whole, but not in part, within 120 days of the occurrence of such event at a redemption price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption. In addition, the Subordinated Notes may be redeemed, in whole, but not in part, at any time prior to May 15, 2026, within 90 days of the rating agencies determining that the Subordinated Notes should no longer receive partial equity treatment pursuant to the rating agency's criteria, a "rating agency event," at a redemption price equal to 102% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption.

As of September 30, 2023 and December 31, 2022, the fair value of the Subordinated Notes was \$328.4 million and \$323.8 million, respectively. Fair value is based on active market quotes and the notes are classified as Level I within the fair value hierarchy. For both the three months ended September 30, 2023 and 2022, the Company incurred \$5.9 million of interest expense on the Subordinated Notes. For both the nine months ended September 30, 2023 and 2022, the Company incurred \$17.6 million of interest expense on the Subordinated Notes.

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Debt Covenants

The Company is subject to various financial covenants under its loan agreements including, among other items, maintenance of a minimum amount of management fee-earning assets. The Company is also subject to various non-financial covenants under its loan agreements and the indentures governing its senior notes. The Company was in compliance with all financial and non-financial covenants under its various loan agreements as of September 30, 2023.

Loans Payable of Consolidated Funds

Loans payable of Consolidated Funds primarily represent amounts due to holders of debt securities issued by the CLOs. As of September 30, 2023 and December 31, 2022, the following borrowings were outstanding (Dollars in millions):

	As of September 30, 2023			
	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior secured notes	\$ 6,102.5	\$ 6,040.9	6.12 %	9.22
Subordinated notes ⁽¹⁾	349.7	208.8	N/A (3)	9.41
Total	\$ 6,452.2	\$ 6,249.7		

	As of December 31, 2022			
	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior secured notes ⁽²⁾	\$ 5,849.2	\$ 5,303.3	3.97 %	9.48
Subordinated notes ⁽¹⁾	234.0	188.3	N/A (3)	9.69
Total	\$ 6,083.2	\$ 5,491.6		

- (1) Borrowing Outstanding as of September 30, 2023 and December 31, 2022 includes \$169.4 million and \$178.0 million, respectively, of revolving credit balances that are carried at amortized cost.
- (2) Borrowing Outstanding as of December 31, 2022 includes \$235.6 million of senior secured notes that are carried at par value. The fair value of these senior secured notes at December 31, 2022, approximated par value based on current market rates for similar debt instruments. These senior secured notes are classified as Level III within the fair value hierarchy.
- (3) The subordinated notes do not have contractual interest rates, but instead receive distributions from the excess cash flows of the CLOs.

Loans payable of the CLOs are collateralized by the assets held by the CLOs and the assets of one CLO may not be used to satisfy the liabilities of another. This collateral consisted of cash and cash equivalents, corporate loans, corporate bonds and other securities. As of September 30, 2023 and December 31, 2022, the fair value of the CLO assets was \$6.6 billion and \$6.2 billion, respectively.

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Notes to the Condensed Consolidated Financial Statements (Unaudited)

7. Accrued Compensation and Benefits

Accrued compensation and benefits consist of the following:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Accrued performance allocations and incentive fee related compensation	\$ 3,182.4	\$ 3,625.3
Accrued bonuses	384.8	466.6
Employment-based contingent cash consideration ⁽¹⁾	2.9	76.5
Accrued pension liability	8.6	9.5
Other ⁽²⁾	115.7	143.0
Total	\$ 3,694.4	\$ 4,320.9

(1) The acquisition of Carlyle Aviation Partners, Ltd. (“Carlyle Aviation Partners,” formerly known as Apollo Aviation Group) in December 2018 included an earn-out of up to \$150.0 million that was payable upon the achievement of certain revenue and earnings performance targets during 2020 through 2025, which was accounted for as compensation expense. During the three months ended March 31, 2023, the Company entered into a termination and settlement agreement with respect to the earn-out, pursuant to which the Company paid \$68.6 million, based on Carlyle Aviation’s performance, and will pay an aggregate \$2.4 million in installments in 2024 and 2025. The acquisition of Abingworth LLP (“Abingworth”) in August 2022 included an earn-out of up to \$130.0 million payable upon the achievement of certain revenue and earnings performance targets during 2023 through 2028, which is accounted for as compensation expense. As of September 30, 2023, \$0.5 million has been accrued related to this earn-out. See Note 4 to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 for additional information on the Abingworth acquisition.

(2) Includes accrued payroll and benefits, payroll-related taxes as well as \$12.9 million and \$26.7 million of realized performance allocations and incentive fee related compensation not yet paid to participants as of September 30, 2023 and December 31, 2022, respectively.

The following table presents realized and unrealized performance allocations and incentive fee related compensation:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Realized	\$ 40.4	\$ 377.0	\$ 337.5	\$ 776.7
Unrealized	(94.3)	(213.5)	(377.9)	(35.5)
Total	\$ (53.9)	\$ 163.5	\$ (40.4)	\$ 741.2

8. Commitments and Contingencies

Capital Commitments

The Company and its unconsolidated affiliates have unfunded commitments to entities within the following segments as of September 30, 2023 (Dollars in millions):

	Unfunded Commitments
Global Private Equity	\$ 3,023.8
Global Credit	426.4
Global Investment Solutions	165.2
Total	\$ 3,615.4

Of the \$3.6 billion of unfunded commitments, approximately \$3.0 billion is subscribed individually by senior Carlyle professionals, advisors and other professionals, with the balance funded directly by the Company. In addition to these unfunded commitments, the Company may from time to time exercise its right to purchase additional interests in its investment funds that become available in the ordinary course of their operations.

Under the Carlyle Global Capital Markets platform, certain subsidiaries of the Company may act as an underwriter, syndicator or placement agent for security offerings and loan originations. The Company earns fees in connection with these

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activities and bears the risk of the sale of such securities and placement of such loans, which may be longer dated. As of September 30, 2023, the Company had \$93.0 million unfunded commitments related to the origination and syndication of loans and securities under the Carlyle Global Capital Markets platform.

Guaranteed Loans

From time to time, the Company or its subsidiaries may enter into agreements to guarantee certain obligations of the investment funds related to, for example, credit facilities or equity commitments. Certain consolidated subsidiaries of the Company are the guarantors of revolving credit facilities for certain funds in the Global Investment Solutions segment. The guarantee is limited to the lesser of the total amount drawn under the credit facilities or the total of net asset value of the guarantor subsidiaries plus any uncalled capital of the applicable general partner, and was approximately \$9.4 million as of September 30, 2023. The outstanding balances are secured by uncalled capital commitments from the underlying funds and the Company believes the likelihood of any material funding under this guarantee to be remote.

Contingent Obligations (Giveback)

A liability for potential repayment of previously received performance allocations of \$44.0 million at September 30, 2023 was shown as accrued giveback obligations in the unaudited condensed consolidated balance sheets, representing the giveback obligation that would need to be paid if the funds were liquidated at their current fair values at September 30, 2023. However, the ultimate giveback obligation, if any, generally is not paid until the end of a fund's life or earlier if the giveback becomes fixed and early payment is agreed upon by the fund's partners (see Note 2). The Company had \$10.1 million of unbilled receivables from former and current employees and senior Carlyle professionals as of September 30, 2023 related to giveback obligations. Any such receivables are collateralized by investments made by individual senior Carlyle professionals and employees in Carlyle-sponsored funds. In addition, \$152.4 million have been withheld from distributions of carried interest to senior Carlyle professionals and employees for potential giveback obligations as of September 30, 2023. Such amounts are held on behalf of the respective current and former Carlyle employees to satisfy any givebacks they may owe and are held by entities not included in the accompanying unaudited condensed consolidated balance sheets. Current and former senior Carlyle professionals and employees are personally responsible for their giveback obligations. As of September 30, 2023, approximately \$20.3 million of the Company's accrued giveback obligation is the responsibility of various current and former senior Carlyle professionals and other former limited partners of the Carlyle Holdings partnerships, and the net accrued giveback obligation attributable to the Company is \$23.7 million.

If, at September 30, 2023, all of the investments held by the Company's Funds were deemed worthless, a possibility that management views as remote, the amount of realized and distributed carried interest subject to potential giveback would be \$1.6 billion, on an after-tax basis where applicable, of which approximately \$0.7 billion would be the responsibility of current and former senior Carlyle professionals.

Leases

The Company's leases primarily consist of operating leases for office space in various countries around the world, including its largest offices in Washington, D.C., New York City, London and Hong Kong. These leases have remaining lease terms of one year to 13 years, some of which include options to extend for up to five years and some of which include an option to terminate the leases within one year. The Company also has operating leases for office equipment and vehicles, which are not significant. The Company assesses its lease right-of-use assets for impairment consistent with its impairment assessment of other long-lived assets.

The Carlyle Group Inc.

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The following table summarizes the Company's lease cost, cash flows and other supplemental information related to its operating leases (Dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating lease cost	\$ 14.8	\$ 14.0	\$ 43.7	\$ 42.0
Sublease income	(1.5)	(1.8)	(4.4)	(4.7)
Total operating lease cost	\$ 13.3	\$ 12.2	\$ 39.3	\$ 37.3
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 16.9	\$ 15.8	\$ 51.1	\$ 47.8
Weighted-average remaining lease term			10.4 years	11.7 years
Weighted-average discount rate			4.3 %	4.4 %

Maturities of lease liabilities related to operating leases were as follows (Dollars in millions):

Year ending December 31,	
2023 (excluding the nine months ended September 30, 2023)	\$ 17.0
2024	65.5
2025	62.2
2026	60.1
2027	60.7
Thereafter	344.9
Total lease payments	\$ 610.4
Less imputed interest	114.4
Total lease liabilities	\$ 496.0

Legal Matters

In the ordinary course of business, the Company is a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. Certain of these matters are described below. The Company is not currently able to estimate the reasonably possible amount of loss or range of loss, in excess of amounts accrued, for the matters that have not been resolved. The Company does not believe it is probable that the outcome of any existing litigation, investigations, disputes or other potential claims will materially affect the Company or these financial statements in excess of amounts accrued.

The Authentix Matter

Authentix, Inc. ("Authentix") was a majority-owned portfolio company in one of the Company's investment funds, Carlyle U.S. Growth Fund III, L.P. ("CGF III"). When Authentix was owned by CGF III, two of the Company's employees served on Authentix's board of directors. After a lengthy sale process, Authentix was sold for an aggregate sale price of \$87.5 million. On August 7, 2020, certain of the former minority shareholders in Authentix filed suit in Delaware Chancery Court, alleging that the Authentix board of directors, CGF III, and the Company breached various fiduciary duties by agreeing to a sale of Authentix at an inopportune time and at a price that was too low. Plaintiffs seek damages for a portion of the lost profits from the sale—the difference between the actual sale price and the purported maximum amount for which Authentix could have sold, multiplied by plaintiff's ownership percentage. Plaintiffs also seek disgorgement of any profits received by the Company stemming from the sale. A trial is tentatively scheduled to begin in Delaware in January 2024. The former directors of Authentix are covered by indemnification from Authentix and an Authentix insurance policy. The defendants intend to contest the claims vigorously.

The Tax Receivable Agreement Matter

The Company came into existence on January 1, 2020, when its predecessor, The Carlyle Group, L.P. (the "PTP"), converted from a partnership into a corporation (the "Conversion"). On July 29, 2022, an alleged stockholder of the Company,

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the City of Pittsburgh Comprehensive Municipal Trust Fund (the “Plaintiff”), filed suit in the Delaware Court of Chancery, alleging a direct claim against the Company for breach of its certificate of incorporation and a derivative claim on behalf of the Company against certain current and former officers and directors of the Company. Plaintiff challenges the receipt, by certain officers of the PTP and certain directors of the general partner of the PTP, of a right to cash payments associated with the elimination of a tax receivable agreement in connection with the Conversion. Plaintiff is seeking monetary damages, restitution, and an injunction preventing the Company from making any future cash payments for the elimination of the tax receivable agreement in connection with the Conversion. By virtue of the derivative nature of the primary claims (i.e., that the claims are aimed primarily at certain officers and directors), it is remote that the Company itself will pay material damage awards based on the Plaintiff’s claims, although the Company is expected to incur legal defense fees to the extent not covered by insurance. The defendants filed a motion to dismiss the complaint and expect the court to make a ruling on the motion by the end of 2023 or soon thereafter. The officer and director defendants intend to contest the claims vigorously.

SEC Investigation

As part of a sweep investigation of financial services and investment advisory firms, in October 2022, the Company received from the SEC a request for information related to the preservation of certain types of electronic business communications (e.g., text messages and messages on WhatsApp, WeChat, and similar applications). The Company intends to cooperate fully with the SEC’s inquiry. Given the uncertainty of factors that may potentially affect the resolution of the matter, the Company is unable at this time to estimate the reasonably possible loss or range of loss that may result from this matter.

The Company currently is and expects to continue to be, from time to time, subject to examinations, formal and informal inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to, the SEC, Department of Justice, state attorneys general, FINRA, National Futures Association and the U.K. Financial Conduct Authority. The Company routinely cooperates with such examinations, inquiries and investigations, and they may result in the commencement of civil, criminal, or administrative or other proceedings against the Company or its personnel.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings and employment-related matters, and some of the matters discussed above involve claims for potentially large and/or indeterminate amounts of damages. Based on information known by management, management does not believe that as of the date of this filing the final resolutions of the matters above will have a material effect upon the Company’s unaudited condensed consolidated financial statements. However, given the potentially large and/or indeterminate amounts of damages sought in certain of these matters and the inherent unpredictability of investigations and litigations, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company’s financial results in any particular period.

The Company accrues an estimated loss contingency liability when it is probable that such a liability has been incurred and the amount of the loss can be reasonably estimated. As of September 30, 2023, the Company had recorded liabilities aggregating to approximately \$35 million for litigation-related contingencies, regulatory examinations and inquiries, and other matters. The Company evaluates its outstanding legal and regulatory proceedings and other matters each quarter to assess its loss contingency accruals, and makes adjustments in such accruals, upward or downward, as appropriate, based on management’s best judgment after consultation with counsel. There is no assurance that the Company’s accruals for loss contingencies will not need to be adjusted in the future or that, in light of the uncertainties involved in such matters, the ultimate resolution of these matters will not significantly exceed the accruals that the Company has recorded.

Indemnifications

In the normal course of business, the Company and its subsidiaries enter into contracts that contain a variety of representations and warranties and provide general indemnifications. The Company’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company believes the risk of material loss to be remote.

In connection with the sale of the Company’s interest in its local Brazilian management entity in August 2021, the Company provided a guarantee to the acquiring company of up to BRL 100.0 million (\$20.0 million as of September 30, 2023) for liabilities arising from tax-related indemnifications. This guarantee, which will expire in August 2027, would only come into effect after all alternative remedies have been exhausted. The Company believes the likelihood of any material funding under this guarantee to be remote.

Risks and Uncertainties

Carlyle’s funds seek investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the underlying investees conduct their operations, as well as general economic, political, regulatory and public health conditions, may have a significant negative impact on the Company’s

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investments and profitability. The funds managed by the Company may also experience a slowdown in the deployment of capital, which could adversely affect the Company's ability to raise capital for new or successor funds and could also impact the management fees the Company earns on its carry funds and managed accounts, and/or result in the impairment of intangible assets and/or goodwill the case of the Company's acquired businesses. Such events are beyond the Company's control, and the likelihood that they may occur and the effect on the Company cannot be predicted.

Furthermore, certain of the funds' investments are made in private companies and there are generally no public markets for the underlying securities at the current time. The funds' ability to liquidate their publicly-traded investments are often subject to limitations, including discounts that may be required to be taken on quoted prices due to the number of shares being sold. The funds' ability to liquidate their investments and realize value is subject to significant limitations and uncertainties, including among others currency fluctuations and natural disasters.

The Company and the funds make investments outside of the United States. Investments outside the United States may be subject to less developed bankruptcy, corporate, partnership and other laws (which may have the effect of disregarding or otherwise circumventing the limited liability structures potentially causing the actions or liabilities of one fund or a portfolio company to adversely impact the Company or an unrelated fund or portfolio company). Non-U.S. investments are subject to the same risks associated with the Company's U.S. investments as well as additional risks, such as fluctuations in foreign currency exchange rates, unexpected changes in regulatory requirements, heightened risk of political and economic instability, difficulties in managing non-U.S. investments, potentially adverse tax consequences and the burden of complying with a wide variety of foreign laws.

Furthermore, Carlyle is exposed to economic risk concentrations related to certain large investments as well as concentrations of investments in certain industries and geographies.

Additionally, the Company encounters credit risk. Credit risk is the risk of default by a counterparty in the Company's investments in debt securities, loans, leases and derivatives that result from a borrower's, lessee's or derivative counterparty's inability or unwillingness to make required or expected payments. The Company is subject to credit risk should a financial institution be unable to fulfill its obligations.

The Company considers cash, cash equivalents, securities, receivables, principal equity method investments, accounts payable, accrued expenses, other liabilities, loans, senior notes, assets and liabilities of Consolidated Funds and contingent and other consideration for acquisitions to be its financial instruments. Except for the senior notes, subordinated notes and compensatory contingent and other consideration for acquisitions, the carrying amounts reported in the unaudited condensed consolidated balance sheets for these financial instruments equal or closely approximate their fair values. The fair value of the senior and subordinated notes is disclosed in Note 6.

9. Related Party Transactions

Due from Affiliates and Other Receivables, Net

The Company had the following due from affiliates and other receivables at September 30, 2023 and December 31, 2022:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Accrued incentive fees	\$ 21.9	\$ 16.4
Unbilled receivable for giveback obligations from current and former employees	10.1	10.4
Notes receivable and accrued interest from affiliates	135.7	41.5
Management fee receivable, net	226.7	220.4
Reimbursable expenses and other receivables from unconsolidated funds and affiliates, net	293.9	290.7
Total	<u>\$ 688.3</u>	<u>\$ 579.4</u>

Reimbursable expenses and other receivables from certain of the unconsolidated funds and portfolio companies relate to management fees receivable from limited partners, advisory fees receivable and expenses paid on behalf of these entities. These costs represent costs related to the pursuit of actual or proposed investments, professional fees and expenses associated with the acquisition, holding and disposition of the investments. The affiliates are obligated at the discretion of the Company to reimburse the expenses. Based on management's determination, the Company accrues and charges interest on amounts due

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from affiliate accounts at interest rates ranging up to 7.02% as of September 30, 2023. The accrued and charged interest to the affiliates was not significant for any period presented.

Notes receivable include loans that the Company has provided to certain unconsolidated funds to meet short-term obligations to purchase investments. Notes receivable as of September 30, 2023 and December 31, 2022 also include interest-bearing loans of \$26.0 million and \$23.2 million, respectively, to certain eligible Carlyle employees, which excludes Section 16 officers and other members of senior management, to finance their investments in certain Carlyle sponsored funds. These advances accrue interest at the WSJ Prime Rate minus 1.00% floating with a floor rate of 3.50% (7.50% as of September 30, 2023) and are collateralized by each borrower's interest in the Carlyle sponsored funds.

These receivables are assessed regularly for collectability and amounts determined to be uncollectible are charged directly to general, administrative and other expenses in the condensed consolidated statements of operations. A corresponding allowance for doubtful accounts is recorded and such amounts were not significant for any period presented.

Due to Affiliates

The Company had the following due to affiliates balances at September 30, 2023 and December 31, 2022:

	As of	
	September 30, 2023	December 31, 2022
(Dollars in millions)		
Due to affiliates of Consolidated Funds	\$ 6.1	\$ 16.4
Due to non-consolidated affiliates	114.8	87.1
Amounts owed under the tax receivable agreement	79.6	100.0
Deferred consideration for Carlyle Holdings units	66.6	134.4
Other	22.9	24.6
Total	<u>\$ 290.0</u>	<u>\$ 362.5</u>

The Company has recorded obligations for amounts due to certain of its affiliates. The Company periodically offsets expenses it has paid on behalf of its affiliates against these obligations.

Deferred consideration for Carlyle Holdings units relates to the remaining obligation to the holders of Carlyle Holdings partnership units who will receive cash payments aggregating to \$1.50 per Carlyle Holdings partnership unit exchanged in connection with the Conversion, payable in five annual installments of \$0.30. The first four annual installment payments occurred in January in each of 2020, 2021, 2022 and 2023. The obligation was initially recorded at fair value, net of a discount of \$11.3 million and measured using Level III inputs in the fair value hierarchy.

In connection with the Company's initial public offering, the Company entered into a tax receivable agreement with the limited partners of the Carlyle Holdings partnerships whereby certain subsidiaries of the Partnership agreed to pay to the limited partners of the Carlyle Holdings partnerships involved in any exchange transaction 85% of the amount of cash tax savings, if any, in U.S. federal, state and local income tax realized as a result of increases in tax basis resulting from exchanges of Carlyle Holdings Partnership units for common units of The Carlyle Group L.P.

Other Related Party Transactions

In the normal course of business, the Company has made use of aircraft owned by entities controlled by senior Carlyle professionals (see Note 11 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022). The Company terminated its remaining aircraft lease agreement in 2022 and had no active aircraft lease agreements in 2023. During the first quarter of 2023, the Company received a final reimbursement related to these aircraft totaling \$0.4 million. During the three and nine months ended September 30, 2022, the Company made net payments related to these aircraft totaling \$0.4 million and \$0.9 million, respectively. The accrual of aircraft fees is included in general, administrative, and other expenses in the unaudited condensed consolidated statements of operations.

On May 5, 2020, the Company purchased 2,000,000 of the BDC Preferred Shares from CSL in a private placement at a price of \$25 per share. Dividends are payable on a quarterly basis in an initial amount equal to 7.0% per annum payable in cash, or, at CSL's option, 9.0% per annual payable in additional BDC Preferred Shares. The BDC Preferred Shares are convertible at the Company's option, in whole or in part, into the number of shares of common stock equal to \$25 per share plus any

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accumulated but unpaid dividends divided by an initial conversion price of \$9.50 per share, subject to certain adjustments. Effective May 5, 2023 and with the approval of its board of directors, CSL has the option to redeem the BDC Preferred Shares, in whole or in part. In such case, the Company has the right to convert its shares, in whole or in part, prior to the date of redemption. For both the three months ended September 30, 2023 and 2022, the Company recorded dividend income of \$0.9 million. For both the nine months ended September 30, 2023 and 2022, the Company recorded dividend income of \$2.6 million. Dividend income from the BDC Preferred Shares is included in interest and other income in the unaudited condensed consolidated statements of operations. The Company's investment in the BDC Preferred Shares, which is recorded at fair value, was \$79.3 million and \$76.9 million as of September 30, 2023 and December 31, 2022, respectively, and is included in investments, including accrued performance allocations, in the unaudited condensed consolidated balance sheets.

Senior Carlyle professionals and employees are permitted to participate in co-investment entities that invest in Carlyle funds or alongside Carlyle funds. In many cases, participation is limited by law to individuals who qualify under applicable legal requirements. These co-investment entities generally do not require senior Carlyle professionals and employees to pay management or performance allocations, however, Carlyle professionals and employees are required to pay their portion of partnership expenses.

Carried interest income from certain funds can be distributed to senior Carlyle professionals and employees on a current basis, but is subject to repayment by the subsidiary of the Company that acts as general partner of the fund in the event that certain specified return thresholds are not ultimately achieved. The senior Carlyle professionals and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligation of these subsidiaries in respect of this general partner obligation. Such guarantees are several and not joint and are limited to a particular individual's distributions received.

The Company does business with some of its portfolio companies; all such arrangements are on a negotiated basis.

Substantially all revenue is earned from affiliates of Carlyle.

10. Income Taxes

The Company's provision for income taxes was \$41.2 million and \$76.2 million for the three months ended September 30, 2023 and 2022, respectively, and \$68.2 million and \$274.9 million for the nine months ended September 30, 2023 and 2022, respectively. The Company's effective tax rate was approximately 27% and 21% for the three months ended September 30, 2023 and 2022, respectively, and 28% and 20% for the nine months ended September 30, 2023 and 2022, respectively. The effective tax rate for the nine months ended September 30, 2023 and 2022 is primarily comprised of the 21% U.S. federal corporate income tax rate plus U.S. state and foreign corporate income taxes, non-controlling interest, and disallowed executive compensation. The effective tax rate for the nine months ended September 30, 2022 also reflects a deferred tax benefit resulting from a reduction in future foreign withholding taxes as well as the use of foreign tax credits. As of September 30, 2023 and December 31, 2022, the Company had federal, state, local and foreign taxes payable of \$13.6 million and \$39.7 million, respectively, which is recorded as a component of accounts payable, accrued expenses and other liabilities on the accompanying unaudited condensed consolidated balance sheets.

In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax regulators. As of September 30, 2023, the Company's U.S. federal income tax returns for the years 2019 through 2022 are open under the normal three-year statute of limitations and therefore subject to examination. State and local tax returns are generally subject to audit from 2017 to 2022. Foreign tax returns are generally subject to audit from 2011 to 2022. Certain of the Company's affiliates are currently under audit by federal, state and foreign tax authorities.

The Company does not believe that the outcome of the audits will require it to record material reserves for uncertain tax positions or that the outcome will have a material impact on the consolidated financial statements. The Company does not believe that it has any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

On August 9, 2023, the State of New York issued proposed regulations that will implement comprehensive franchise tax reform for corporations, banks and insurance companies. The proposed regulations provide guidance with respect to the law that was originally enacted in 2014 (and its amendments), and these proposed regulations will not be effective until promulgated. The Company has not yet determined the effect of these proposed regulations on its tax provision.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law. The IRA enacted a 15% corporate alternative minimum tax ("CAMT") on the "adjusted financial statement income" of certain large corporations, which became effective on January 1, 2023. The Company does not expect the IRA to have a material impact to its provision for income taxes

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given that any current year payments that would be made under CAMT would be permitted to be carried forward and used as credits in future years resulting in a deferred tax benefit. The Company will continue to monitor as additional guidance is released by the U.S. Department of the Treasury, the IRS, and other standard-setting bodies.

11. Non-controlling Interests in Consolidated Entities

The components of the Company's non-controlling interests in consolidated entities are as follows:

	As of	
	September 30, 2023	December 31, 2022
	(Dollars in millions)	
Non-Carlyle interests in Consolidated Funds	\$ 410.5	\$ 412.0
Non-Carlyle interests in majority-owned subsidiaries	180.3	186.9
Non-controlling interest in carried interest, giveback obligations and cash held for carried interest distributions	(6.1)	1.4
Non-controlling interests in consolidated entities	<u>\$ 584.7</u>	<u>\$ 600.3</u>

The components of the Company's non-controlling interests in income of consolidated entities are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Non-Carlyle interests in Consolidated Funds	\$ 20.4	\$ (15.7)	\$ 68.7	\$ 14.0
Non-Carlyle interests in majority-owned subsidiaries	8.7	16.3	19.2	11.9
Non-controlling interest in carried interest, giveback obligations and cash held for carried interest distributions	0.6	1.0	2.1	2.4
Non-controlling interests in income of consolidated entities	<u>\$ 29.7</u>	<u>\$ 1.6</u>	<u>\$ 90.0</u>	<u>\$ 28.3</u>

12. Earnings Per Common Share

Basic and diluted net income per common share are calculated as follows:

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	Basic	Diluted	Basic	Diluted
Net income attributable to common shares	\$ 81,300,000	\$ 81,300,000	\$ 83,600,000	\$ 83,600,000
Weighted-average common shares outstanding	360,568,375	363,655,647	361,583,260	364,092,860
Net income per common share	<u>\$ 0.23</u>	<u>\$ 0.22</u>	<u>\$ 0.23</u>	<u>\$ 0.23</u>

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Basic	Diluted	Basic	Diluted
Net income attributable to common shares	\$ 280,800,000	\$ 280,800,000	\$1,097,800,000	\$1,097,800,000
Weighted-average common shares outstanding	362,895,064	366,787,149	360,657,999	365,389,217
Net income per common share	<u>\$ 0.77</u>	<u>\$ 0.77</u>	<u>\$ 3.04</u>	<u>\$ 3.00</u>

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The weighted-average common shares outstanding, basic and diluted, are calculated as follows:

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	Basic	Diluted	Basic	Diluted
The Carlyle Group Inc. weighted-average common shares outstanding	360,568,375	360,568,375	361,583,260	361,583,260
Unvested restricted stock units	—	2,588,908	—	1,869,172
Issuable common shares and performance-vesting restricted stock units	—	498,364	—	640,428
Weighted-average common shares outstanding	<u>360,568,375</u>	<u>363,655,647</u>	<u>361,583,260</u>	<u>364,092,860</u>
	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Basic	Diluted	Basic	Diluted
The Carlyle Group Inc. weighted-average common shares outstanding	362,895,064	362,895,064	360,657,999	360,657,999
Unvested restricted stock units	—	1,698,568	—	2,845,204
Issuable common shares and performance-vesting restricted stock units	—	2,193,517	—	1,886,014
Weighted-average common shares outstanding	<u>362,895,064</u>	<u>366,787,149</u>	<u>360,657,999</u>	<u>365,389,217</u>

The Company applies the treasury stock method to determine the dilutive weighted-average common shares represented by the unvested restricted stock units. Also included in the determination of dilutive weighted-average common shares are issuable common shares associated with the Company's acquisitions, investment in NGP, performance-vesting restricted stock units and issuable common shares associated with a program under which the Company may distribute realized performance allocation related compensation in fully vested, newly issued shares (see Note 13 to the unaudited condensed consolidated financial statements).

13. Equity

Stock Repurchase Program

In October 2021, the Board of Directors of the Company authorized the repurchase of up to \$400 million of common stock. In February 2023, the Board of Directors replenished the repurchase program and expanded the limit to \$500 million of common stock in aggregate, effective March 31, 2023. Under this repurchase program, shares of common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise, including through Rule 10b5-1 plans. The timing and actual number of shares of common stock repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This repurchase program may be suspended or discontinued at any time and does not have a specified expiration date. During the nine months ended September 30, 2023 and 2022, the Company paid an aggregate of \$203.7 million and \$146.9 million, respectively, to repurchase and retire approximately 6.5 million and 3.6 million shares, respectively, with all of the repurchases done via open market and brokered transactions. As of September 30, 2023, \$396.8 million of repurchase capacity remained under the program.

The IRA also enacted a 1% excise tax on certain actual and deemed stock repurchases by publicly traded U.S. corporations effective January 1, 2023. The value of repurchases subject to the tax is reduced by the value of any stock issued by the corporation during the tax year, including stock issued or provided to the employees of the corporation. The excise tax is accounted for in equity as an additional repurchase cost.

Shares Issued in Connection with Acquisitions

In August 2022, the Company issued 0.6 million shares of common stock, which represented \$25.0 million of the purchase price paid in the acquisition of Abingworth. In March 2022, the Company issued 4.2 million shares of common stock, which represented \$194.5 million of the purchase price paid in the acquisition of management contracts related to a portfolio of assets from CBAM. See Note 4 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

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Shares Issued for Performance Allocation Related Compensation

In October 2021, the Company commenced a program under which, at the Company's discretion, up to 20% of realized performance allocations and incentive fee related compensation over a certain threshold amount may be distributed in fully vested, newly issued shares of the Company's common stock. Shares issued under the program are accounted for as performance allocations and incentive fee related compensation and do not result in incremental compensation expense. In the third quarter of 2022, the Company paused the issuance of shares pursuant to this program and the Company did not issue shares for performance allocation related compensation during the three and nine months ended September 30, 2023. During the three and nine months ended September 30, 2022, the Company distributed 78,953 and 850,110, fully vested, newly issued common shares, respectively, related to previously accrued performance allocations and incentive fee related compensation of \$2.4 million and \$38.9 million, respectively.

Dividends

The table below presents information regarding the quarterly dividends on the common shares, which were made at the sole discretion of the Board of Directors of the Company.

<u>Dividend Record Date</u>	<u>Dividend Payment Date</u>	<u>Dividend per Common Share</u>	<u>Dividend to Common Stockholders</u>
(Dollars in millions, except per share data)			
May 10, 2022	May 17, 2022	\$ 0.325	\$ 117.6
August 9, 2022	August 16, 2022	0.325	118.3
November 18, 2022	November 25, 2022	0.325	118.2
February 22, 2023	March 1, 2023	0.325	118.4
Total 2022 Dividend Year		<u>\$ 1.30</u>	<u>\$ 472.5</u>
May 16, 2023	May 23, 2023	\$ 0.35	\$ 126.7
August 15, 2023	August 23, 2023	0.35	126.3
November 21, 2023	November 29, 2023	0.35	126.3
Total 2023 Dividend Year (through Q3 2023)		<u>\$ 1.05</u>	<u>\$ 379.3</u>

The Board of Directors will take into account general economic and business conditions, as well as the Company's strategic plans and prospects, business and investment opportunities, financial condition and obligations, legal, tax and regulatory restrictions, other constraints on the payment of dividends by the Company to its common stockholders or by subsidiaries to the Company, and other such factors as the Board of Directors may deem relevant. In addition, the terms of the Company's credit facility provide certain limits on the Company's ability to pay dividends.

14. Equity-Based Compensation

In May 2012, Carlyle Group Management L.L.C., the general partner of the Partnership, adopted the Equity Incentive Plan. The Equity Incentive Plan, which was amended on January 1, 2020 in connection with the Conversion to reflect shares of the Company's common stock, is a source of equity-based awards permitting the Company to grant to Carlyle employees, directors and consultants non-qualified options, share appreciation rights, common shares, restricted stock units and other awards based on the Company's common shares. On June 1, 2021, the shareholders of the Company approved an amended and restated Equity Incentive Plan that removed a provision providing for the automatic increase in the number of the Company's common stock available for grant and reset the total number of shares of common stock available for grant to 16,000,000 shares of common stock for awards granted under the plan after June 1, 2021. On May 30, 2023, the shareholders of the Company approved a further amended and restated Equity Incentive Plan which increased the total number of shares of common stock available for the grant of awards under the Equity Incentive Plan after June 1, 2021 by an additional 23,800,000 shares of common stock (from 16,000,000 shares of common stock to 39,800,000 shares of common stock). As of September 30, 2023, the total number of shares of the Company's common stock available for grant under the amended and restated Equity Incentive Plan was 27,620,717.

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A summary of the status of the Company's non-vested equity-based awards as of September 30, 2023 and a summary of changes for the nine months ended September 30, 2023, are presented below:

Unvested Shares	Restricted Stock Units	Weighted-Average Grant Date Fair Value	Unvested Common Shares ⁽¹⁾	Weighted-Average Grant Date Fair Value
Balance, December 31, 2022	10,865,248	\$ 35.78	452,880	\$ 39.73
Granted ⁽²⁾	17,179,652	\$ 30.15	258,579	\$ 34.65
Vested	4,673,231	\$ 31.46	252,530	\$ 37.91
Forfeited	1,084,408	\$ 32.06	—	\$ —
Balance, September 30, 2023	22,287,261	\$ 32.53	458,929	\$ 37.87

(1) Includes common shares issued in connection with the Company's investment in NGP.

(2) Includes 6,762,219 shares related to equity inducement awards granted in connection with the appointment of the Company's Chief Executive Officer, as well as 230,289 shares reserved for issuance upon the settlement of dividend-equivalent rights carried by certain restricted stock units concurrently with the settlement of the restricted stock units for shares.

The Company recorded compensation expense, net of forfeitures, for restricted stock units of \$64.4 million and \$54.2 million for the three months ended September 30, 2023 and 2022, respectively, with \$10.2 million and \$6.1 million of corresponding deferred tax benefits, respectively. The Company recorded compensation expense, net of forfeitures, for restricted stock units of \$186.8 million and \$139.3 million for the nine months ended September 30, 2023 and 2022, respectively, with \$30.7 million and \$23.5 million of corresponding deferred tax benefits, respectively. As of September 30, 2023, the total unrecognized equity-based compensation expense related to unvested restricted stock units was \$523.8 million, which is expected to be recognized over a weighted-average term of 2.4 years.

15. Segment Reporting

Carlyle conducts its operations through three reportable segments:

Global Private Equity – The Global Private Equity segment advises the Company's buyout, middle market and growth capital funds, its U.S. and internationally focused real estate funds, and its infrastructure and natural resources funds. The segment also includes the NGP Carry Funds advised by NGP.

Global Credit – The Global Credit segment advises funds and vehicles that pursue investment strategies including loans and structured credit, direct lending, opportunistic credit, distressed credit, aircraft financing and servicing, infrastructure debt, insurance solutions and global capital markets.

Global Investment Solutions – The Global Investment Solutions segment advises global private equity programs and related co-investment and secondary activities.

The Company's reportable business segments are differentiated by their various investment focuses and strategies. Overhead costs are generally allocated based on cash-based compensation and benefits expense for each segment. The Company's earnings from its investment in NGP are presented in the respective operating captions within the Global Private Equity segment.

Distributable Earnings. Distributable Earnings, or "DE," is a key performance benchmark used in the Company's industry and is evaluated regularly by management in making resource deployment and compensation decisions and in assessing performance of the Company's three reportable segments. Management also uses DE in budgeting, forecasting, and the overall management of the Company's segments. Management believes that reporting DE is helpful to understanding the Company's business and that investors should review the same supplemental financial measure that management uses to analyze the Company's segment performance. DE is intended to show the amount of net realized earnings without the effects of the consolidation of the Consolidated Funds. DE is derived from the Company's segment reported results and is used to assess performance.

Distributable Earnings differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it includes certain tax expenses associated with certain foreign performance revenues (comprised of performance allocations and incentive fees), and does not include unrealized performance allocations and related compensation expense, unrealized principal investment income, equity-based compensation expense, net income (loss) attributable to non-Carlyle interests in consolidated entities, or charges (credits) related to Carlyle corporate actions and non-recurring items. Charges (credits) related to Carlyle corporate actions and non-recurring items include: charges (credits) associated with acquisitions,

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dispositions or strategic investments, changes in the tax receivable agreement liability, amortization and any impairment charges associated with acquired intangible assets, transaction costs associated with acquisitions and dispositions, charges associated with earn-outs and contingent consideration including gains and losses associated with the estimated fair value of contingent considerations issued in conjunction with acquisitions or strategic investments, impairment charges associated with lease right-of-use assets, gains and losses from the retirement of debt, charges associated with contract terminations and employee severance. Management believes the inclusion or exclusion of these items provides investors with a meaningful indication of the Company's core operating performance.

Fee Related Earnings. Fee Related Earnings, or "FRE," is used to assess the ability of the business to cover base compensation and operating expenses from total fee revenues. FRE differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it adjusts for the items included in the calculation of DE and also adjusts DE to exclude net realized performance revenues, realized principal investment income, net interest (interest income less interest expense), and certain general, administrative and other expenses when the timing of any future payment is uncertain. Fee Related Earnings includes fee related performance revenues and related compensation expense, which is generally approximately 45% of fee related performance revenues. Fee related performance revenues represent the realized portion of performance revenues that are measured and received on a recurring basis, are not dependent on realization events, and which have no risk of giveback.

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The following tables present the financial data for the Company's three reportable segments for the three and nine months ended September 30, 2023:

	Three Months Ended September 30, 2023			
	Global Private Equity	Global Credit	Global Investment Solutions	Total
(Dollars in millions)				
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 330.1	\$ 128.9	\$ 59.1	\$ 518.1
Portfolio advisory and transaction fees, net and other	4.0	7.2	—	11.2
Fee related performance revenues	0.7	21.1	1.6	23.4
Total fund level fee revenues	334.8	157.2	60.7	552.7
Realized performance revenues	164.6	2.7	13.1	180.4
Realized principal investment income	14.4	8.0	1.0	23.4
Interest income	8.8	9.7	1.6	20.1
Total revenues	522.6	177.6	76.4	776.6
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	142.3	81.3	32.4	256.0
Realized performance revenues related compensation	18.2	1.4	10.8	30.4
Total compensation and benefits	160.5	82.7	43.2	286.4
General, administrative, and other indirect expenses	46.0	26.2	9.4	81.6
Depreciation and amortization expense	7.1	2.1	1.2	10.4
Interest expense	16.8	11.8	2.2	30.8
Total expenses	230.4	122.8	56.0	409.2
Distributable Earnings	\$ 292.2	\$ 54.8	\$ 20.4	\$ 367.4
(-) Realized net performance revenues	146.4	1.3	2.3	150.0
(-) Realized principal investment income	14.4	8.0	1.0	23.4
(+) Net interest	8.0	2.1	0.6	10.7
(=) Fee Related Earnings	\$ 139.4	\$ 47.6	\$ 17.7	\$ 204.7

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Nine Months Ended September 30, 2023

	Global Private Equity	Global Credit	Global Investment Solutions	Total
(Dollars in millions)				
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 987.2	\$ 378.4	\$ 173.7	\$ 1,539.3
Portfolio advisory and transaction fees, net and other	14.7	31.1	—	45.8
Fee related performance revenues	63.1	59.1	3.2	125.4
Total fund level fee revenues	1,065.0	468.6	176.9	1,710.5
Realized performance revenues	577.3	36.0	67.3	680.6
Realized principal investment income	39.5	25.2	4.6	69.3
Interest income	19.7	24.6	4.0	48.3
Total revenues	1,701.5	554.4	252.8	2,508.7
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	464.6	246.3	94.4	805.3
Realized performance revenues related compensation	209.1	16.8	60.1	286.0
Total compensation and benefits	673.7	263.1	154.5	1,091.3
General, administrative, and other indirect expenses	162.2	73.5	35.1	270.8
Depreciation and amortization expense	19.7	5.8	3.5	29.0
Interest expense	50.2	32.9	6.7	89.8
Total expenses	905.8	375.3	199.8	1,480.9
Distributable Earnings	\$ 795.7	\$ 179.1	\$ 53.0	\$ 1,027.8
(-) Realized Net Performance Revenues	368.2	19.2	7.2	394.6
(-) Realized Principal Investment Income	39.5	25.2	4.6	69.3
(+) Net Interest	30.5	8.3	2.7	41.5
(=) Fee Related Earnings	\$ 418.5	\$ 143.0	\$ 43.9	\$ 605.4
Segment assets as of September 30, 2023	\$ 8,604.1	\$ 3,210.4	\$ 2,029.9	\$ 13,844.4

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The following tables present the financial data for the Company's three reportable segments for the three and nine months ended September 30, 2022:

	Three Months Ended September 30, 2022			
	Global Private Equity	Global Credit	Global Investment Solutions	Total
(Dollars in millions)				
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 330.1	\$ 128.4	\$ 55.6	\$ 514.1
Portfolio advisory and transaction fees, net and other	7.7	27.3	—	35.0
Fee related performance revenues	6.1	14.5	—	20.6
Total fund level fee revenues	343.9	170.2	55.6	569.7
Realized performance revenues	628.4	63.0	73.4	764.8
Realized principal investment income	46.0	9.2	1.5	56.7
Interest income	5.1	4.5	0.9	10.5
Total revenues	1,023.4	246.9	131.4	1,401.7
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	146.7	69.9	30.1	246.7
Realized performance revenues related compensation	283.5	28.9	61.3	373.7
Total compensation and benefits	430.2	98.8	91.4	620.4
General, administrative, and other indirect expenses	65.3	26.4	9.1	100.8
Depreciation and amortization expense	6.3	2.1	1.2	9.6
Interest expense	15.9	7.9	2.7	26.5
Total expenses	517.7	135.2	104.4	757.3
Distributable Earnings	\$ 505.7	\$ 111.7	\$ 27.0	\$ 644.4
(-) Realized Net Performance Revenues	344.9	34.1	12.1	391.1
(-) Realized Principal Investment Income	46.0	9.2	1.5	56.7
(+) Net Interest	10.8	3.4	1.8	16.0
(=) Fee Related Earnings	\$ 125.6	\$ 71.8	\$ 15.2	\$ 212.6

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Nine Months Ended September 30, 2022

	Global Private Equity	Global Credit	Global Investment Solutions	Total
(Dollars in millions)				
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 971.3	\$ 345.8	\$ 167.4	\$ 1,484.5
Portfolio advisory and transaction fees, net and other	21.3	72.1	—	93.4
Fee related performance revenues	59.0	41.2	—	100.2
Total fund level fee revenues	1,051.6	459.1	167.4	1,678.1
Realized performance revenues	1,302.1	96.6	122.3	1,521.0
Realized principal investment income	94.4	28.2	4.2	126.8
Interest income	6.7	8.6	1.2	16.5
Total revenues	2,454.8	592.5	295.1	3,342.4
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	453.9	214.2	84.1	752.2
Realized performance revenues related compensation	588.7	45.0	107.3	741.0
Total compensation and benefits	1,042.6	259.2	191.4	1,493.2
General, administrative, and other indirect expenses	170.1	70.2	24.7	265.0
Depreciation and amortization expense	18.9	6.0	3.7	28.6
Interest expense	47.7	23.5	8.4	79.6
Total expenses	1,279.3	358.9	228.2	1,866.4
Distributable Earnings	\$ 1,175.5	\$ 233.6	\$ 66.9	\$ 1,476.0
(-) Realized net performance revenues	713.4	51.6	15.0	780.0
(-) Realized principal investment income	94.4	28.2	4.2	126.8
(+) Net interest	41.0	14.9	7.2	63.1
(=) Fee Related Earnings	\$ 408.7	\$ 168.7	\$ 54.9	\$ 632.3

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The following tables reconcile the Total Segments to the Company's Income (Loss) Before Provision for Taxes for the three months ended September 30, 2023 and 2022.

Three Months Ended September 30, 2023						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
(Dollars in millions)						
Revenues	\$ 776.6	\$ 152.7	\$ (212.7)	(a)		\$ 716.6
Expenses	\$ 409.2	\$ 111.2	\$ 34.7	(b)		\$ 555.1
Other income (loss)	\$ —	\$ (9.3)	\$ —	(c)		\$ (9.3)
Distributable earnings	\$ 367.4	\$ 32.2	\$ (247.4)	(d)		\$ 152.2

Three Months Ended September 30, 2022						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
(Dollars in millions)						
Revenues	\$ 1,401.7	\$ 79.7	\$ (392.9)	(a)		\$ 1,088.5
Expenses	\$ 757.3	\$ 62.0	\$ (119.7)	(b)		\$ 699.6
Other income (loss)	\$ —	\$ (30.3)	\$ —	(c)		\$ (30.3)
Distributable earnings	\$ 644.4	\$ (12.6)	\$ (273.2)	(d)		\$ 358.6

The following tables reconcile the Total Segments to the Company's Income (Loss) Before Provision for Taxes for the nine months ended September 30, 2023 and 2022, and Total Assets as of September 30, 2023.

Nine Months Ended September 30, 2023						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
(Dollars in millions)						
Revenues	\$ 2,508.7	\$ 411.7	\$ (882.7)	(a)		\$ 2,037.7
Expenses	\$ 1,480.9	\$ 324.7	\$ 0.2	(b)		\$ 1,805.8
Other income (loss)	\$ —	\$ 9.9	\$ —	(c)		\$ 9.9
Distributable earnings	\$ 1,027.8	\$ 96.9	\$ (882.9)	(d)		\$ 241.8
Total assets	\$ 13,844.4	\$ 7,553.6	\$ (440.7)	(e)		\$ 20,957.3

Nine Months Ended September 30, 2022						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
(Dollars in millions)						
Revenues	\$ 3,342.4	\$ 204.6	\$ 172.3	(a)		\$ 3,719.3
Expenses	\$ 1,866.4	\$ 166.0	\$ 234.9	(b)		\$ 2,267.3
Other income (loss)	\$ —	\$ (51.0)	\$ —	(c)		\$ (51.0)
Distributable earnings	\$ 1,476.0	\$ (12.4)	\$ (62.6)	(d)		\$ 1,401.0

- (a) The Revenues adjustment principally represents unrealized performance revenues, unrealized principal investment income (loss) (including Fortitude), the principal investment loss from dilution of the indirect investment in Fortitude, revenues earned from the Consolidated Funds which were eliminated in consolidation to arrive at the Company's total revenues, adjustments for amounts attributable to non-controlling interests in consolidated entities, adjustments related to expenses associated with the investments in NGP Management and its affiliates that are included in operating

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captions or are excluded from the segment results, adjustments to reflect the reimbursement of certain costs incurred on behalf of Carlyle funds on a net basis, and the inclusion of tax expenses associated with certain foreign performance revenues, as detailed below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Unrealized performance and fee related performance revenues	\$ (229.2)	\$ (376.2)	\$ (850.4)	\$ 334.8
Unrealized principal investment income (loss)	17.1	(29.9)	18.5	(33.3)
Principal investment loss from dilution of indirect investment in Fortitude	—	—	(104.0)	(176.9)
Adjustments related to expenses associated with investments in NGP Management and its affiliates	(3.5)	(3.8)	(11.0)	(9.9)
Tax expense associated with certain foreign performance revenues	—	0.1	—	—
Non-controlling interests and other adjustments to present certain costs on a net basis	23.5	28.4	118.2	60.0
Elimination of revenues of Consolidated Funds	(20.6)	(11.5)	(54.0)	(2.4)
	<u>\$ (212.7)</u>	<u>\$ (392.9)</u>	<u>\$ (882.7)</u>	<u>\$ 172.3</u>

The following table reconciles the total segments fund level fee revenue to the most directly comparable U.S. GAAP measure, the Company's consolidated fund management fees, for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Total Reportable Segments - Fund level fee revenues	\$ 552.7	\$ 569.7	\$ 1,710.5	\$ 1,678.1
Adjustments ⁽¹⁾	(50.1)	(33.8)	(199.3)	(145.2)
Carlyle Consolidated - Fund management fees	<u>\$ 502.6</u>	<u>\$ 535.9</u>	<u>\$ 1,511.2</u>	<u>\$ 1,532.9</u>

(1) Adjustments represent the reclassification of NGP management fees from principal investment income, the reclassification of fee related performance revenues from business development companies and other products, management fees earned from Consolidated Funds which were eliminated in consolidation to arrive at the Company's fund management fees, and the reclassification of certain amounts included in portfolio advisory fees, net and other in the segment results that are included in interest and other income in the U.S. GAAP results.

- (b) The Expenses adjustment represents the elimination of intercompany expenses of the Consolidated Funds payable to the Company, the inclusion of equity-based compensation, certain tax expenses associated with realized performance revenues related compensation, and unrealized performance revenues related compensation, adjustments related to expenses associated with the investment in NGP Management that are included in operating captions, adjustments to reflect the reimbursement of certain costs incurred on behalf of Carlyle funds on a net basis, changes in the tax receivable agreement liability, and charges and credits associated with Carlyle corporate actions and non-recurring items, as detailed below:

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Unrealized performance and fee related performance revenue compensation expense	\$ (90.3)	\$ (224.0)	\$ (378.8)	\$ (50.4)
Equity-based compensation	67.3	56.0	195.1	145.0
Acquisition or disposition-related charges (credits) and amortization of intangibles and impairment	50.6	42.4	113.0	124.9
Tax (expense) benefit associated with certain foreign performance revenues related compensation	(0.2)	3.7	(0.8)	3.0
Non-controlling interests and other adjustments to present certain costs on a net basis	10.7	7.5	85.9	35.8
Other adjustments including severance	5.4	3.1	11.6	5.4
Elimination of expenses of Consolidated Funds	(8.8)	(8.4)	(25.8)	(28.8)
	<u>\$ 34.7</u>	<u>\$ (119.7)</u>	<u>\$ 0.2</u>	<u>\$ 234.9</u>

- (c) The Other Income (Loss) adjustment results from the Consolidated Funds which were eliminated in consolidation to arrive at the Company's total Other Income (Loss).
- (d) The following table is a reconciliation of Income (Loss) Before Provision for Income Taxes to Distributable Earnings and to Fee Related Earnings:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Income (loss) before provision for income taxes	\$ 152.2	\$ 358.6	\$ 241.8	\$ 1,401.0
Adjustments:				
Net unrealized performance and fee related performance revenues	138.9	152.2	471.6	(385.2)
Unrealized principal investment (income) loss	(17.1)	29.9	(18.5)	33.3
Principal investment loss from dilution of indirect investment in Fortitude	—	—	104.0	176.9
Equity-based compensation ⁽¹⁾	67.3	56.0	195.1	145.0
Acquisition or disposition-related charges (credits), including amortization of intangibles and impairment	50.6	42.4	113.0	124.9
Tax (expense) benefit associated with certain foreign performance revenues	(0.2)	3.8	(0.8)	3.0
Net income attributable to non-controlling interests in consolidated entities	(29.7)	(1.6)	(90.0)	(28.3)
Other adjustments including severance	5.4	3.1	11.6	5.4
Distributable Earnings	\$ 367.4	\$ 644.4	\$ 1,027.8	\$ 1,476.0
Realized performance revenues, net of related compensation ⁽²⁾	150.0	391.1	394.6	780.0
Realized principal investment income ⁽²⁾	23.4	56.7	69.3	126.8
Net interest	10.7	16.0	41.5	63.1
Fee Related Earnings	\$ 204.7	\$ 212.6	\$ 605.4	\$ 632.3

- (1) Equity-based compensation for the three and nine months ended September 30, 2023 and 2022 includes amounts that are presented in principal investment income and general, administrative and other expenses in the Company's U.S. GAAP statement of operations.
- (2) See reconciliation to most directly comparable U.S. GAAP measure below:

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	Three Months Ended September 30, 2023		
	Carlyle Consolidated	Adjustments ⁽³⁾	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	\$ (118.3)	\$ 298.7	\$ 180.4
Performance revenues related compensation expense	(53.9)	84.3	30.4
Net performance revenues	\$ (64.4)	\$ 214.4	\$ 150.0
Principal investment income (loss)	\$ 100.6	\$ (77.2)	\$ 23.4

	Nine Months Ended September 30, 2023		
	Carlyle Consolidated	Adjustments ⁽³⁾	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	\$ (204.3)	\$ 884.9	\$ 680.6
Performance revenues related compensation expense	(40.4)	326.4	286.0
Net performance revenues	\$ (163.9)	\$ 558.5	\$ 394.6
Principal investment income (loss)	\$ 105.1	\$ (35.8)	\$ 69.3

	Three Months Ended September 30, 2022		
	Carlyle Consolidated	Adjustments ⁽³⁾	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	\$ 298.1	\$ 466.7	\$ 764.8
Performance revenues related compensation expense	163.5	210.2	373.7
Net performance revenues	\$ 134.6	\$ 256.5	\$ 391.1
Principal investment income (loss)	\$ 124.2	\$ (67.5)	\$ 56.7

	Nine Months Ended September 30, 2022		
	Carlyle Consolidated	Adjustments ⁽³⁾	Total Reportable Segments
	(Dollars in millions)		
Performance revenues	\$ 1,346.2	\$ 174.8	\$ 1,521.0
Performance revenues related compensation expense	741.2	(0.2)	741.0
Net performance revenues	\$ 605.0	\$ 175.0	\$ 780.0
Principal investment income (loss)	\$ 500.5	\$ (373.7)	\$ 126.8

- (3) Adjustments to performance revenues and principal investment income (loss) relate to (i) unrealized performance allocations net of related compensation expense and unrealized principal investment income, which are excluded from the segment results, (ii) amounts earned from the Consolidated Funds, which were eliminated in the U.S. GAAP consolidation but were included in the segment results, (iii) amounts attributable to non-controlling interests in consolidated entities, which were excluded from the segment results, (iv) the reclassification of NGP performance revenues, which are included in principal investment income in the U.S. GAAP financial statements, (v) the reclassification of fee related performance revenues, which are included in fund level fee revenues in the segment results, and (vi) the reclassification of tax expenses associated with certain foreign performance revenues. Adjustments to principal investment income (loss) also include the reclassification of earnings for the investments in NGP Management and its affiliates to the appropriate operating captions for the segment results, the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the segment results and the exclusion of the principal investment loss from dilution of the indirect investment in Fortitude.

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- (e) The Total Assets adjustment represents the addition of the assets of the Consolidated Funds that were eliminated in consolidation to arrive at the Company's total assets.

16. Subsequent Events

Dividends

In November 2023, the Company's Board of Directors declared a quarterly dividend of \$0.35 per share of common stock to common stockholders of record at the close of business on November 21, 2023, payable on November 29, 2023.

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17. Supplemental Financial Information

The following supplemental financial information illustrates the consolidating effects of the Consolidated Funds on the Company's financial position as of September 30, 2023 and December 31, 2022 and results of operations for the three and nine months ended September 30, 2023 and 2022. The supplemental statement of cash flows is presented without effects of the Consolidated Funds.

	As of September 30, 2023			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	\$ 1,267.7	\$ —	\$ —	\$ 1,267.7
Cash and cash equivalents held at Consolidated Funds	—	352.3	—	352.3
Restricted cash	4.5	—	—	4.5
Corporate treasury investments	57.3	—	—	57.3
Investments, including performance allocations of \$6,209.2 million	10,099.6	—	(124.9)	9,974.7
Investments of Consolidated Funds	—	7,059.2	—	7,059.2
Due from affiliates and other receivables, net	1,004.1	—	(315.8)	688.3
Due from affiliates and other receivables of Consolidated Funds, net	—	131.7	—	131.7
Fixed assets, net	154.8	—	—	154.8
Lease right-of-use assets, net	337.4	—	—	337.4
Deposits and other	109.5	10.4	—	119.9
Intangible assets, net	796.0	—	—	796.0
Deferred tax assets	13.5	—	—	13.5
Total assets	<u>\$ 13,844.4</u>	<u>\$ 7,553.6</u>	<u>\$ (440.7)</u>	<u>\$ 20,957.3</u>
Liabilities and equity				
Debt obligations	\$ 2,275.5	\$ —	\$ —	\$ 2,275.5
Loans payable of Consolidated Funds	—	6,729.0	(309.8)	6,419.2
Accounts payable, accrued expenses and other liabilities	263.5	—	—	263.5
Accrued compensation and benefits	3,694.4	—	—	3,694.4
Due to affiliates	283.9	6.1	—	290.0
Deferred revenue	413.8	—	—	413.8
Deferred tax liabilities	276.2	—	—	276.2
Other liabilities of Consolidated Funds	—	280.0	(0.1)	279.9
Lease liabilities	496.0	—	—	496.0
Accrued giveback obligations	44.0	—	—	44.0
Total liabilities	<u>7,747.3</u>	<u>7,015.1</u>	<u>(309.9)</u>	<u>14,452.5</u>
Common stock	3.6	—	—	3.6
Additional paid-in capital	3,337.8	142.2	(142.2)	3,337.8
Retained earnings	2,902.6	—	—	2,902.6
Accumulated other comprehensive loss	(321.1)	(14.2)	11.4	(323.9)
Non-controlling interests in consolidated entities	174.2	410.5	—	584.7
Total equity	<u>6,097.1</u>	<u>538.5</u>	<u>(130.8)</u>	<u>6,504.8</u>
Total liabilities and equity	<u>\$ 13,844.4</u>	<u>\$ 7,553.6</u>	<u>\$ (440.7)</u>	<u>\$ 20,957.3</u>

The Carlyle Group Inc.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

	As of December 31, 2022			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Assets				
Cash and cash equivalents	\$ 1,360.7	\$ —	\$ —	\$ 1,360.7
Cash and cash equivalents held at Consolidated Funds	—	209.0	—	209.0
Restricted cash	0.8	—	—	0.8
Corporate treasury investments	20.0	—	—	20.0
Investments, including performance allocations of \$7,117.7 million	10,989.9	—	(222.0)	10,767.9
Investments of Consolidated Funds	—	6,894.4	—	6,894.4
Due from affiliates and other receivables, net	960.5	—	(381.1)	579.4
Due from affiliates and other receivables of Consolidated Funds, net	—	101.9	—	101.9
Fixed assets, net	139.9	—	—	139.9
Lease right-of-use assets, net	337.0	—	—	337.0
Deposits and other	70.4	8.0	—	78.4
Intangible assets, net	897.8	—	—	897.8
Deferred tax assets	15.8	—	—	15.8
Total assets	\$ 14,792.8	\$ 7,213.3	\$ (603.1)	\$ 21,403.0
Liabilities and equity				
Debt obligations	\$ 2,271.7	\$ —	\$ —	\$ 2,271.7
Loans payable of Consolidated Funds	—	6,279.7	(374.5)	5,905.2
Accounts payable, accrued expenses and other liabilities	369.2	—	—	369.2
Accrued compensation and benefits	4,320.9	—	—	4,320.9
Due to affiliates	346.1	16.5	(0.1)	362.5
Deferred revenue	126.4	—	—	126.4
Deferred tax liabilities	402.7	—	—	402.7
Other liabilities of Consolidated Funds	—	279.7	(0.4)	279.3
Lease liabilities	502.9	—	—	502.9
Accrued giveback obligations	40.9	—	—	40.9
Total liabilities	8,380.8	6,575.9	(375.0)	14,581.7
Common stock	3.6	—	—	3.6
Additional paid-in capital	3,138.5	238.7	(238.7)	3,138.5
Retained earnings	3,401.1	—	—	3,401.1
Accumulated other comprehensive loss	(319.5)	(13.3)	10.6	(322.2)
Non-controlling interests in consolidated entities	188.3	412.0	—	600.3
Total equity	6,412.0	637.4	(228.1)	6,821.3
Total liabilities and equity	\$ 14,792.8	\$ 7,213.3	\$ (603.1)	\$ 21,403.0

The Carlyle Group Inc.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

Three Months Ended September 30, 2023

	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	\$ 511.5	\$ —	\$ (8.9)	\$ 502.6
Incentive fees	23.6	—	(2.5)	21.1
Investment income (loss)				
Performance allocations	(118.9)	—	0.6	(118.3)
Principal investment income	108.8	—	(8.2)	100.6
Total investment loss	(10.1)	—	(7.6)	(17.7)
Interest and other income	59.5	—	(1.6)	57.9
Interest and other income of Consolidated Funds	—	152.7	—	152.7
Total revenues	584.5	152.7	(20.6)	716.6
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	267.6	—	—	267.6
Equity-based compensation	64.4	—	—	64.4
Performance allocations and incentive fee related compensation	(53.9)	—	—	(53.9)
Total compensation and benefits	278.1	—	—	278.1
General, administrative and other expenses	143.1	—	(0.1)	143.0
Interest	31.4	—	—	31.4
Interest and other expenses of Consolidated Funds	—	111.2	(8.7)	102.5
Other non-operating expenses	0.1	—	—	0.1
Total expenses	452.7	111.2	(8.8)	555.1
Other income				
Net investment income of Consolidated Funds	—	(9.3)	—	(9.3)
Income before provision for income taxes	131.8	32.2	(11.8)	152.2
Provision for income taxes	41.2	—	—	41.2
Net income	90.6	32.2	(11.8)	111.0
Net income attributable to non-controlling interests in consolidated entities	9.3	—	20.4	29.7
Net income attributable to The Carlyle Group Inc.	\$ 81.3	\$ 32.2	\$ (32.2)	\$ 81.3

The Carlyle Group Inc.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

Nine Months Ended September 30, 2023

	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	\$ 1,535.0	\$ —	\$ (23.8)	\$ 1,511.2
Incentive fees	64.4	—	(2.5)	61.9
Investment income (loss)				
Performance allocations	(202.0)	—	(2.3)	(204.3)
Principal investment income	122.9	—	(17.8)	105.1
Total investment loss	(79.1)	—	(20.1)	(99.2)
Interest and other income	159.7	—	(7.6)	152.1
Interest and other income of Consolidated Funds	—	411.7	—	411.7
Total revenues	1,680.0	411.7	(54.0)	2,037.7
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	798.4	—	—	798.4
Equity-based compensation	186.8	—	—	186.8
Performance allocations and incentive fee related compensation	(40.4)	—	—	(40.4)
Total compensation and benefits	944.8	—	—	944.8
General, administrative and other expenses	470.1	—	0.6	470.7
Interest	91.8	—	—	91.8
Interest and other expenses of Consolidated Funds	—	324.7	(26.4)	298.3
Other non-operating expenses	0.2	—	—	0.2
Total expenses	1,506.9	324.7	(25.8)	1,805.8
Other income				
Net investment income of Consolidated Funds	—	9.9	—	9.9
Income before provision for income taxes	173.1	96.9	(28.2)	241.8
Provision for income taxes	68.2	—	—	68.2
Net income	104.9	96.9	(28.2)	173.6
Net income attributable to non-controlling interests in consolidated entities	21.3	—	68.7	90.0
Net income attributable to The Carlyle Group Inc.	\$ 83.6	\$ 96.9	\$ (96.9)	\$ 83.6

The Carlyle Group Inc.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

Three Months Ended September 30, 2022

	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
Revenues				
Fund management fees	\$ 542.1	\$ —	\$ (6.2)	\$ 535.9
Incentive fees	15.2	—	(0.1)	15.1
Investment income				
Performance allocations	297.8	—	0.3	298.1
Principal investment income	127.6	—	(3.4)	124.2
Total investment income	425.4	—	(3.1)	422.3
Interest and other income	37.6	—	(2.1)	35.5
Interest and other income of Consolidated Funds	—	79.7	—	79.7
Total revenues	1,020.3	79.7	(11.5)	1,088.5
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	251.4	—	—	251.4
Equity-based compensation	54.2	—	—	54.2
Performance allocations and incentive fee related compensation	163.5	—	—	163.5
Total compensation and benefits	469.1	—	—	469.1
General, administrative and other expenses	149.3	—	(0.1)	149.2
Interest	27.3	—	—	27.3
Interest and other expenses of Consolidated Funds	—	62.0	(8.3)	53.7
Other non-operating expenses	0.3	—	—	0.3
Total expenses	646.0	62.0	(8.4)	699.6
Other income (loss)				
Net investment loss of Consolidated Funds	—	(30.3)	—	(30.3)
Income (loss) before provision for income taxes	374.3	(12.6)	(3.1)	358.6
Provision for income taxes	76.2	—	—	76.2
Net income (loss)	298.1	(12.6)	(3.1)	282.4
Net income attributable to non-controlling interests in consolidated entities	17.3	—	(15.7)	1.6
Net income (loss) attributable to The Carlyle Group Inc.	\$ 280.8	\$ (12.6)	\$ 12.6	\$ 280.8

The Carlyle Group Inc.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

Nine Months Ended September 30, 2022

	<u>Consolidated Operating Entities</u>	<u>Consolidated Funds</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(Dollars in millions)			
Revenues				
Fund management fees	\$ 1,552.0	\$ —	\$ (19.1)	\$ 1,532.9
Incentive fees	42.7	—	(0.1)	42.6
Investment income				
Performance allocations	1,350.7	—	(4.5)	1,346.2
Principal investment income	463.9	—	36.6	500.5
Total investment income	1,814.6	—	32.1	1,846.7
Interest and other income	107.8	—	(15.3)	92.5
Interest and other income of Consolidated Funds	—	204.6	—	204.6
Total revenues	3,517.1	204.6	(2.4)	3,719.3
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	779.7	—	—	779.7
Equity-based compensation	139.3	—	—	139.3
Performance allocations and incentive fee related compensation	741.2	—	—	741.2
Total compensation and benefits	1,660.2	—	—	1,660.2
General, administrative and other expenses	387.1	—	0.1	387.2
Interest	82.0	—	—	82.0
Interest and other expenses of Consolidated Funds	—	166.0	(28.9)	137.1
Other non-operating expenses	0.8	—	—	0.8
Total expenses	2,130.1	166.0	(28.8)	2,267.3
Other income (loss)				
Net investment loss of Consolidated Funds	—	(51.0)	—	(51.0)
Income (loss) before provision for income taxes	1,387.0	(12.4)	26.4	1,401.0
Provision for income taxes	274.9	—	—	274.9
Net income (loss)	1,112.1	(12.4)	26.4	1,126.1
Net income attributable to non-controlling interests in consolidated entities	14.3	—	14.0	28.3
Net income (loss) attributable to The Carlyle Group Inc.	<u>\$ 1,097.8</u>	<u>\$ (12.4)</u>	<u>\$ 12.4</u>	<u>\$ 1,097.8</u>

The Carlyle Group Inc.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
(Dollars in millions)		
Cash flows from operating activities		
Net income	\$ 104.9	\$ 1,112.1
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	137.0	102.7
Equity-based compensation	186.8	139.3
Non-cash performance allocations and incentive fees	425.0	179.4
Non-cash principal investment income	(100.0)	(434.9)
Other non-cash amounts	8.1	(27.4)
Purchases of investments	(244.9)	(582.4)
Proceeds from the sale of investments	351.8	410.2
Payments of contingent consideration	(68.6)	(5.7)
Change in deferred taxes, net	(103.3)	(2.3)
Change in due from affiliates and other receivables	16.9	(62.0)
Change in deposits and other	(38.5)	(12.8)
Change in accounts payable, accrued expenses and other liabilities	(101.8)	(27.7)
Change in accrued compensation and benefits	(128.3)	(265.3)
Change in due to affiliates	(8.8)	2.4
Change in lease right-of-use asset and lease liability	(7.5)	(7.0)
Change in deferred revenue	290.0	274.9
Net cash provided by operating activities	718.8	793.5
Cash flows from investing activities		
Purchases of corporate treasury investments	(187.3)	(69.6)
Proceeds from corporate treasury investments	152.4	—
Purchases of fixed assets, net	(49.6)	(25.0)
Purchase of Abingworth, net of cash acquired	—	(150.2)
Purchase of CBAM intangibles and investments, net	—	(618.4)
Net cash used in investing activities	(84.5)	(863.2)
Cash flows from financing activities		
Payments on CLO borrowings	(7.3)	(8.9)
Proceeds from CLO borrowings, net of financing costs	10.0	55.2
Dividends to common stockholders	(371.4)	(325.4)
Payment of deferred consideration for Carlyle Holdings units	(68.8)	(68.8)
Contributions from non-controlling interest holders	7.9	7.2
Distributions to non-controlling interest holders	(48.9)	(52.5)
Common shares issued for performance allocations	—	38.9
Common shares repurchased	(203.7)	(146.9)
Change in due to/from affiliates financing activities	(36.4)	(471.6)
Net cash used in financing activities	(718.6)	(972.8)
Effect of foreign exchange rate changes	(5.0)	(70.1)
Decrease in cash, cash equivalents and restricted cash	(89.3)	(1,112.6)
Cash, cash equivalents and restricted cash, beginning of period	1,361.5	2,475.1
Cash, cash equivalents and restricted cash, end of period	\$ 1,272.2	\$ 1,362.5
Supplemental non-cash disclosures		
Issuance of common shares related to the acquisition of CBAM and Abingworth	\$ —	\$ 219.5
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	\$ 1,267.7	\$ 1,361.9
Restricted cash	4.5	0.6
Total cash, cash equivalents and restricted cash, end of period	\$ 1,272.2	\$ 1,362.5
Cash and cash equivalents held at Consolidated Funds	\$ 352.3	\$ 177.2

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

The following discussion analyzes the financial condition and results of operations of The Carlyle Group Inc. (the “Company”). Such analysis should be read in conjunction with the consolidated financial statements and the related notes included in this Quarterly Report on Form 10-Q and the Annual Report on Form 10-K for the year ended December 31, 2022.

Overview

We are one of the world’s largest global investment firms that deploys private capital across its business and we conduct our operations through three reportable segments: Global Private Equity, Global Credit, and Global Investment Solutions.

- *Global Private Equity* — Our Global Private Equity segment advises our buyout, middle market and growth capital funds, our U.S. and internationally focused real estate funds, and our infrastructure and natural resources funds. The segment also includes the NGP Carry Funds advised by NGP. As of September 30, 2023, our Global Private Equity segment had \$161 billion in AUM and \$107 billion in Fee-earning AUM.
- *Global Credit* — Our Global Credit segment advises funds and vehicles that pursue investment strategies including loans and structured credit, direct lending, opportunistic credit, distressed credit, aircraft financing and servicing, infrastructure debt, insurance solutions and global capital markets. As of September 30, 2023, our Global Credit segment had \$150 billion in AUM and \$124 billion in Fee-earning AUM.
- *Global Investment Solutions* — Our Global Investment Solutions segment advises global private equity programs and related co-investment and secondary activities. As of September 30, 2023, our Global Investment Solutions segment had \$72 billion in AUM and \$42 billion in Fee-earning AUM.

We earn management fees pursuant to contractual arrangements with the investment funds that we manage and fees for transaction advisory and oversight services provided to portfolio companies of these funds. We also typically receive a performance fee from an investment fund, which may be either an incentive fee or a special residual allocation of income, which we refer to as a performance allocation, or carried interest, in the event that specified investment returns are achieved by the fund. Under U.S. generally accepted accounting principles (“U.S. GAAP”), we are required to consolidate some of the investment funds that we advise. However, for segment reporting purposes, we present revenues and expenses on a basis that deconsolidates these investment funds. Accordingly, our segment revenues primarily consist of fund management and related transaction and portfolio advisory fees and other income, realized performance revenues (consisting of incentive fees and performance allocations), realized principal investment income, including realized gains on our investments in our funds and other trading securities, as well as interest income. Our segment expenses primarily consist of cash compensation and benefits expenses, including salaries, bonuses, and realized performance payment arrangements, and general and administrative expenses. While our segment expenses include depreciation and interest expense, our segment expenses exclude acquisition and disposition related charges and amortization of intangibles and impairment. Refer to Note 15 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on the differences between our financial results reported pursuant to U.S. GAAP and our financial results for segment reporting purposes.

Our Global Investment Offerings

The following table provides a breakout of the product offerings and related acronyms included in our total assets under management of \$382 billion as of September 30, 2023 for each of our three global business segments (in billions):

Global Private Equity¹	\$ 160.6	Global Credit	\$ 150.1
Corporate Private Equity	\$ 105.3	Insurance⁵	\$ 52.1
U.S. Buyout (CP)	51.9	Liquid Credit	\$ 51.1
Asia Buyout (CAP)	13.0	U.S. CLOs	37.7
Europe Buyout (CEP)	11.3	Europe CLOs	11.2
Carlyle Global Partners (CGP)	6.7	Revolving Credit and Other	2.2
Europe Technology (CETP)	6.1	Private Credit	\$ 24.2
U.S. Growth (CP Growth / CEOF)	3.5	Opportunistic Credit (CCOF / CSP)	14.9
Japan Buyout (CJP)	3.0	Direct Lending ⁶	9.2
Life Sciences (ABV / ACCD)	2.0	Real Assets Credit	\$ 15.2
Asia Growth (CAP Growth / CAGP)	1.3	Aviation (SASOF / CALF)	11.4
Other ²	6.5	Infrastructure (CICF)	3.0
Real Estate	\$ 29.7	Other ⁷	0.8
U.S. Real Estate (CRP)	18.9	Platform Initiatives and Other Products	\$ 7.5
Core Plus Real Estate (CPI)	7.7	Strategic Solutions	2.9
International Real Estate (CER)	3.2	Carlyle Tactical Private Credit (CTAC)	2.8
Infrastructure & Natural Resources	\$ 25.6	Other Platform Initiatives and Products	1.9
NGP Energy ³	11.6	Global Investment Solutions	\$ 71.6
International Energy (CIEP)	7.0	Secondaries and Portfolio Finance (ASF / ASPF)	\$ 26.2
Infrastructure & Renewable Energy ⁴	7.1	Co-Investments (ACF)	\$ 19.6
		Primary Investments & Other⁸	\$ 25.7

Note: All amounts shown represent total assets under management as of September 30, 2023, and totals may not sum due to rounding. In addition, certain carry funds included herein may not be included in fund performance if they have not made an initial capital call or commenced investment activity.

- (1) Global Private Equity also includes assets under management in funds which we jointly advise with Riverstone Holdings L.L.C. (the "Legacy Energy funds"). The impact of these funds is no longer significant to our results of operations.
- (2) Includes our Financial Services (CGFSP), Sub-Saharan Africa Buyout (CSSAF), South America Buyout (CSABF), Peru Buyout (CPF), MENA Buyout and Ireland Buyout (CICF) funds, as well as platform accounts which invest across Corporate Private Equity strategies.
- (3) NGP Energy funds are advised by NGP Energy Capital Management, LLC, a separately registered investment adviser. We do not serve as an investment adviser to those funds.
- (4) Includes our Infrastructure (CGIOF), Renewable Energy (CRSEF) and Power funds (CPP / CPOCP).
- (5) Includes Carlyle FRL, capital raised from a strategic third-party investor which directly invests in Fortitude alongside Carlyle FRL, as well as the fair value of the general account assets covered by the strategic advisory services agreement with Fortitude.
- (6) Includes our business development companies (CSL / CARS) and our newly launched evergreen fund (CDLF).
- (7) Includes our Energy Credit (CEMOF) and Real Estate Credit (CNLI) funds.
- (8) Includes Mezzanine funds and Carlyle AlpInvest Private Markets Fund (CAPM).

Trends Affecting our Business

The global economy leaves the third quarter of 2023 in much the same state as that in which it entered. U.S. economic growth exceeded expectations despite volatility across underlying expenditure categories, the Euro-area economy remained roughly flat as the downdraft from energy-intensive industrials and Germany offsets growth elsewhere, China's economy regained momentum despite uneven growth rates across sectors, while India and Korea saw acceleration in economic activity and consumption. The U.S. economy grew at a 4.9% annualized rate in the third quarter of 2023. Industrial investment has emerged as a main driver of U.S. growth, with fixed investment in industrial structures such as semiconductor fabrication plants, green industry manufacturing facilities, and liquefaction terminals for LNG exports growing at a 16% annualized rate during the third quarter of 2023. While the overall level of spending on services (experiences) remains elevated, further growth from here may prove harder to achieve. After declining to 3.0% in June, headline inflation ticked up, rising 3.7% in September 2023 from a year earlier, driven by a spike in energy costs, with Brent crude oil prices rising 27% since June; while core prices, which exclude food and energy, have continued gradually decelerating, reaching 4.1% relative to year-ago levels in September. The Federal Reserve seems to be at, or at least near, the end of its tightening cycle, as the real interest rate has moved positive, signaling that the current monetary policy has become sufficiently restrictive to curb inflation. However, a resilient labor

market, steady economic growth, and hawkish rhetoric from the Federal Reserve have driven the markets to anticipate that the Federal Reserve will maintain a peak policy rate in the 5.25% to 5.5% range through the remainder of the year and beyond.

In China, after a subdued second quarter of 2023, official data indicate the economy regained traction, growing at a 5.3% quarter-over-quarter annualized rate and 4.9% from a year ago. The expansion was largely driven by strength in services consumption, which both our proprietary portfolio company data and official data through September 2023 highlight. Economy-wide retail sales and catering and accommodation spending rose 6.8% and 14.4%, respectively, in the first three quarters of 2023 relative to the same period in 2022. This growth was partially offset by a weakness in property markets, where new floor space sold declined 11% from year-ago levels in September. Broad measures of economic activity in Korea suggest domestic demand bottomed in July and rebounded noticeably in September, and these measures in India suggest an 8.5% growth rate relative to year-ago levels.

Europe's economy continued to perform reasonably well given the combined effects of the 450-basis point rise in base rates and the energy shock from Russia's invasion of Ukraine. Our data are consistent with a 0.4% contraction in overall GDP for the quarter, but most of that can be attributed to the decline in German industrial orders and energy-intensive manufacturing activity. When excluding Germany, overall economic activity in Europe is up about 5.2% from the time of Russia's invasion of Ukraine in February 2022. Euro-area core inflation was just 3.6% annualized over the course of the third quarter, which suggests that the 25 basis point rate increase in September could be the last for the ECB this cycle, placing them in a similar wait-and-see position to that of the Federal Reserve. The prospective end of the ECB rate hiking cycle contributed to a 6% decline in the Euro/U.S. Dollar exchange rate since the end of June. This depreciation will increase the domestic value of foreign sales and accelerate the next twelve months' euro-denominated earnings growth rates for export-oriented businesses. Currency strength has been another headwind. Though the Euro hit a seven-year low against the U.S. Dollar on a real, adjusted basis in September, it looks strong against virtually everything else. On a real, trade-weighted basis, the Euro finished the quarter near nine-year highs.

Revenues for S&P 500 constituents are expected to have grown just 1.9% in the third quarter of 2023, a significant deceleration from the pace observed in 2022. Estimates of S&P 500 constituents' earnings growth currently stand at 0.4% for the third quarter, marking the first quarter of year-over-year earnings growth since the third quarter of 2022, with eight of eleven sectors reporting growth. The estimated blended net profit margin is 11.7% for the third quarter of 2023, down from 11.9% a year ago, as earnings decline faster than topline growth.

As interest rate expectations have adjusted, benchmark yields have surged, and equity markets have suffered losses. After carrying the S&P 500's broader performance during the first half of 2023, the top seven stocks (Apple, Microsoft, NVIDIA, Alphabet, Amazon, Tesla, and Meta) began to show signs of weakness, with just three of them posting gains in the third quarter, and all performing much worse than they had in the first half of the year. In the third quarter and year-to-date 2023, the S&P 500 depreciated -3.6% and appreciated 11.7%, respectively, but excluding the top seven stocks, the "S&P 493" depreciated -2.5% and appreciated 0.7% in the respective periods. Broader U.S. equity markets followed suit, weakening in the third quarter of 2023. The Dow Jones and Nasdaq 100 declined -2.6% and -3.1%, respectively, from June 30, 2023 to September 30, 2023. Global equities posted negative returns as well in the third quarter: the MSCI ACWI, EuroStoxx 600 and Shanghai Composite returned -3.8%, -2.5%, and -2.9%, respectively, over the same period.

Our carry fund portfolio appreciated a modest 2% during the third quarter of 2023. Within our Global Private Equity segment in the third quarter, our corporate private equity funds appreciated 1%, our infrastructure and natural resources funds appreciated 5%, and our real estate funds appreciated 1%. Our Global Credit carry funds (which represent approximately 12% of the total Global Credit remaining fair value as of September 30, 2023) appreciated 2% in the third quarter. Carry funds in our Global Investment Solutions segment appreciated 2% in the third quarter. While our overall carry fund portfolio appreciated during the three months ended September 30, 2023, we recorded a reversal of previously recognized performance allocations of \$(118.3) million in the period, primarily driven by reversals in CP VII, in which appreciation in the portfolio was outpaced by the preferred return hurdle, and CP VI, which experienced depreciation in its publicly traded investments. Rising interest rates and continued margin contraction have in some cases negatively impacted the performance and valuation of certain of our portfolio investments and companies, and may begin to do so elsewhere in the portfolio.

In leveraged finance markets, spreads tightened; however, given the continued increase in the base rate (SOFR rose over 500 bps from the beginning of 2022 through the end of the September 2023), financing costs remain close to previous peaks. Average debt multiples remained subdued during the third quarter. While leveraged loan issuance picked up moderately as LBO volume recovered, refinancings remained the main purpose of leveraged loan issuance, accounting for more than 50% of total issuance in the U.S. institutional loan market during the quarter. Despite considerably tighter financial conditions, U.S. LBO activity including add-ons regained some momentum, posting the largest deal volume since the second quarter of 2022, led by financial sponsors targeting acquisitions in the U.S. market. By contrast, venture capital and growth capital remained

subdued, seeing the lowest number of funding rounds since 2014. As traditional credit remains scarce and companies reevaluate their capital structures particularly in light of impending debt maturities, we expect there will be strong deployment opportunities in our Global Credit segment, particularly in our opportunistic credit strategy.

We had \$0.4 billion in CLO issuance during the third quarter, a pace that reflects sluggish volume in new broadly syndicated loan issuances, a market trend that we expect will continue through the remainder of the year; however, there are signs that the leveraged loan market is beginning to recover following a pullback in the market in connection with interest rate hikes. Our global CLO portfolio continues to experience a default rate less than the industry average, and we are actively managing our credit positions to maintain balanced risk-adjusted credit quality. However, while default rates have remained low, we have seen, and expect to continue to see, default rates increase in 2023 as inflation, higher financing costs and the threat of global recession continue to pressure borrower debt-service capacity. Additionally, over 40% of our CLO portfolio has exited the reinvestment period. We generally seek to reset our CLOs, which renews the reinvestment period; however, in the absence of a reset, the CLO will begin to use cash flows to repay the outstanding debt tranches, which would reduce our AUM and Fee-earning AUM over time as the underlying collateral runs off.

Gross originations in our direct lending strategy totaled \$0.3 billion in the third quarter, a slower pace than the record levels of originations in 2022, reflecting the slowdown in sponsor M&A activity. However, current year originations have been at yields higher than our historical average and at higher credit quality. In addition to gross originations, \$0.8 billion in existing positions, or 7% of our direct lending portfolio, had improved covenants and documentation or benefited from additional sponsor equity during the third quarter, with the effect of de-risking our portfolio and, in nearly half of the volume, increasing the spread or earning an amendment fee. Dividend yields on our business development companies as of September 30, 2023 were approximately 10%, and approximately 11% for CTAC, our interval fund.

Global M&A volumes totaled \$734 billion in Q3 2023, a 54% decline from the same period in 2021. Global IPO activity remained sluggish as well in the first three quarters of 2023, with total proceeds of just under \$100 billion, a 79% decline from the same period in 2021. As capital markets activity remains muted, we may continue to experience a corresponding reduction in the capital markets fees we earn in connection with activities related to the underwriting, issuance and placement of debt and equity securities. Consistent with the trends in the broader markets, our announced new investment and realization activity in our carry funds has been slower in 2023. We generated \$5.6 billion in realized proceeds from our carry funds and we invested \$4.1 billion in new or follow-on transactions in our carry funds during the third quarter of 2023, reflecting the sharp slowdown in market activity in connection with higher interest rates and uncertainty in the economic outlook. We expect this trend to continue in the near-term for both deployments and realizations. Larger transactions will likely continue to be more challenging in this environment; however, we expect to continue to see a pipeline of smaller transactions, including add-on acquisitions, that require less debt at closing. As a result, we expect that transaction fee revenue, realized performance fee revenue and realized investment income will be lower for the year than in 2022.

We raised \$6.3 billion in new capital in the third quarter. The impact of muted realizations on investor liquidity has been exacerbated by an increase in demand on investor capital as the increased cost and reduced availability of subscription lines commonly used to bridge capital calls has led to borrowing repayments and restricted use in current investment activity. The impact of net negative distributions to investors, combined with increasing geopolitical risk and continued global economic uncertainty, has compounded an already challenging fundraising landscape. While we believe that we will continue to attract a significant amount of capital for our buyout funds, we have seen, and expect to continue to see, a decline in buyout fund sizes across most geographies, which may result in lower management fees in Global Private Equity in the future. As it relates to 2023 results, we currently expect Fee Related Earnings for the second half of 2023 to exceed the first half of the year.

The SEC has put forth several rule proposals, and we are evaluating the potential impacts to our business and operations and those of our portfolio companies. These proposals include, among others, extensive climate change disclosure regulations and safeguarding of advisory client assets for registered investment advisers. In July 2023, the SEC adopted final public company cybersecurity disclosure rules requiring issuers to provide current disclosure on Form 8-K of material cybersecurity incidents and periodic disclosures on Form 10-K of cybersecurity risk management, strategy, and governance. In August 2023, the SEC adopted final private fund adviser reform rules under the Investment Advisers Act of 1940 requiring private fund advisers registered with the SEC to, among other things, provide investors with quarterly and annual statements detailing information regarding private fund performance, fees, and expenses; obtain an annual audit for each private fund; obtain a fairness opinion or valuation opinion in connection with an adviser-led secondary transaction; not provide certain preferential rights to investors in a fund and disclose other preferential rights prior to an investor closing into the fund; and obtain investor consent prior to allocating certain fees or expenses to a fund or borrowing or receiving credit from a fund. We are closely evaluating potential impacts to our business of these rule adoptions and various financial, regulatory, and other proposals put forth by the current Administration and Congress, as well as the Inflation Reduction Act of 2022. The potential for policy

changes may create regulatory uncertainty for our investment strategies and our portfolio companies and could adversely affect our profitability and the profitability of our portfolio companies.

Recent Transactions

Dividends

In November 2023, the Company's Board of Directors declared a quarterly dividend of \$0.35 per share to common stockholders of record at the close of business on November 21, 2023, payable on November 29, 2023.

Key Financial Measures

Our key financial measures are discussed in the following pages. Additional information regarding these key financial measures and our other significant accounting policies can be found in Note 2 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Revenues

Revenues primarily consist of fund management fees, incentive fees, investment income (including performance allocations, realized and unrealized gains of our investments in our funds and other principal investments), as well as interest and other income.

Fund management fees. Fund management fees include management fees and transaction and portfolio advisory fees. We earn management fees for advisory services we provide to funds in which we hold a general partner interest or to funds or certain portfolio companies with which we have an investment advisory or investment management agreement. Management fees also include catch-up management fees, which are episodic in nature and represent management fees charged to fund investors in subsequent closings of a fund which apply to the time period between the fee initiation date and the subsequent closing date. We also earn management fees on our CLOs and other structured products. Collectively, our carry funds and our CLOs and certain other products comprise 78% of our Fee-earning AUM as of September 30, 2023 and approximately 92% of our fund management fees during the three months then ended. The balance of our Fee-earning AUM and fund management fees are attributable to our Perpetual Capital products, which have an indefinite term and for which there is no immediate requirement to return capital to investors as investments are realized.

Management fees attributable to Carlyle Partners VIII, L.P. ("CP VIII"), our eighth U.S. buyout fund, were approximately 11% of fund management fees recognized during both the three and nine months ended September 30, 2023. Management fees attributable to CP VIII were approximately 11% and 10% of fund management fees recognized during the three and nine months ended September 30, 2022, respectively. Management fees attributable to Carlyle Partners VII, L.P. ("CP VII"), our seventh U.S. buyout fund, were approximately 10% of fund management fees recognized during the three and nine months ended September 30, 2022. No other fund generated over 10% of fund management fees in the periods presented.

Fund management fees exclude the reimbursement of any partnership expenses paid by the Company on behalf of the Carlyle funds pursuant to the limited partnership agreements, including amounts related to the pursuit of actual, proposed, or unconsummated investments, professional fees, expenses associated with the acquisition, holding and disposition of investments, and other fund administrative expenses.

Transaction and portfolio advisory fees. Transaction and portfolio advisory fees generally include capital markets fees generated by Carlyle Global Capital Markets ("GCM") in connection with activities related to the underwriting, issuance and placement of debt and equity securities, and loan syndication for our portfolio companies and third-party clients, which are generally not subject to rebate offsets as described below with respect to our most recent vintages (but are subject to the rebate offsets set forth below for older funds). Underwriting fees include gains, losses and fees arising from securities offerings in which we participate in the underwriter syndicate.

Transaction and portfolio advisory also include fees we receive for the transaction and portfolio advisory services we provide to our portfolio companies. When covered by separate contractual agreements, we recognize transaction and portfolio advisory fees for these services when the performance obligation has been satisfied and collection is reasonably assured. We are generally required to offset our fund management fees earned by a percentage of the transaction and advisory fees earned, which we refer to as "rebate offsets," which generally range from 80% to 100%.

The recognition of portfolio advisory fees, transactions fees, and capital markets fees can be volatile as they are primarily generated by investment activity within our funds, and therefore are impacted by our investment pace.

Incentive fees. Incentive fees consist of performance-based incentive arrangements pursuant to management contracts, primarily from certain of our Global Credit funds, when the return on assets under management exceeds certain benchmark

returns or other performance targets. In such arrangements, incentive fees are recognized when the performance benchmark has been achieved.

Investment income (loss). Investment income (loss) consists of our performance allocations as well as the realized and unrealized gains and losses resulting from our equity method investments and other principal investments.

Performance allocations consist principally of the performance-based capital allocation from fund limited partners to us, commonly referred to as carried interest, from certain of our investment funds, which we refer to as the “carry funds.” Carried interest revenue is recognized by Carlyle upon appreciation of the valuation of our funds’ investments above certain return hurdles as set forth in each respective partnership agreement and is based on the amount that would be due to us pursuant to the fund partnership agreement at each period end as if the funds were liquidated at such date. Accordingly, the amount of carried interest recognized as performance allocations reflects our share of the fair value gains and losses of the associated funds’ underlying investments measured at their then-current fair values relative to the fair values as of the end of the prior period. As a result, the performance allocations earned in an applicable reporting period are not indicative of any future period, as fair values are based on conditions prevalent as of the reporting date. Refer to “—Trends Affecting our Business” for further discussion.

For any given period, performance allocations revenue on our statement of operations may include reversals of previously recognized performance allocations due to a decrease in the value of a particular fund that results in a decrease of cumulative performance allocations earned to date. Since fund return hurdles are cumulative, previously recognized performance allocations also may be reversed in a period of appreciation that is lower than the particular fund’s hurdle rate. Additionally, unrealized performance allocations reverse when performance allocations are realized, and unrealized performance allocations can be negative if the amount of realized performance allocations exceed total performance allocations generated in the period.

In addition to the performance allocations from our Global Private Equity funds and closed-end carry funds in the Global Credit segment, and the NGP Carry Funds as discussed below, we are also entitled to receive performance allocations from our Global Investment Solutions and Carlyle Aviation funds. We also retained our interest in the net accrued performance allocations of existing funds at the time of the sale of MRE. The timing of performance allocations realizations for these funds is typically later than in our other carry funds based on the terms of such arrangements. Under our arrangements with the historical owners and management team of AlpInvest, we generally do not retain any carried interest in respect of the historical investments and commitments to our fund vehicles that existed as of July 1, 2011 (including any options to increase any such commitments exercised after such date). We are entitled to 15% of the carried interest in respect of commitments from the historical owners of AlpInvest for the period between 2011 and 2020, except in certain instances, and 40% of the carried interest in respect of all other commitments (including all future commitments from third parties). In certain instances, carried interest associated with the AlpInvest fund vehicles is subject to entity level income taxes in the Netherlands.

The following table summarizes performance allocation accruals and reversals of previously recognized performance allocations during the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Performance allocation accruals	\$ 290.7	\$ 457.5	\$ 750.8	\$ 1,847.9
Reversal of previously recognized performance allocations	(409.0)	(159.4)	(955.1)	(501.7)
Total performance allocations	<u>\$ (118.3)</u>	<u>\$ 298.1</u>	<u>\$ (204.3)</u>	<u>\$ 1,346.2</u>

Our performance allocations are generated by a diverse set of funds with different vintages, geographic concentration, investment strategies and industry specialties. The table below presents funds which generated performance allocations in excess of 10% of total performance allocation accruals and funds which had reversals of performance allocations in excess of 10% of the total reversal of performance allocations during the three and nine months ended September 30, 2023 and 2022. No other fund generated over 10% of performance allocation accruals or reversals in the periods presented.

Three Months Ended September 30,				Nine Months Ended September 30,							
2023		2022		2023		2022					
(Dollars in millions)				(Dollars in millions)							
CP VII	\$	(161.3)	CPP II	\$	57.7	CP VII	\$	(522.4)	CRP VIII	\$	214.1
CP VI		(145.0)	CEP V		53.7	CP VI		(208.5)	CPP II		185.1
CAP V		36.9	CAP V		(50.1)	CAP V		(105.8)	CAP V		(54.1)
			CP VII		(62.0)	CCOF II		78.1	CP VI		(353.3)

For an explanation of the fund acronyms used in these tables and throughout this Management’s Discussion and Analysis of Financial Condition and Results of Operations section, refer to “—Our Global Investment Offerings.”

The reversal of \$161.3 million and \$522.4 million in previously recognized performance allocations in CP VII during the three and nine months ended September 30, 2023, respectively, was primarily driven by appreciation being outpaced by preferred return. The reversal in previously recognized performance allocations of \$145.0 million and \$208.5 million in CP VI during the three and nine months ended September 30, 2023, respectively, was primarily driven by depreciation in its publicly traded investments. The reversal in previously recognized performance allocations of \$105.8 million in CAP V during the nine months ended September 30, 2023 reflected depreciation in the portfolio as well as the accrual of preferred return.

Realized carried interest may be clawed back or given back to the fund if the fund’s investment values decline below certain return hurdles, which vary from fund to fund. This amount is known as the “giveback obligation.” In all cases, each investment fund is considered separately in evaluating carried interest and potential giveback obligations.

As of September 30, 2023, accrued performance allocations and accrued giveback obligations were \$6.2 billion and \$44.0 million, respectively. Each balance assumes a hypothetical liquidation of the funds’ investments at September 30, 2023 at their then current fair values. These assets and liabilities will continue to fluctuate in accordance with the fair values of the funds’ investments until they are realized. As of September 30, 2023, \$20.3 million of the accrued giveback obligation was the responsibility of various current and former senior Carlyle professionals and other limited partners of the Carlyle Holdings partnerships, and the net accrued giveback obligation attributable to the Company was \$23.7 million. The Company uses “net accrued performance revenues” to refer to the aggregation of the accrued performance allocations and incentive fees net of (i) accrued giveback obligations, (ii) accrued performance allocations and incentive fee related compensation, (iii) performance allocations and incentive fee related tax obligations, and (iv) accrued performance allocations and incentive fees attributable to non-controlling interests. Net accrued performance revenues excludes any net accrued performance allocations and incentive fees that have been realized but will be collected in subsequent periods, as well as net accrued performance revenues which are presented as fee related performance revenues when realized in our non-GAAP financial measures. Net accrued performance revenues as of September 30, 2023 were \$3.5 billion.

In addition, realized performance allocations may be reversed in future periods to the extent that such amounts become subject to a giveback obligation. If, at September 30, 2023, all investments held by our carry funds were deemed worthless, the amount of realized and previously distributed performance allocations subject to potential giveback would be approximately \$1.6 billion on an after-tax basis where applicable, of which approximately \$0.7 billion would be the responsibility of current and former senior Carlyle professionals. See the related discussion of “Contingent Obligations (Giveback)” within Note 8 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

The following table summarizes the total amount of aggregate giveback obligations that we have realized since Carlyle’s inception. Given various current and former senior Carlyle professionals and other limited partners of the Carlyle Holdings partnerships are responsible for paying the majority of the realized giveback obligation, the table below also summarizes the amount that was attributable to the Company:

	Inception through September 30, 2023	
	Total Giveback	Giveback Attributable to Carlyle
	(Dollars in millions)	
Various Legacy Energy Funds	\$ 160.8	\$ 57.7
All other Carlyle Funds	81.6	14.6
Aggregate Giveback since Inception	<u>\$ 242.4</u>	<u>\$ 72.3</u>

The funding for employee obligations and givebacks related to carry realized pre-IPO is primarily through a collection of employee receivables related to giveback obligations and from non-controlling interests for their portion of the obligation. The realization of giveback obligations for the Company's portion of such obligations reduces Distributable Earnings in the period realized and negatively impacts earnings available for distributions to shareholders in the period realized. Further, each individual recipient of realized carried interest typically signs a guarantee agreement or partnership agreement that personally obligates such person to return his/her pro rata share of any amounts of realized carried interest previously distributed that are later clawed back. Accordingly, carried interest as performance allocation compensation is subject to return to the Company in the event a giveback obligation is funded. Generally, the actual giveback liability, if any, does not become due until the end of a fund's life.

Each investment fund is considered separately in evaluating carried interest and potential giveback obligations. As a result, performance allocations within funds will continue to fluctuate primarily due to certain investments within each fund constituting a material portion of the carry in that fund. Additionally, the fair value of investments in our funds may have substantial fluctuations from period to period.

In addition, in our discussion of our non-GAAP results, we use the term "realized net performance revenues" to refer to realized performance allocations and incentive fees from our funds, net of the portion allocated to our investment professionals, if any, and certain tax expenses associated with carried interest attributable to certain partners and employees, which are reflected as realized performance allocations and incentive fees related compensation expense. See "—Non-GAAP Financial Measures" for the amount of realized net performance revenues recognized each period. See "—Segment Analysis" for the realized net performance revenues by segment and related discussion for each period.

Investment income also represents the realized and unrealized gains and losses on our principal investments, including our investments in Carlyle funds that are not consolidated, and our strategic investments in NGP as described below, as well as any interest and other income. Realized principal investment income (loss) is recorded when we redeem all or a portion of our investment or when we receive or are due cash income, such as dividends or distributions. A realized principal investment loss is also recorded when an investment is deemed to be worthless. Unrealized principal investment income (loss) results from changes in the fair value of the underlying investment, as well as the reversal of previously recognized unrealized gains (losses) at the time an investment is realized.

We account for our strategic investments in NGP under the equity method of accounting. Our investments in NGP include the equity interests in NGP Management Company, L.L.C. ("NGP Management") and the general partners of certain carry funds advised by NGP. These interests entitle us to an allocation of income equal to 55.0% of the management fee related revenues of NGP Management, which serves as the investment advisor to certain NGP funds as well as 47.5% (40% or 42.75% in the case of certain funds) of the performance allocations received by the NGP Carry Funds. We record investment income (loss) for our equity income allocation from NGP management fee related revenues and also record our share of any allocated expenses from NGP Management, expenses associated with the compensatory elements of the strategic investment, and the amortization of the basis differences related to the definite-lived identifiable intangible assets of NGP Management. We also record our equity income allocation from NGP performance allocations in principal investment income (loss) from equity method investments rather than performance allocations in our consolidated statements of operations. We recognized \$51.2 million and \$87.7 million of net investment earnings related to NGP performance allocations for the three and nine months ended September 30, 2023, respectively, compared to \$81.6 million and \$532.2 million for the three and nine months ended September 30, 2022, respectively, which reflected the impact of strong commodity prices in 2022 on NGP XI and NGP XII. We do not control or manage NGP. Moreover, we do not operate NGP's business, have representation on NGP's board or serve as an investment advisor to any investment fund sponsored by NGP, nor do we direct the operations of any of NGP portfolio companies. While we have consent rights over certain major actions by NGP outside of the ordinary course of NGP's business (including, for example, consent rights over items such as amendments to the organizational documents of the entity in which we are invested, changes to the management fee streams earned by NGP under its fund agreements, or the incurrence of certain debt by NGP and other similar items), we have no voting rights or consent rights on any NGP investment committee that selects investments to be made by NGP funds. For further information regarding our strategic investments in NGP, refer to Note 4 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Fair Value Measurement. U.S. GAAP establishes a hierarchical disclosure framework which ranks the observability of market price inputs used in measuring financial instruments at fair value. The observability of inputs is impacted 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, or for which fair value can be measured from quoted prices in active markets, will generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

The table below summarizes the valuation of investments and other financial instruments included within our AUM, by segment and fair value hierarchy levels, as of September 30, 2023:

	As of September 30, 2023			
	Global Private Equity	Global Credit	Global Investment Solutions	Total
Consolidated Results	(Dollars in millions)			
Level I	\$ 4,322	\$ 1,889	\$ 966	\$ 7,177
Level II	1,218	33,224	133	34,575
Level III	117,664	104,401	47,560	269,625
Fair Value of Investments	123,204	139,514	48,659	311,377
Available Capital	37,410	10,558	22,913	70,881
Total AUM	\$ 160,614	\$ 150,072	\$ 71,572	\$ 382,258

Interest and other income. Interest and other income primarily represents reimbursement of certain costs incurred on behalf of our funds as well as interest income that we earn such as from our cash and money market accounts and other investments, including CLO senior and subordinated notes.

Interest and other income of Consolidated Funds. Interest and other income of Consolidated Funds primarily represents the interest earned on CLO assets. The Consolidated Funds are not the same entities in all periods presented. The Consolidated Funds in future periods may change due to changes in fund terms, formation of new funds, and terminations of funds.

Net investment income (loss) of Consolidated Funds. Net investment income (loss) of Consolidated Funds measures the change in the difference in fair value between the assets and the liabilities of the Consolidated Funds. Income (loss) indicates that the fair value of the assets of the Consolidated Funds appreciated more (less), or depreciated less (more), than the fair value of the liabilities of the Consolidated Funds. Income or loss is not necessarily indicative of the investment performance of the Consolidated Funds and does not impact the management or incentive fees received by Carlyle for its management of the Consolidated Funds. The portion of the net investment income (losses) of Consolidated Funds attributable to the limited partner investors is allocated to non-controlling interests. Therefore, income or loss is not expected to have a material impact on the revenues or profitability of the Company. Moreover, although the assets of the Consolidated Funds are consolidated onto our balance sheet pursuant to U.S. GAAP, ultimately we do not have recourse to such assets and such liabilities are generally non-recourse to us. Therefore, income or loss from the Consolidated Funds generally does not impact the assets available to our common stockholders.

Expenses

Compensation and Benefits. Compensation includes salaries, bonuses, equity-based compensation, and performance payment arrangements. Bonuses are accrued over the service period to which they relate.

We recognize as compensation expense the portion of performance allocations and incentive fees that are due to our employees, senior Carlyle professionals, advisors, and operating executives in a manner consistent with how we recognize the performance allocations and incentive fee revenue. These amounts are accounted for as compensation expense in conjunction with the related performance allocations and incentive fee revenue and, until paid, are recognized as a component of the accrued compensation and benefits liability. Compensation in respect of performance allocations and incentive fees is paid when the related performance allocations and incentive fees are realized, and not when such performance allocations and incentive fees are accrued. The funds do not have a uniform allocation of performance allocations and incentive fees to our employees, senior Carlyle professionals, advisors, and operating executives. Therefore, for any given period, the ratio of performance allocations and incentive fee compensation to performance allocations and incentive fee revenue may vary based on the funds generating the performance allocations and incentive fee revenue for that period and their particular allocation percentages.

In addition, we have implemented various equity-based compensation arrangements that require senior Carlyle professionals and other employees to vest ownership of a portion of their equity interests over a service period of generally one to four years, which under U.S. GAAP will result in compensation charges over current and future periods. During the years

ended December 31, 2021 and 2022 and year-to-date 2023, we granted 11.2 million, 4.2 million and 17.2 million restricted stock units, respectively. In contrast, during the years ended December 31, 2019 and 2020, we granted a total of 6.2 million and 3.5 million restricted stock units, respectively. Grants in 2021 included approximately 7.1 million in long-term strategic restricted stock units to certain senior professionals, the majority of which are subject to vesting based on the achievement of annual performance targets over four years, with a larger proportion of the awards vesting based on the 2024 performance year. Grants in 2023 included 10.2 million restricted stock units under the Equity Incentive Plan, as well as an aggregate 7.0 million performance- and time-based inducement equity awards in connection with the appointment of our new Chief Executive Officer. As a result of the larger number of grants in 2023 and the strategic awards granted in 2021, equity-based compensation expense is higher, and will continue to be higher in the coming years, than it has been. Compensation charges associated with all equity-based compensation grants are excluded from Fee Related Earnings and Distributable Earnings. As of September 30, 2023, the total number of the Company's common shares available for grant under the Equity Incentive Plan was 27,620,717.

We may hire additional individuals and overall compensation levels may correspondingly increase, which could result in an increase in compensation and benefits expense. As a result of prior acquisitions, we have charges associated with contingent consideration taking the form of earn-outs and profit participation, some of which are reflected as compensation expense.

General, administrative and other expenses. General, administrative and other expenses include occupancy and equipment expenses and other expenses, which consist principally of professional fees, including those related to our global regulatory compliance program, external costs of fundraising, travel and related expenses, communications and information services, depreciation and amortization (including intangible asset amortization and impairment) and foreign currency transactions. We expect that general, administrative and other expenses will vary due to infrequently occurring or unusual items, such as impairment of intangible assets or lease right-of-use assets and expenses or insurance recoveries associated with litigation and contingencies. Also, in periods of significant fundraising, to the extent that we use third parties to assist in our fundraising efforts, our general, administrative and other expenses may increase accordingly. Similarly, our general, administrative and other expenses may increase as a result of professional and other fees incurred as part of due diligence related to strategic acquisitions and new product development. Additionally, we anticipate that general, administrative and other expenses will fluctuate from period to period due to the impact of foreign exchange transactions.

Interest and other expenses of Consolidated Funds. Interest and other expenses of Consolidated Funds consist primarily of interest expenses related primarily to our CLO loans, professional fees and other third-party expenses.

Income Taxes. Income 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 basis, using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period in which the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some or all of the deferred tax assets will not be realized.

The interim provision for income taxes is calculated using the discrete effective tax rate method as allowed by ASC 740, *Accounting for Income Taxes*. The discrete method is applied when the application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The discrete method treats the year-to-date period as if it was the annual period and determines the income tax expense or benefit on that basis.

In the normal course of business, we are subject to examination by federal and certain state, local and foreign tax regulators. With a few exceptions, as of September 30, 2023, our U.S. federal income tax returns for the years 2019 through 2022 are open under the normal three-year statute of limitations and therefore subject to examination. State and local tax returns are generally subject to audit from 2017 to 2022. Foreign tax returns are generally subject to audit from 2011 to 2022. Certain of our affiliates are currently under audit by federal, state and foreign tax authorities.

Non-controlling Interests in Consolidated Entities. Non-controlling interests in consolidated entities represent the component of equity in consolidated entities not held by us. These interests are adjusted for general partner allocations.

Earnings Per Common Share. We compute earnings per common share in accordance with ASC 260, *Earnings Per Share*. Basic earnings per common share is calculated by dividing net income (loss) attributable to the common shares of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the assumed conversion of all dilutive securities. We apply the treasury stock method to determine the dilutive weighted-average common shares represented by unvested restricted stock units. For certain equity-based compensation awards that contain performance or market conditions, the number of contingently issuable common shares is included in diluted earnings per common share based on the number of common shares, if any, that would be issuable under the terms of the awards if the end of the reporting period were the end of the contingency period, if the result is dilutive.

Non-GAAP Financial Measures

Distributable Earnings. Distributable Earnings, or “DE,” is a key performance benchmark used in our industry and is evaluated regularly by management in making resource deployment and compensation decisions, and in assessing the performance of our three segments. We also use DE in our budgeting, forecasting, and the overall management of our segments. We believe that reporting DE is helpful to understanding our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. DE is intended to show the amount of net realized earnings without the effects of consolidation of the Consolidated Funds. DE is derived from our segment reported results and is an additional measure to assess performance.

Distributable Earnings differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it includes certain tax expenses associated with certain foreign performance revenues (comprised of performance allocations and incentive fees), and does not include unrealized performance allocations and related compensation expense, unrealized principal investment income, equity-based compensation expense, net income (loss) attributable to non-Carlyle interest in consolidated entities, or charges (credits) related to Carlyle corporate actions and non-recurring items. Charges (credits) related to Carlyle corporate actions and non-recurring items include: charges associated with acquisitions, dispositions, or strategic investments, changes in the tax receivable agreement liability, amortization and any impairment charges associated with acquired intangible assets, transaction costs associated with acquisitions and dispositions, charges associated with earn-outs and contingent consideration including gains and losses associated with the estimated fair value of contingent consideration issued in conjunction with acquisitions or strategic investments, impairment charges associated with lease right-of-use assets, gains and losses from the retirement of debt, charges associated with contract terminations and employee severance. We believe the inclusion or exclusion of these items provides investors with a meaningful indication of our core operating performance. This measure supplements and should be considered in addition to and not in lieu of the results of operations discussed further under “Consolidated Results of Operations” prepared in accordance with U.S. GAAP.

Fee Related Earnings. Fee Related Earnings, or “FRE,” is a component of DE and is used to assess the ability of the business to cover base compensation and operating expenses from total fee revenues. FRE differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it adjusts for the items included in the calculation of DE and also adjusts DE to exclude net realized performance revenues, realized principal investment income from investments in Carlyle funds, net interest (interest income less interest expense), and certain general, administrative and other expenses when the timing of any future payment is uncertain. Fee Related Earnings includes fee related performance revenues and related compensation expense, which is generally approximately 45% of fee related performance revenues. Fee related performance revenues represent the realized portion of performance revenues that are measured and received on a recurring basis, are not dependent on realization events, and which have no risk of giveback.

Operating Metrics

We monitor certain operating metrics that are common to the asset management industry.

Fee-earning Assets under Management. Fee-earning assets under management, or “Fee-earning AUM,” refers to the assets we manage or advise from which we derive recurring fund management fees. Our Fee-earning AUM is generally based on one of the following, once fees have been activated:

- (a) the amount of limited partner capital commitments, generally for carry funds where the original investment period has not expired and for AlpInvest carry funds during the commitment fee period (see “Fee-earning AUM based on capital commitments” in the table below for the amount of this component at each period);
- (b) the remaining amount of limited partner invested capital at cost, generally for carry funds and certain co-investment vehicles where the original investment period has expired and one of our business development companies (see “Fee-earning AUM based on invested capital” in the table below for the amount of this component at each period);
- (c) the amount of aggregate fee-earning collateral balance at par of our CLOs and other securitization vehicles, as defined in the fund indentures (pre-2020 CLO vintages are generally exclusive of equities and defaulted positions) as of the quarterly cut-off date;
- (d) the external investor portion of the net asset value of certain carry funds (see “Fee-earning AUM based on net asset value” in the table below for the amount of this component at each period);
- (e) the fair value of Fortitude’s general account assets invested under the strategic advisory services agreement (see “Fee-earning AUM based on fair value and other” in the table below);

- (f) the gross assets (including assets acquired with leverage), excluding cash and cash equivalents, of one of our business development companies and certain carry funds (included in “Fee-earning AUM based on lower of cost or fair value and other” in the table below); and
- (g) the lower of cost or fair value of invested capital, generally for AlpInvest carry funds where the commitment fee period has expired and certain carry funds where the investment period has expired, (included in “Fee-earning AUM based on lower of cost or fair value and other” in the table below).

The table below details Fee-earning AUM by its respective components at each period.

	As of September 30,	
	2023	2022
Consolidated Results		
Components of Fee-earning AUM		
Fee-earning AUM based on capital commitments	\$ 71,399	\$ 80,651
Fee-earning AUM based on invested capital	67,359	58,305
Fee-earning AUM based on collateral balances, at par	49,713	44,707
Fee-earning AUM based on net asset value	17,846	11,498
Fee-earning AUM based on fair value and other	66,710	65,053
Balance, End of Period⁽¹⁾	\$ 273,027	\$ 260,214

- (1) Ending balances as of September 30, 2023 and 2022 exclude \$10.5 billion and \$11.5 billion, respectively, of pending Fee-earning AUM for which fees have not yet been activated.

The table below provides the period to period rollforward of Fee-earning AUM.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Consolidated Results				
Fee-earning AUM Rollforward				
Balance, Beginning of Period	\$ 271,399	\$ 259,555	\$ 266,577	\$ 193,419
Inflows ⁽¹⁾	10,272	11,101	19,339	92,134
Outflows (including realizations) ⁽²⁾	(4,885)	(3,886)	(12,027)	(15,395)
Market Activity & Other ⁽³⁾	(1,901)	(3,151)	385	(2,018)
Foreign Exchange ⁽⁴⁾	(1,858)	(3,405)	(1,247)	(7,926)
Balance, End of Period	\$ 273,027	\$ 260,214	\$ 273,027	\$ 260,214

- (1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, the fee-earning commitments invested in vehicles for which management fees are based on invested capital, the fee-earning collateral balance of new CLO issuances, as well as gross subscriptions in our vehicles for which management fees are based on net asset value. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM. Inflows for the three and nine months ended September 30, 2022 include \$2 billion of Fee-earning AUM acquired as part of the August 2022 Abingworth transaction. Inflows for the nine months ended September 30, 2022 also include \$48 billion of Fee-earning AUM associated with the strategic advisory services agreement with Fortitude which was effective April 1, 2022, as well as \$15 billion of Fee-earning AUM acquired in the March 2022 CBAM transaction.
- (2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, reductions for funds that are no longer calling for fees, gross redemptions in our open-end funds, and runoff of CLO collateral balances. Distributions for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.
- (3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value and net asset value, activity of funds with fees based on gross asset value, and changes in the fair value of Fortitude’s general account assets covered by the strategic advisory services agreement.

- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Refer to “—Segment Analysis” for a detailed discussion by segment of the activity affecting Fee-earning AUM for each of the periods presented by segment.

Assets under Management. Assets under management, or “AUM,” refers to the assets we manage or advise. Our AUM generally equals the sum of the following:

- (a) the aggregate fair value of our carry funds and related co-investment vehicles, and separately managed accounts, plus the capital that Carlyle is entitled to call from investors in those funds and vehicles (including Carlyle commitments to those funds and vehicles and those of senior Carlyle professionals and employees) pursuant to the terms of their capital commitments to those funds and vehicles;
- (b) the amount of aggregate collateral balance and principal cash at par or aggregate principal amount of the notes of our CLOs and other structured products (inclusive of all positions);
- (c) the net asset value of certain carry funds;
- (d) the fair value of Fortitude’s general account assets invested under the strategic advisory services agreement; and
- (e) the gross assets (including assets acquired with leverage) of our business development companies, plus the capital that Carlyle is entitled to call from investors in those vehicles pursuant to the terms of their capital commitments to those vehicles.

We include in our calculation of AUM and Fee-earning AUM the Legacy Energy Funds that we jointly advise with Riverstone and the NGP Energy Funds that are advised by NGP. Our calculation of AUM also includes third-party capital raised for the investment in Fortitude through a Carlyle-affiliated investment fund and from a strategic investor which directly invests in Fortitude alongside the fund. The AUM and Fee-earning AUM related to the strategic advisory services agreement with Fortitude is inclusive of the net asset value of investments in Carlyle products. These amounts are also reflected in the AUM and Fee-earning AUM of the strategy in which they are invested.

For most of our carry funds, total AUM includes the fair value of the capital invested, whereas Fee-earning AUM includes the amount of capital commitments or the remaining amount of invested capital, depending on whether the original investment period for the fund has expired. As such, Fee-earning AUM may be greater than total AUM when the aggregate fair value of the remaining investments is less than the cost of those investments.

Our calculations of AUM and Fee-earning AUM may differ from the calculations of other asset managers. As a result, these measures may not be comparable to similar measures presented by other asset managers. In addition, our calculation of AUM (but not Fee-earning AUM) includes uncalled commitments to, and the fair value of invested capital in, our investment funds from Carlyle and our personnel, regardless of whether such commitments or invested capital are subject to management fees or performance allocations. Our calculations of AUM or Fee-earning AUM are not based on any definition of AUM or Fee-earning AUM that is set forth in the agreements governing the investment funds that we manage or advise.

We generally use Fee-earning AUM as a metric to measure changes in the assets from which we earn recurring management fees. Total AUM tends to be a better measure of our investment and fundraising performance as it reflects investments at fair value plus available capital.

Available Capital. “Available Capital” refers to the amount of capital commitments available to be called for investments, which may be reduced for equity invested that is funded via a fund credit facility and expected to be called from investors at a later date, plus any additional assets/liabilities at the fund level other than active investments. Amounts previously called may be added back to available capital following certain distributions. “Expired Available Capital” occurs when a fund has passed the investment and follow-on periods and can no longer invest capital into new or existing deals. Any remaining Available Capital, typically a result of either recycled distributions or specific reserves established for the follow-on period that are not drawn, can only be called for fees and expenses and is therefore removed from the Total AUM calculation.

The table below provides the period to period rollforward of Total AUM.

Consolidated Results	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	(Dollars in millions)			
Total AUM Rollforward				
Balance, Beginning of Period	\$	384,791	\$	372,691
Inflows ⁽¹⁾		6,322		20,443
Outflows (including realizations) ⁽²⁾		(6,478)		(18,072)
Market Activity & Other ⁽³⁾		499		8,863
Foreign Exchange ⁽⁴⁾		(2,876)		(1,667)
Balance, End of Period	\$	382,258	\$	382,258

- (1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.
- (2) Outflows includes distributions net of recallable or recyclable amounts in our carry funds, related co-investment vehicles, and separately managed accounts, gross redemptions in our open-end funds, runoff of CLO collateral balances and the expiration of available capital.
- (3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds and related co-investment vehicles, and separately managed accounts, as well as the net impact of fees, expenses and non-investment income, change in gross asset value for our business development companies, changes in the fair value of Fortitude's general account assets covered by the strategic advisory services agreement, and other changes in AUM.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Please refer to “—Segment Analysis” for a detailed discussion by segment of the activity affecting Total AUM for each of the periods presented.

Perpetual Capital. “Perpetual Capital” refers to the assets we manage or advise which have an indefinite term and for which there is no immediate requirement to return capital to investors upon the realization of investments made with such capital, except as required by applicable law. Perpetual Capital may be materially reduced or terminated under certain conditions, including reductions from changes in valuations and payments to investors, including through elections by investors to redeem their investments, dividend payments, and other payment obligations, as well as the termination of or failure to renew the respective investment advisory agreements. Perpetual Capital includes: (a) assets managed under the strategic advisory services agreement with Fortitude, (b) our Core Plus real estate fund, (c) our business development companies and certain other direct lending products, (d) our Interval Fund (“CTAC”) and (e) our retail-oriented product Carlyle AlpInvest Private Markets Fund (“CAPM”). As of September 30, 2023, our total AUM and Fee-earning AUM included \$62.3 billion and \$59.6 billion, respectively, of Perpetual Capital.

Portfolio Appreciation (Depreciation). Carried interest revenue is recognized by Carlyle upon appreciation of the valuation of our funds' investments above certain return hurdles as set forth in each respective partnership agreement and is based on the amount that would be due to us pursuant to the fund partnership agreement at each period end as if the funds were liquidated at such date. The following table summarizes the portfolio appreciation (depreciation) in our carry funds by segment for the periods presented:

	Carry Fund Appreciation/(Depreciation) ⁽¹⁾			
	Quarter-to-Date		Year-to-Date	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023
Overall Carry Fund Appreciation/(Depreciation)	2 %	2 %	10 %	5 %
Global Private Equity:				
Corporate Private Equity	1 %	1 %	4 %	3 %
Real Estate	2 %	1 %	17 %	2 %
Infrastructure & Natural Resources	8 %	5 %	45 %	8 %
Global Credit Carry Funds	0 %	2 %	1 %	8 %
Global Investment Solutions Carry Funds	0 %	2 %	9 %	9 %

(1) Appreciation/(Depreciation) represents unrealized gain/(loss) for the period on a total return basis before fees and expenses. The percentage of return is calculated as: ending remaining investment fair market value plus net investment outflow (sales proceeds minus net purchases) minus beginning remaining investment fair market value divided by beginning remaining investment fair market value. Amounts are fund only, and do not include coinvestments.

While there is no perfectly comparable market index benchmark for the overall portfolio or any of its segments or strategies, the S&P 500 and MSCI ACWI appreciation (depreciation) for the three months ended September 30, 2023 were (3.6)% and (3.8)%, respectively, while the FTSE NAREIT Composite appreciation (depreciation) was (9.1)%, the S&P Oil and Gas Exploration and Production Index was 11.8%, and the S&P Leveraged Loan Index appreciation (depreciation) was 1.4%. Notably, after carrying the S&P 500's broader performance during the first half of 2023, the top seven stocks (Apple, Microsoft, NVIDIA, Alphabet, Amazon, Tesla and Meta) began to show signs of weakness, with just three of seven posting gains in the third quarter, and all performing worse than they had in the first half of the year. In the third quarter and year-to-date 2023, the S&P 500 depreciated (3.6)% and appreciated 11.7%, respectively, but excluding the top seven stocks, the "S&P 493" depreciated (2.5)% and appreciated 0.7% in the respective periods. For the nine months ended September 30, 2023, S&P 500 and MSCI ACWI appreciation (depreciation) were 11.7% and 8.5%, respectively, while the FTSE NAREIT Composite appreciation (depreciation) was (8.3)%, the S&P Oil and Gas Exploration and Production Index was 0.1%, and the S&P Leveraged Loan Index appreciation (depreciation) was 3.1%.

Consolidation of Certain Carlyle Funds

The Company consolidates all entities that it controls either through a majority voting interest or as the primary beneficiary of variable interest entities. The entities we consolidate are referred to collectively as the Consolidated Funds in our unaudited condensed consolidated financial statements. As of September 30, 2023, our Consolidated Funds represent approximately 2% of our AUM; 2% of our management fees for both the three and nine months ended September 30, 2023; and 43% and 20% of our total investment income or loss for the three and nine months ended September 30, 2023, respectively.

We are not required under the consolidation guidance to consolidate in our financial statements most of the investment funds we advise. However, we consolidate certain CLOs and certain other funds that we advise. As of September 30, 2023, the assets and liabilities of the Consolidated Funds were primarily related to our consolidated CLOs which held approximately \$6.6 billion of total assets of the Consolidated Funds and \$6.5 billion of total liabilities of the Consolidated Funds. The assets and liabilities of the Consolidated Funds are generally held within separate legal entities and, as a result, the liabilities of the Consolidated Funds are non-recourse to us.

Generally, the consolidation of the Consolidated Funds has a gross-up effect on our assets, liabilities and cash flows but has no net effect on the net income attributable to the Company and equity. The majority of the net economic ownership interests of the Consolidated Funds are reflected as non-controlling interests in consolidated entities in the consolidated financial statements. Because only a small portion of our funds are consolidated, the performance of the Consolidated Funds is not necessarily consistent with or representative of the combined performance trends of all of our funds.

For further information on our consolidation policy and the consolidation of certain funds, see Note 2 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Consolidated Results of Operations

The following table and discussion sets forth information regarding our unaudited condensed consolidated results of operations for the three and nine months ended September 30, 2023 and 2022. The unaudited condensed consolidated financial statements have been prepared on substantially the same basis for all historical periods presented; however, the consolidated funds are not the same entities in all periods shown due to changes in U.S. GAAP, changes in fund terms and the creation and termination of funds. As further described above, the consolidation of these funds primarily has the impact of increasing interest and other income of Consolidated Funds, interest and other expenses of Consolidated Funds, and net investment income (losses) of Consolidated Funds in the year that the fund is initially consolidated. The consolidation of these funds had no effect on net income attributable to the Company for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Revenues				
Fund management fees	\$ 502.6	\$ 535.9	\$ 1,511.2	\$ 1,532.9
Incentive fees	21.1	15.1	61.9	42.6
Investment income (loss)				
Performance allocations	(118.3)	298.1	(204.3)	1,346.2
Principal investment income (loss)	100.6	124.2	105.1	500.5
Total investment income (loss)	(17.7)	422.3	(99.2)	1,846.7
Interest and other income	57.9	35.5	152.1	92.5
Interest and other income of Consolidated Funds	152.7	79.7	411.7	204.6
Total revenues	716.6	1,088.5	2,037.7	3,719.3
Expenses				
Compensation and benefits				
Cash-based compensation and benefits	267.6	251.4	798.4	779.7
Equity-based compensation	64.4	54.2	186.8	139.3
Performance allocations and incentive fee related compensation	(53.9)	163.5	(40.4)	741.2
Total compensation and benefits	278.1	469.1	944.8	1,660.2
General, administrative and other expenses	143.0	149.2	470.7	387.2
Interest	31.4	27.3	91.8	82.0
Interest and other expenses of Consolidated Funds	102.5	53.7	298.3	137.1
Other non-operating expenses	0.1	0.3	0.2	0.8
Total expenses	555.1	699.6	1,805.8	2,267.3
Other income (loss)				
Net investment income (losses) of Consolidated Funds	(9.3)	(30.3)	9.9	(51.0)
Income (loss) before provision for income taxes	152.2	358.6	241.8	1,401.0
Provision (benefit) for income taxes	41.2	76.2	68.2	274.9
Net income (loss)	111.0	282.4	173.6	1,126.1
Net income attributable to non-controlling interests in consolidated entities	29.7	1.6	90.0	28.3
Net income (loss) attributable to The Carlyle Group Inc. Common Stockholders	\$ 81.3	\$ 280.8	\$ 83.6	\$ 1,097.8

Revenues

Total revenues decreased \$371.9 million, or 34.2%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$1,681.6 million, or 45.2%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The following table provides the components of the changes in total revenues for the three and nine months ended September 30, 2023:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Total Revenues, September 30, 2022	\$ 1,088.5	\$ 3,719.3
Increases (Decreases):		
Decrease in fund management fees	(33.3)	(21.7)
Increase in incentive fees	6.0	19.3
Decrease in investment income, including performance allocations	(440.0)	(1,945.9)
Increase in interest and other income	22.4	59.6
Increase in interest and other income of Consolidated Funds	73.0	207.1
Total decrease	(371.9)	(1,681.6)
Total Revenues, September 30, 2023	<u>\$ 716.6</u>	<u>\$ 2,037.7</u>

Fund Management Fees. Fund management fees decreased \$33.3 million, or 6.2%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$21.7 million, or 1.4%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to the following:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Higher management fees from the commencement of the investment period for certain newly raised funds	\$ 19.6	\$ 63.3
Lower management fees resulting from the change in basis for funds where the investment period has expired, reductions for funds that are no longer calling for management fees, and from net investment activity in funds whose management fees are based on invested capital, including the impact of changes in rate and/or base under the strategic advisory services agreement with Fortitude	(21.5)	(57.6)
(Decrease) increase in catch-up management fees from subsequent closes of funds that are in the fundraising period	(0.1)	7.5
Higher management fees due to CBAM and Abingworth acquisitions	1.7	27.1
Lower transaction and portfolio advisory fees	(25.1)	(53.0)
All other changes	(7.9)	(9.0)
Total decrease in Fund management fees ⁽¹⁾	<u>\$ (33.3)</u>	<u>\$ (21.7)</u>

(1) Total decrease in Fund management fees does not include fluctuations in management fees from NGP. We do not control NGP and account for our strategic investment in NGP as an equity method investment under U.S. GAAP. Therefore, Fund management fees associated with NGP are included in Principal investment income (loss) in our U.S. GAAP results.

Fund management fees include transaction and portfolio advisory fees, net of rebate offsets, of \$9.4 million and \$34.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$39.3 million and \$92.3 million for the nine months ended September 30, 2023 and 2022, respectively. Transaction and portfolio advisory fees for the three and nine months ended September 30, 2023 included lower capital markets fees than in the comparable periods of 2022. The nine months ended September 30, 2022 also included transaction fees in our insurance and aviation strategies. Transaction fees and capital markets fees will vary with activity levels in a given period.

Investment Income (loss). Investment income (loss) decreased \$440.0 million to \$(17.7) million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$1.9 billion to \$(99.2) million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The components of Investment income (loss) are included in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Performance allocations, excluding NGP (see below)	\$ (118.3)	\$ 298.1	\$ (204.3)	\$ 1,346.2
Investment income from NGP, which includes performance allocations	74.9	105.4	145.7	617.9
Investment income (loss) from our carry funds:				
Global Private Equity	1.7	18.6	11.9	76.2
Global Credit	(5.6)	1.8	1.7	5.2
Global Investment Solutions	0.5	(1.1)	8.7	6.3
Investment income (loss) from our CLOs	10.9	(0.7)	27.5	(31.9)
Investment income (loss) from Carlyle FRL	12.9	30.8	(100.7)	(119.7)
Investment income (loss) from our other Global Credit products	7.7	(7.4)	21.0	(34.7)
Investment income (loss) on foreign currency hedges	(2.8)	(23.9)	0.3	(23.2)
All other investment income (loss)	0.4	0.7	(11.0)	4.4
Total investment income (loss)	<u>\$ (17.7)</u>	<u>\$ 422.3</u>	<u>\$ (99.2)</u>	<u>\$ 1,846.7</u>

The decrease in Investment income (loss) for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022 primarily reflects a decrease in performance allocations driven by reversals in certain carry funds, including CP VII and CP VI, partially offset by portfolio appreciation in certain carry funds, and a decrease in investment income generated by our equity method investment in the general partners of certain carry funds advised by NGP. Carry fund appreciation was 5% during the nine months ended September 30, 2023 compared to appreciation of 10% during the nine months ended September 30, 2022, resulting in significantly higher performance allocations in 2022 compared to reversals in 2023. The nine months ended September 30, 2023 included an investment loss of \$104.0 million related to our equity method investment in Carlyle FRL, which was recorded as a result of the dilution of our indirect ownership in Fortitude from 13.5% to 10.5% in connection with the final drawdown of the Fortitude capital raise (see Note 4 to the unaudited condensed consolidated financial statements for more information). The nine months ended September 30, 2023 also included an unrealized investment loss of \$13.3 million associated with the remeasurement of a corporate investment in equity securities resulting from an observable price change pursuant to ASC 321, *Investments—Equity Securities*. The nine months ended September 30, 2022 included an investment loss of \$176.9 million related to our equity method investment in Carlyle FRL, which was recorded as a result of the dilution of our indirect ownership in Fortitude from 19.9% to 13.5% in connection with the initial drawdown of the Fortitude capital raise.

We recorded investment income from our CLOs during the three and nine months ended September 30, 2023 as compared to investment loss from our CLOs during the three and nine months ended September 30, 2022. The fair value of the CLO investments held by the firm (before the effects of consolidation) decreased 1% during the quarter, with our investments in subordinated notes depreciating 2% and senior notes depreciating 1% during the three months ended September 30, 2023. The fair value of the CLO investments held by the firm (before the effects of consolidation) remained flat year-to-date, with our investments in subordinated notes depreciating 8% and senior notes appreciating 2% year-to-date.

Performance Allocations. Performance allocations decreased \$416.4 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$1.6 billion for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Performance allocations by segment on a consolidated U.S. GAAP basis for the three and nine months ended September 30, 2023 and 2022 comprised the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Global Private Equity	\$ (188.2)	\$ 237.2	\$ (519.6)	\$ 1,106.4
Global Credit	45.3	27.2	116.4	(3.6)
Global Investment Solutions	24.6	33.7	198.9	243.4
Total performance allocations	<u>\$ (118.3)</u>	<u>\$ 298.1</u>	<u>\$ (204.3)</u>	<u>\$ 1,346.2</u>
Total carry fund appreciation ⁽¹⁾	<u>2 %</u>	<u>2 %</u>	<u>5 %</u>	<u>10 %</u>

(1) Carry fund appreciation includes appreciation on the NGP Carry Funds. We do not control NGP and account for our strategic investment in NGP as an equity method investment under U.S. GAAP. Therefore, performance allocations related to these funds of \$51.2 million and \$87.7 million for the three and nine months ended September 30, 2023, respectively, and \$81.6 million and \$532.2 million for the three and nine months ended September 30, 2022, respectively, are included in Principal investment income (loss) in our U.S. GAAP results.

Refer to “—Key Financial Measures” for a listing of the funds which generated performance allocations in excess of 10% of total performance allocation accruals and funds which had reversals of performance allocations in excess of 10% of the total reversal of performance allocations for the periods presented.

The global economy leaves the third quarter of 2023 in much the same state as it entered. U.S. economic growth exceeded expectations despite volatility across underlying expenditure categories, the Euro-area economy remained roughly flat as the downdraft from energy-intensive industrials and Germany offsets growth elsewhere, China’s economy regained momentum despite uneven growth rates across sectors, and Asia ex-China (India, Japan, and Korea) saw acceleration in economic activity and consumption. Our carry fund portfolio appreciated 2% in the third quarter of 2023, with 1% appreciation in our corporate private equity funds, appreciation of 5% in our infrastructure and natural resources funds, appreciation of 1% in our real estate funds, appreciation of 2% in our Global Credit carry funds (which represent approximately 12% of the total Global Credit remaining fair value as of September 30, 2023), and appreciation of 2% in our Global Investment Solutions funds.

Interest and Other Income. Interest and other income increased \$22.4 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$59.6 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily as a result of increases in the reimbursement of certain costs incurred on behalf of Carlyle funds, higher yields on cash and interest income on corporate treasury investments.

Interest and Other Income of Consolidated Funds. Interest and other income of Consolidated Funds increased \$73 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$207.1 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Substantially all of the increase in interest and other income of Consolidated Funds relates to increased interest income from CLOs. Our CLOs generate interest income primarily from investments in bonds and loans, inclusive of amortization of discounts, and generate other income from consent and amendment fees. Substantially all interest and other income of the CLOs and other consolidated funds together with interest expense of our CLOs and net investment gains (losses) of Consolidated Funds is attributable to the related funds’ limited partners or CLO investors. Accordingly, such amounts have no material impact on net income attributable to the Company.

Expenses

Total expenses decreased \$144.5 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$461.5 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The following table provides the components of the changes in total expenses for the three and nine months ended September 30, 2023:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Total Expenses, September 30, 2022	\$ 699.6	\$ 2,267.3
Increases (Decreases):		
Decrease in total compensation and benefits	(191.0)	(715.4)
(Decrease) increase in general, administrative and other expenses	(6.2)	83.5
Increase in interest	4.1	9.8
Increase in interest and other expenses of Consolidated Funds	48.8	161.2
Decrease in other non-operating expense	(0.2)	(0.6)
Total decrease	(144.5)	(461.5)
Total Expenses, September 30, 2023	<u>\$ 555.1</u>	<u>\$ 1,805.8</u>

Total Compensation and Benefits. Total compensation and benefits decreased \$191.0 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$715.4 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, due to the following:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Increase in cash-based compensation and benefits	\$ 16.2	\$ 18.7
Increase in equity-based compensation	10.2	47.5
Decrease in performance allocations and incentive fee related compensation	(217.4)	(781.6)
Decrease in total compensation and benefits	<u>\$ (191.0)</u>	<u>\$ (715.4)</u>

Cash-based Compensation and Benefits. Cash-based compensation and benefits increased \$16.2 million, or 6.4%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$18.7 million, or 2.4%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to the following:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Increase in headcount and bonuses	\$ 20.7	\$ 68.3
Decrease in compensation expense associated with contingent earn-out payments ⁽¹⁾	(4.5)	(49.6)
Total increase in cash-based compensation and benefits	<u>\$ 16.2</u>	<u>\$ 18.7</u>

(1) The December 2018 Carlyle Aviation Partners acquisition included an earn-out of up to \$150.0 million and the August 2022 Abingworth acquisition included an earn-out of up to \$130.0 million. During the nine months ended September 30, 2023, we entered into a termination and settlement agreement with respect to the Carlyle Aviation Partners earn-out, which resulted in a reversal of \$0.7 million of previously accrued expense compared with expense of \$3.6 million and \$43.3 million during the three and nine months ended September 30, 2022. During the nine months ended September 30, 2023, we reversed previously accrued expense of \$4.7 million related to the Abingworth earn-out based on revised performance expectations relative to earn-out targets. For additional information, refer to “—Liquidity and Capital Resources—Contingent Cash Payments For Business Acquisitions and Strategic Investments.”

Equity-based Compensation. Equity-based compensation, net of forfeitures, increased \$10.2 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$47.5 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. In 2023, we granted a total of 10.2 million restricted stock units to our personnel, including certain senior Carlyle professionals and other key personnel, as well as an aggregate 7.0 million time and performance-based inducement equity awards in connection with the appointment of our new chief executive officer. As a result of these grants, combined with grants of long-term strategic restricted awards in 2021, equity-based compensation expense is higher, and we expect that it will be higher in the coming years, than it has been in prior years. The three and nine months ended September 30, 2022 included approximately \$15 million of net expense related to the modification of, and accelerated expense associated with, certain restricted stock awards in connection with the departure of our former chief executive officer.

Performance allocations and incentive fee related compensation expense. Performance allocations and incentive fee related compensation expense decreased \$217.4 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$781.6 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Performance allocations and incentive fee related compensation expense by segment on a consolidated U.S. GAAP basis for the three and nine months ended September 30, 2023 and 2022 comprised the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Global Private Equity	\$ (103.6)	\$ 116.5	\$ (251.9)	\$ 550.9
Global Credit	32.1	19.9	83.9	18.9
Global Investment Solutions	17.6	27.1	127.6	171.4
Total performance allocations and incentive fee related compensation	<u>\$ (53.9)</u>	<u>\$ 163.5</u>	<u>\$ (40.4)</u>	<u>\$ 741.2</u>

The decrease in Performance allocations and incentive fee related compensation was primarily driven by the decrease in Performance allocations, on which Performance allocations and incentive fee related compensation is based. Performance allocations and incentive fee related compensation as a percentage of performance allocations and incentive fees fluctuates depending on the mix of funds contributing to performance allocations and incentive fees in a given period. For our largest segment, Global Private Equity, our performance allocations and incentive fee related compensation expense as a percentage of performance allocations and incentive fees is generally around 45%. Performance allocations from our Global Investment Solutions segment pay a higher ratio of performance allocations and incentive fees as compensation, primarily as a result of the terms of our acquisition of AlpInvest.

General, Administrative and Other Expenses. General, administrative and other expenses decreased \$6.2 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$83.5 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023 v. 2022		2023 v. 2022	
	(Dollars in millions)			
Higher intangible asset amortization ⁽¹⁾	\$	4.7	\$	31.7
Foreign exchange adjustments ⁽²⁾		(3.7)		42.0
(Lower) higher external fundraising costs		(3.2)		3.5
Higher travel and conference expenses		—		12.0
Higher IT and other office expenses		2.6		10.5
Lower professional fees		(9.5)		(17.7)
Other changes ⁽³⁾		2.9		1.5
Total (decrease) increase in general, administrative and other expenses	<u>\$</u>	<u>(6.2)</u>	<u>\$</u>	<u>83.5</u>

- (1) Intangible asset amortization increases for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 are primarily related to the CBAM and Abingworth acquisitions. See Note 4 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.
- (2) Foreign exchange losses for the nine months ended September 30, 2023 as compared to foreign exchange gains for the nine months ended September 30, 2022, are primarily driven by the EUR appreciation relative to the USD.
- (3) The nine months ended September 30, 2022 included \$7.5 million in advances to a portfolio company. These amounts, which had previously been reserved, were recovered during the three months ended September 30, 2023. This was offset by a one-time litigation cost recovery of \$8.2 million in the three months ended September 30, 2022.

Interest. Interest increased \$4.1 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$9.8 million for the nine months ended September 30, 2023 as compared to nine months ended September 30, 2022, primarily due to higher interest rates on CLO term loans. The nine months ended September 30, 2023 also included an increase in interest expense related to the acquisition of the CBAM portfolio of assets in the first quarter of 2022.

Interest and Other Expenses of Consolidated Funds. Interest and other expenses of Consolidated Funds increased \$48.8 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$161.2 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to higher interest expense on the consolidated CLOs. The CLOs incur interest expense on their loans payable and incur other expenses consisting of trustee fees, rating agency fees and professional fees. Substantially all interest and other income of our CLOs together with interest expense of our CLOs and net investment gains (losses) of Consolidated Funds is attributable to the related funds' limited partners or CLO investors. Accordingly, such amounts have no material impact on net income attributable to the Company.

Net Investment Income (Loss) of Consolidated Funds. The table below summarizes the components of net investment gains (losses) of our consolidated funds, including our consolidated CLOs and certain other funds:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Realized gains (losses)	\$ (24.1)	\$ (9.3)	\$ (63.0)	\$ (13.1)
Net change in unrealized gains (losses)	145.7	(61.9)	325.7	(306.2)
Total gains (losses)	121.6	(71.2)	262.7	(319.3)
Gains (losses) from liabilities of CLOs	(130.9)	40.9	(252.8)	268.3
Total net investment gains (losses) of Consolidated Funds	<u>\$ (9.3)</u>	<u>\$ (30.3)</u>	<u>\$ 9.9</u>	<u>\$ (51.0)</u>

Provision (Benefit) for Income Taxes. The Company's provision (benefit) for income taxes was \$41.2 million and \$76.2 million for the three months ended September 30, 2023 and 2022, respectively, and \$68.2 million and \$274.9 million for the nine months ended September 30, 2023 and 2022, respectively. The Company's effective tax rate was approximately 27% and 21% for the three months ended September 30, 2023 and 2022, respectively, and approximately 28% and 20% for the nine months ended September 30, 2023 and 2022, respectively. The effective tax rate for the nine months ended September 30, 2023 and 2022 is primarily comprised of the 21% U.S. federal corporate income tax rate plus U.S. state and foreign corporate income taxes, non-controlling interest, and disallowed executive compensation. The effective tax rate for the nine months ended September 30, 2022 also reflects a deferred tax benefit resulting from a reduction in future foreign withholding taxes. As of September 30, 2023 and December 31, 2022, the Company had federal, state, local and foreign taxes payable of \$13.6 million and \$39.7 million, respectively, which is recorded as a component of accounts payable, accrued expenses and other liabilities on the accompanying unaudited condensed consolidated balance sheets.

Net Income Attributable to Non-controlling Interests in Consolidated Entities. Net income attributable to non-controlling interests in consolidated entities was \$29.7 million for the three months ended September 30, 2023 as compared to net income of \$1.6 million for the three months ended September 30, 2022. Net income attributable to non-controlling interests in consolidated entities was \$90.0 million for the nine months ended September 30, 2023 as compared to net income of \$28.3 million for the nine months ended September 30, 2022. These amounts are primarily attributable to the net earnings of the Consolidated Funds for each period, which are substantially all allocated to the related fund's limited partners or CLO investors, as well as net earnings from our Insurance Solutions business and certain other products that are allocated to certain third party investors. These amounts also reflect the net income attributable to non-controlling interests in carried interest, giveback obligations, and cash held for carried interest distributions.

Net Income Attributable to The Carlyle Group Inc. Common Stockholders. Net income (loss) attributable to The Carlyle Group Inc. common stockholders was \$81.3 million for the three months ended September 30, 2023, a \$199.5 million decrease from net income of \$280.8 million for the three months ended September 30, 2022. Net income (loss) attributable to The Carlyle Group Inc. common stockholders was \$83.6 million for the nine months ended September 30, 2023, a \$1,014.2 million decrease from net income of \$1,097.8 million for the nine months ended September 30, 2022.

Non-GAAP Financial Measures

The following tables set forth information in the format used by management when making resource deployment decisions and in assessing performance of our segments. These non-GAAP financial measures are presented for the three and nine months ended September 30, 2023 and 2022. Our Non-GAAP financial measures exclude the effects of unrealized performance allocations net of related compensation expense, unrealized principal investment income, consolidated funds, acquisition and disposition-related items including amortization and any impairment charges of acquired intangible assets and contingent consideration taking the form of earn-outs, charges associated with equity-based compensation, changes in the tax receivable agreement liability, corporate actions and infrequently occurring or unusual events.

The following table shows our total segment DE and FRE for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Total Segment Revenues	\$ 776.6	\$ 1,401.7	\$ 2,508.7	\$ 3,342.4
Total Segment Expenses	409.2	757.3	1,480.9	1,866.4
Distributable Earnings	\$ 367.4	\$ 644.4	\$ 1,027.8	\$ 1,476.0
(-) Realized Net Performance Revenues	150.0	391.1	394.6	780.0
(-) Realized Principal Investment Income	23.4	56.7	69.3	126.8
(+) Net Interest	10.7	16.0	41.5	63.1
(=) Fee Related Earnings	\$ 204.7	\$ 212.6	\$ 605.4	\$ 632.3

The following table sets forth our total segment revenues for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 518.1	\$ 514.1	\$ 1,539.3	\$ 1,484.5
Portfolio advisory and transaction fees, net and other	11.2	35.0	45.8	93.4
Fee related performance revenues	23.4	20.6	125.4	100.2
Total fund level fee revenues	552.7	569.7	1,710.5	1,678.1
Realized performance revenues	180.4	764.8	680.6	1,521.0
Realized principal investment income	23.4	56.7	69.3	126.8
Interest income	20.1	10.5	48.3	16.5
Total Segment Revenues	\$ 776.6	\$ 1,401.7	\$ 2,508.7	\$ 3,342.4

The following table sets forth our total segment expenses for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	\$ 256.0	\$ 246.7	\$ 805.3	\$ 752.2
Realized performance revenue related compensation	30.4	373.7	286.0	741.0
Total compensation and benefits	286.4	620.4	1,091.3	1,493.2
General, administrative, and other indirect expenses	81.6	100.8	270.8	265.0
Depreciation and amortization expense	10.4	9.6	29.0	28.6
Interest expense	30.8	26.5	89.8	79.6
Total Segment Expenses	\$ 409.2	\$ 757.3	\$ 1,480.9	\$ 1,866.4

Income (loss) before provision for income taxes is the U.S. GAAP financial measure most comparable to Distributable Earnings and Fee Related Earnings. The following table is a reconciliation of income (loss) before provision for income taxes to Distributable Earnings and to Fee Related Earnings.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Income (loss) before provision for income taxes	\$ 152.2	\$ 358.6	\$ 241.8	\$ 1,401.0
Adjustments:				
Net unrealized performance and fee related performance revenues	138.9	152.2	471.6	(385.2)
Unrealized principal investment (income) loss	(17.1)	29.9	(18.5)	33.3
Principal investment loss from dilution of indirect investment in Fortitude	—	—	104.0	176.9
Equity-based compensation ⁽¹⁾	67.3	56.0	195.1	145.0
Acquisition or disposition-related charges (credits), including amortization of intangibles and impairment	50.6	42.4	113.0	124.9
Tax (expense) benefit associated with certain foreign performance revenues	(0.2)	3.8	(0.8)	3.0
Net (income) loss attributable to non-controlling interests in consolidated entities	(29.7)	(1.6)	(90.0)	(28.3)
Other adjustments including severance	5.4	3.1	11.6	5.4
(=) Distributable Earnings	\$ 367.4	\$ 644.4	\$ 1,027.8	\$ 1,476.0
(-) Realized net performance revenues ⁽²⁾	150.0	391.1	394.6	780.0
(-) Realized principal investment income ⁽²⁾	23.4	56.7	69.3	126.8
(+) Net interest	10.7	16.0	41.5	63.1
(=) Fee Related Earnings	\$ 204.7	\$ 212.6	\$ 605.4	\$ 632.3

(1) Equity-based compensation includes amounts presented in principal investment income and general, administrative and other expenses in our U.S. GAAP statement of operations.

(2) See reconciliation to most directly comparable U.S. GAAP measure below:

Three Months Ended September 30, 2023			
	Carlyle Consolidated	Adjustments⁽³⁾	Total Reportable Segments
(Dollars in millions)			
Performance revenues	\$ (118.3)	\$ 298.7	\$ 180.4
Performance revenues related compensation expense	(53.9)	84.3	30.4
Net performance revenues	\$ (64.4)	\$ 214.4	\$ 150.0
Principal investment income (loss)	\$ 100.6	\$ (77.2)	\$ 23.4
Nine Months Ended September 30, 2023			
	Carlyle Consolidated	Adjustments⁽³⁾	Total Reportable Segments
(Dollars in millions)			
Performance revenues	\$ (204.3)	\$ 884.9	\$ 680.6
Performance revenues related compensation expense	(40.4)	326.4	286.0
Net performance revenues	\$ (163.9)	\$ 558.5	\$ 394.6
Principal investment income (loss)	\$ 105.1	\$ (35.8)	\$ 69.3
Three Months Ended September 30, 2022			
	Carlyle Consolidated	Adjustments⁽³⁾	Total Reportable Segments
(Dollars in millions)			
Performance revenues	\$ 298.1	\$ 466.7	\$ 764.8
Performance revenues related compensation expense	163.5	210.2	373.7
Net performance revenues	\$ 134.6	\$ 256.5	\$ 391.1
Principal investment income (loss)	\$ 124.2	\$ (67.5)	\$ 56.7
Nine Months Ended September 30, 2022			
	Carlyle Consolidated	Adjustments⁽³⁾	Total Reportable Segments
(Dollars in millions)			
Performance revenues	\$ 1,346.2	\$ 174.8	\$ 1,521.0
Performance revenues related compensation expense	741.2	(0.2)	741.0
Net performance revenues	\$ 605.0	\$ 175.0	\$ 780.0
Principal investment income (loss)	\$ 500.5	\$ (373.7)	\$ 126.8

(3) Adjustments to performance revenues and principal investment income (loss) relate to (i) unrealized performance allocations net of related compensation expense and unrealized principal investment income, which are excluded from our Non-GAAP results, (ii) amounts earned from the Consolidated Funds, which were eliminated in the U.S. GAAP consolidation but were included in the Non-GAAP results, (iii) amounts attributable to non-controlling interests in consolidated entities, which were excluded from the Non-GAAP results, (iv) the reclassification of NGP performance revenues, which are included in investment income in the U.S. GAAP financial statements, (v) the reclassification of fee related performance revenues, which are included in fund level fee revenues in the segment results, and (vi) the reclassification of tax expenses associated with certain foreign performance revenues. Adjustments to principal investment income (loss) also include the reclassification of earnings for the investment in NGP Management and its affiliates to the appropriate operating captions for the Non-GAAP results, the exclusion of charges associated with the investment in NGP Management and its affiliates that are excluded from the Non-GAAP results, and the exclusion of the principal investment loss from dilution of the indirect investment in Fortitude (see Note 4 to our unaudited condensed consolidated financial statements).

Distributable Earnings for our reportable segments are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in millions)			
Global Private Equity	\$ 292.2	\$ 505.7	\$ 795.7	\$ 1,175.5
Global Credit	54.8	111.7	179.1	233.6
Global Investment Solutions	20.4	27.0	53.0	66.9
Distributable Earnings	\$ 367.4	\$ 644.4	\$ 1,027.8	\$ 1,476.0

Segment Analysis

Discussed below is our DE and FRE for our segments for the periods presented. Our segment information is reflected in the manner used by our senior management to make operating and compensation decisions, assess performance and allocate resources.

For segment reporting purposes, revenues and expenses are presented on a basis that deconsolidates our Consolidated Funds. As a result, segment revenues from management fees, realized performance revenues and realized principal investment income (loss) are different than those presented on a consolidated U.S. GAAP basis because these revenues recognized in certain segments are received from Consolidated Funds and are eliminated in consolidation when presented on a consolidated U.S. GAAP basis. Furthermore, segment expenses are different than related amounts presented on a consolidated U.S. GAAP basis due to the exclusion of fund expenses that are paid by the Consolidated Funds.

Global Private Equity

The following table presents our results of operations for our Global Private Equity segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 330.1	\$ 330.1	\$ 987.2	\$ 971.3
Portfolio advisory and transaction fees, net and other	4.0	7.7	14.7	21.3
Fee related performance revenues	0.7	6.1	63.1	59.0
Total fund level fee revenues	334.8	343.9	1,065.0	1,051.6
Realized performance revenues	164.6	628.4	577.3	1,302.1
Realized principal investment income	14.4	46.0	39.5	94.4
Interest income	8.8	5.1	19.7	6.7
Total revenues	522.6	1,023.4	1,701.5	2,454.8
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	142.3	146.7	464.6	453.9
Realized performance revenues related compensation	18.2	283.5	209.1	588.7
Total compensation and benefits	160.5	430.2	673.7	1,042.6
General, administrative, and other indirect expenses	46.0	65.3	162.2	170.1
Depreciation and amortization expense	7.1	6.3	19.7	18.9
Interest expense	16.8	15.9	50.2	47.7
Total expenses	230.4	517.7	905.8	1,279.3
Distributable Earnings	\$ 292.2	\$ 505.7	\$ 795.7	\$ 1,175.5
(-) Realized Net Performance Revenues	146.4	344.9	368.2	713.4
(-) Realized Principal Investment Income	14.4	46.0	39.5	94.4
(+) Net Interest	8.0	10.8	30.5	41.0
(=) Fee Related Earnings	\$ 139.4	\$ 125.6	\$ 418.5	\$ 408.7

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022 and Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Distributable Earnings

Distributable Earnings decreased \$213.5 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$379.8 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The following table provides the components of the changes in Distributable Earnings for the three and nine months ended September 30, 2023:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2023 v. 2022	
	(Dollars in millions)	
Distributable Earnings, September 30, 2022	\$ 505.7	\$ 1,175.5
Increases (decreases):		
Increase in fee related earnings	13.8	9.8
Decrease in realized net performance revenues	(198.5)	(345.2)
Decrease in realized principal investment income	(31.6)	(54.9)
Decrease in net interest	2.8	10.5
Total decrease	<u>(213.5)</u>	<u>(379.8)</u>
Distributable Earnings, September 30, 2023	<u>\$ 292.2</u>	<u>\$ 795.7</u>

Realized Net Performance Revenues. Realized net performance revenues decreased \$198.5 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$345.2 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, reflecting the sharp slowdown in market activity during 2023 in response to higher interest rates and uncertainty in the economic outlook. Realized net performance revenues were primarily generated by the following funds for the three and nine months ended September 30, 2023 and 2022:

Three Months Ended September 30,		Nine Months Ended September 30,	
2023	2022	2023	2022
NGP XII ⁽¹⁾	CP VI	NGP XII ⁽¹⁾	CP VI
CRP VIII	CEP IV	CEOF II	CEP IV
CP VI	CGFSP II	CEOF I	CJP III
	CAP IV	CP VI	CRP VIII
	CRP VIII	CRP VIII	CAP IV
		CJP III	CEOF II
		CAP IV	CGFSP II
		CEP IV	CRP VII
		CP V	

(1) Our realized performance revenues related compensation as a percentage of realized performance revenues is generally 45% in our Global Private Equity segment. Our equity interests in the general partners of the NGP Carry Funds generally entitle us to 47.5% of performance revenues earned by such funds, which are primarily allocated to Carlyle because the investment teams for the NGP funds are not employed by Carlyle. As a result, realized performance revenues related compensation as a percentage of realized performance revenues in our Global Private Equity segment for the three and nine months ended September 30, 2023 was 11% and 36%, respectively. We do not control or advise the NGP Carry Funds.

Realized Principal Investment Income. Realized principal investment income was \$14.4 million for the three months ended September 30, 2023 as compared to realized principal investment income of \$46.0 million for the three months ended September 30, 2022. Realized principal investment income was \$39.5 million for the nine months ended September 30, 2023 as compared to realized principal investment income of \$94.4 million for the nine months ended September 30, 2022. The decrease for the three months ended September 30, 2023 was driven primarily by our U.S. and Europe buyout funds. The decrease for the nine months ended September 30, 2023, primarily driven by our U.S. buyout, Europe buyout and U.S. real

estate funds, was partially offset by an increase in realized principal investment income from our infrastructure and natural resources funds.

Fee Related Earnings

Fee Related Earnings increased \$13.8 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$9.8 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The following table provides the components of the changes in Fee Related Earnings for the three and nine months ended September 30, 2023:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2023 v. 2022	
	(Dollars in millions)	
Fee Related Earnings, September 30, 2022	\$ 125.6	\$ 408.7
Increases (decreases):		
(Decrease) increase in fee revenues	(9.1)	13.4
Decrease (increase) in cash-based compensation and benefits	4.4	(10.7)
Decrease in general, administrative and other indirect expenses	19.3	7.9
All other changes	(0.8)	(0.8)
Total increase	<u>13.8</u>	<u>9.8</u>
Fee Related Earnings, September 30, 2023	<u>\$ 139.4</u>	<u>\$ 418.5</u>

Fee Revenues. Total fee revenues decreased \$9.1 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$13.4 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, due to the following:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2023 v. 2022	
	(Dollars in millions)	
Higher fund management fees	\$ —	\$ 15.9
Lower portfolio advisory and transaction fees, net and other	(3.7)	(6.6)
(Lower) higher fee related performance revenues	(5.4)	4.1
Total (decrease) increase in fee revenues	<u>\$ (9.1)</u>	<u>\$ 13.4</u>

Fund management fees for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 remained flat. The impact of fundraising activity across the platform, as well as an increase in catch-up management fees to \$11.6 million for the three months ended September 30, 2023 compared to \$9.7 million for the three months ended September 30, 2022, was largely offset by realizations in funds which charge fees based on invested capital.

The increase in fund management fees for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 was primarily due to catch-up management fees of \$22.0 million for the nine months ended September 30, 2023 compared to \$11.1 million for the nine months ended September 30, 2022, as well as the impact of fundraising across the platform and management fees from Abingworth. These increases were partially offset by the impact of investment realizations in funds on which management fees are based on invested capital, as well as the basis step-downs in CETP IV and CRSEF.

The decrease in portfolio advisory and transaction fees, net and other for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022 were primarily driven by the termination of portfolio fees in connection with the realization of investments in certain portfolio companies over the last twelve months, as well as a transaction fee related to our U.S. buyout strategy earned during the three months ended September 30, 2022.

The decrease in fee related performance revenues for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 as well as the increase in fee related performance revenues for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 was due to fee related performance revenues

from CPI, which will fluctuate from quarter to quarter. We expect CPI fee related performance revenues to remain low in the fourth quarter of 2023.

The total weighted-average management fee rate and the fee rate for funds in the investment period were 1.25% and 1.41% as of September 30, 2023, respectively, and were generally flat to September 30, 2022. Fee-earning assets under management were \$107.4 billion and \$106.5 billion as of September 30, 2023 and 2022, respectively, an increase of \$0.9 billion.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense decreased \$4.4 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily due to a \$2.6 million decrease in compensation associated with fee related performance revenues as well as a decrease in headcount.

Cash-based compensation and benefits expense increased \$10.7 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to the impact of the Abingworth acquisition in August 2022, as well as a \$1.9 million increase in compensation associated with fee related performance revenues.

General, administrative and other indirect expenses. General, administrative and other indirect expenses decreased \$19.3 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 primarily due to the reimbursement of \$7.5 million in advances to a portfolio company, previously reserved in 2022, as well as higher foreign currency gains and lower external fundraising fees.

General, administrative and other indirect expenses decreased \$7.9 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to lower external fundraising fees and professional fees as well as the reimbursement of \$7.5 million in advances to a portfolio company, previously reserved in 2022, partially offset by foreign currency losses compared to gains in the comparable prior period, as well as higher conference expenses and travel costs.

Fee-earning AUM as of and for the Three and Nine Months Ended September 30, 2023 and 2022

Fee-earning AUM is presented below for each period together with the components of change during each respective period.

	As of September 30,	
	2023	2022
Global Private Equity	(Dollars in millions)	
Components of Fee-earning AUM⁽¹⁾		
Fee-earning AUM based on capital commitments	\$ 53,149	\$ 55,250
Fee-earning AUM based on invested capital	44,502	40,496
Fee-earning AUM based on net asset value	6,644	5,832
Fee-earning AUM based on lower of cost or fair value	3,095	4,898
Total Fee-earning AUM	\$ 107,390	\$ 106,476
Weighted Average Management Fee Rates⁽²⁾		
All Funds	1.25 %	1.25 %
Funds in Investment Period	1.41 %	1.42 %

(1) For additional information concerning the components of Fee-earning AUM, see “—Fee-earning Assets under Management.”

(2) Represents the aggregate effective management fee rate of each fund in the segment, weighted by each fund’s Fee-earning AUM, as of the end of each period presented.

The table below provides the period to period rollforward of Fee-earning AUM.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Global Private Equity	(Dollars in millions)			
Fee-earning AUM Rollforward				
Balance, Beginning of Period	\$ 107,079	\$ 105,635	\$ 107,801	\$ 104,252
Inflows ⁽¹⁾	1,541	4,800	5,356	12,086
Outflows (including realizations) ⁽²⁾	(821)	(2,544)	(5,190)	(7,111)
Market Activity & Other ⁽³⁾	121	(319)	(120)	(126)
Foreign Exchange ⁽⁴⁾	(530)	(1,096)	(457)	(2,625)
Balance, End of Period	\$ 107,390	\$ 106,476	\$ 107,390	\$ 106,476

- (1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, and the fee-earning commitments invested in vehicles for which management fees are based on invested capital. Inflows for the three and nine months ended September 30, 2022 include \$2 billion of Fee-earning AUM associated with the August 2022 Abingworth transaction. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.
- (2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, and reductions for funds that are no longer calling for fees. Realizations for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.
- (3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Fee-earning AUM of \$107.4 billion at September 30, 2023 increased slightly from \$107.1 billion at June 30, 2023, as inflows were offset by negative foreign exchange activity and outflows in the period. Inflows of \$1.5 billion included additional fee-paying capital raised in NGP XIII and CP VIII, as well as investments made in funds which charge fees on invested capital or net asset value. Outflows of \$0.8 billion were driven by realizations in funds that charge fees on invested capital or net asset value, while \$0.5 billion of negative foreign exchange activity resulted primarily from the translation of balances in our EUR-denominated funds to USD. Investment and distribution activity has no impact for funds still in the original investment period where Fee-earning AUM is based on commitments.

Fee-earning AUM of \$107.4 billion at September 30, 2023 decreased slightly from \$107.8 billion at December 31, 2022, as outflows and negative foreign exchange activity were offset by inflows. Outflows of \$5.2 billion were driven by realizations in funds which charge fees on invested capital or net asset value, as well as funds which stopped charging fees during the period, while \$0.5 billion of negative foreign exchange activity resulted primarily from the translation of balances in our EUR-denominated funds to USD. Inflows of \$5.4 billion included the impact of the activation of fees in NGP XIII, CRSEF II, and NGP RP II, additional fee-paying capital raised in CP VIII, as well as investments made in funds which charge fees on invested capital or net asset value.

Fee-earning AUM of \$107.4 billion at September 30, 2023 increased slightly from \$106.5 billion at September 30, 2022, as inflows and positive foreign exchange activity were largely offset by outflows in the period. Inflows of \$6.3 billion included the activation of fees in NGP XIII, CRSEF II, and NGP RP II, additional fee-paying commitments raised in CP VIII and CETP V, and investments made in funds which charge fees on invested capital or net asset value. Positive foreign exchange activity of \$1.0 billion was driven by the translation of balances in our EUR-denominated funds to USD. Outflows of \$6.4 billion were driven by realizations in funds that charge fees on invested capital and funds which stopped charging fees during the period.

Total AUM as of and for the Three and Nine Months Ended September 30, 2023

The table below provides the period to period rollforward of Total AUM.

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	(Dollars in millions)	
Global Private Equity		
Total AUM Rollforward		
Balance, Beginning of Period	\$ 162,802	\$ 163,098
Inflows ⁽¹⁾	1,741	6,032
Outflows (including realizations) ⁽²⁾	(4,287)	(9,988)
Market Activity & Other ⁽³⁾	1,182	2,216
Foreign Exchange ⁽⁴⁾	(824)	(744)
Balance, End of Period	\$ 160,614	\$ 160,614

- (1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.
- (2) Outflows includes distributions net of callable or recyclable amounts in our carry funds, related co-investment vehicles, and separately managed accounts, gross redemptions in our open-end funds, and the expiration of available capital.
- (3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds, related co-investment vehicles, and separately managed accounts, as well as the impact of fees, expenses and non-investment income, and other changes in AUM.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Total AUM was \$160.6 billion at September 30, 2023, a decrease of 1% from \$162.8 billion at June 30, 2023 as outflows more than offset inflows and market appreciation for the period. Outflows of \$4.3 billion included realizations from the NGP Energy, U.S. Real Estate, and U.S. Buyout funds. Inflows of \$1.7 billion included additional capital raised in NGP XIII and CP VIII. Overall segment appreciation of \$1.2 billion for the period included \$0.3 billion in NGP XI, \$0.3 billion in CP VIII, \$0.3 billion in CP VII, and \$0.3 billion in CAP V, partially offset by depreciation including \$0.8 billion in CP VI.

Total AUM of \$160.6 billion at September 30, 2023 decreased 2% from \$163.1 billion at December 31, 2022, as outflows more than offset inflows and market appreciation. Outflows of \$10.0 billion included realizations from the NGP Energy, U.S. Buyout, and International Energy funds. Inflows of \$6.0 billion included capital raised in CAP VI, NGP XIII, and CP VIII. Overall segment appreciation of \$2.2 billion for the period included appreciation of \$0.8 billion in CP VII, \$0.6 billion in CP VIII, and \$0.6 billion in NGP XII, partially offset by depreciation of \$1.1 billion in CP VI.

Fund Performance Metrics

Fund performance information for our investment funds that generally have at least \$1.0 billion in capital commitments, cumulative equity invested or total value as of September 30, 2023, which we refer to as our “significant funds” is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund return information reflected in this discussion and analysis is not indicative of the performance of The Carlyle Group Inc. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Carlyle Group Inc. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following tables reflect the performance of our significant funds in our Global Private Equity business. Please see “—Our Global Investment Offerings” for a legend of the fund acronyms listed below.

(Amounts in millions)

Fund (Fee Initiation Date/Stepdown Date)(19)	TOTAL INVESTMENTS									REALIZED/PARTIALLY REALIZED INVESTMENTS(5)		
	Committed Capital(20)	Cumulative Invested Capital(1)	Percent Invested	As of September 30, 2023						As of September 30, 2023		
				Realized Value(2)	Remaining Fair Value(3)	MOIC (4)	Gross IRR (6)(12)	Net IRR (7)(12)	Net Accrued Carry/ (Giveback) (8)	Total Fair Value(9)	MOIC (4)	Gross IRR (6)(12)
Corporate Private Equity												
CP VIII (Oct 2021 / Oct 2027)	\$ 14,797	\$ 7,262	49%	\$ 1	\$ 8,275	1.1x	NM	NM	\$ —	n/a	n/a	n/a
CP VII (May 2018 / Oct 2021)	\$ 18,510	\$ 17,740	96%	\$ 2,106	\$ 22,160	1.4x	12%	8%	\$ 100	\$ 1,615	1.2x	13%
CP VI (May 2013 / May 2018)	\$ 13,000	\$ 13,140	101%	\$ 23,745	\$ 5,688	2.2x	19%	14%	\$ 349	\$ 26,401	2.5x	22%
CP V (Jun 2007 / May 2013)	\$ 13,720	\$ 13,238	96%	\$ 28,070	\$ 830	2.2x	18%	14%	\$ 88	\$ 28,144	2.3x	20%
CEP V (Oct 2018 / Sep 2024)	€ 6,416	€ 5,291	82%	€ 1,433	€ 5,962	1.4x	19%	10%	\$ 159	n/a	n/a	n/a
CEP IV (Sep 2014 / Oct 2018)	€ 3,670	€ 3,797	103%	€ 5,609	€ 1,972	2.0x	18%	12%	\$ 183	€ 5,688	2.3x	23%
CEP III (Jul 2007 / Dec 2012)	€ 5,295	€ 5,177	98%	€ 11,716	€ 104	2.3x	19%	14%	\$ 11	€ 11,648	2.3x	19%
CAP V (Jun 2018 / Jun 2024)	\$ 6,554	\$ 5,710	87%	\$ 1,425	\$ 5,998	1.3x	17%	8%	\$ 56	\$ 916	1.8x	142%
CAP IV (Jul 2013 / Jun 2018)	\$ 3,880	\$ 4,146	107%	\$ 6,360	\$ 2,287	2.1x	18%	13%	\$ 232	\$ 7,477	2.8x	26%
CJP IV (Oct 2020 / Oct 2026)	¥ 258,000	¥ 166,230	64%	¥ 12,492	¥ 230,133	1.5x	43%	22%	\$ 36	¥ 32,230	2.2x	103%
CJP III (Sep 2013 / Aug 2020)	¥ 119,505	¥ 91,192	76%	¥ 214,998	¥ 38,640	2.8x	24%	17%	\$ 22	¥ 203,055	3.4x	27%
CGFSP III (Dec 2017 / Dec 2023)	\$ 1,005	\$ 942	94%	\$ 383	\$ 1,695	2.2x	31%	23%	\$ 101	\$ 781	6.2x	52%
CGFSP II (Jun 2013 / Dec 2017)	\$ 1,000	\$ 943	94%	\$ 1,960	\$ 539	2.7x	27%	20%	\$ 45	\$ 1,956	2.4x	28%
CP Growth (Oct 2021 / Oct 2027)	\$ 1,283	\$ 333	26%	\$ —	\$ 348	1.0x	NM	NM	\$ —	n/a	n/a	n/a
CEO II (Nov 2015 / Mar 2020)	\$ 2,400	\$ 2,361	98%	\$ 3,068	\$ 1,867	2.1x	21%	15%	\$ 115	\$ 3,113	2.9x	37%
CETP V (Mar 2022 / Jun 2028)	€ 3,180	€ 739	23%	€ —	€ 770	1.0x	NM	NM	\$ —	n/a	n/a	n/a
CETP IV (Jul 2019 / Jun 2022)	€ 1,350	€ 1,177	87%	€ 813	€ 1,680	2.1x	40%	29%	\$ 85	€ 788	9.3x	122%
CETP III (Jul 2014 / Jul 2019)	€ 657	€ 602	92%	€ 1,278	€ 634	3.2x	41%	29%	\$ 53	€ 1,288	3.4x	46%
CGP II (Dec 2020 / Jan 2025)	\$ 1,840	\$ 984	53%	\$ 16	\$ 1,126	1.2x	10%	5%	\$ 5	n/a	n/a	n/a
CGP (Jan 2015 / Mar 2021)	\$ 3,588	\$ 3,185	89%	\$ 1,427	\$ 3,074	1.4x	7%	5%	\$ 68	\$ 1,688	2.1x	16%
CAGP IV (Aug 2008 / Dec 2014)	\$ 1,041	\$ 954	92%	\$ 1,130	\$ 85	1.3x	6%	1%	\$ —	\$ 1,128	1.3x	7%
CSABF (Dec 2009 / Dec 2016)	\$ 776	\$ 773	100%	\$ 540	\$ 340	1.1x	2%	Neg	\$ —	\$ 654	1.3x	5%
All Other Active Funds & Vehicles(10)		\$ 19,797	n/a	\$ 16,559	\$ 14,878	1.6x	21%	14%	\$ 61	\$ 16,669	2.1x	33%
Fully Realized Funds & Vehicles(11)(21)		\$ 30,816	n/a	\$ 74,046	\$ 18	2.4x	28%	21%	\$ 4	\$ 74,064	2.4x	28%
TOTAL CORPORATE PRIVATE EQUITY(13)		\$ 141,800	n/a	\$ 184,412	\$ 82,772	1.9x	25%	17%	\$ 1,773	\$ 186,715	2.4x	27%
Real Estate												
CRP IX (Oct 2021 / Oct 2026)	\$ 7,987	\$ 3,107	39%	\$ —	\$ 3,339	1.1x	NM	NM	\$ —	n/a	n/a	n/a
CRP VIII (Aug 2017 / Oct 2021)	\$ 5,505	\$ 5,155	94%	\$ 4,483	\$ 4,445	1.7x	42%	26%	\$ 174	\$ 4,517	2.1x	55%
CRP VII (Jun 2014 / Dec 2017)	\$ 4,162	\$ 3,843	92%	\$ 4,909	\$ 1,479	1.7x	18%	11%	\$ 61	\$ 4,875	1.8x	22%
CRP VI (Mar 2011 / Jun 2014)	\$ 2,340	\$ 2,173	93%	\$ 3,790	\$ 151	1.8x	27%	18%	\$ 5	\$ 3,709	1.9x	29%
CPI (May 2016 / n/a)	\$ 7,665	\$ 7,509	98%	\$ 2,297	\$ 7,660	1.3x	16%	14%	n/a*	\$ 1,376	1.7x	10%
All Other Active Funds & Vehicles(14)		\$ 5,282	n/a	\$ 4,349	\$ 2,786	1.4x	7%	4%	\$ 17	\$ 4,006	1.4x	7%
Fully Realized Funds & Vehicles(15)(21)		\$ 10,413	n/a	\$ 16,268	\$ 5	1.6x	11%	7%	\$ —	\$ 16,273	1.6x	11%
TOTAL REAL ESTATE(13)		\$ 37,482	n/a	\$ 36,097	\$ 19,864	1.5x	13%	8%	\$ 256	\$ 34,756	1.7x	13%
Infrastructure & Natural Resources												
CIEP II (Apr 2019 / Apr 2025)	\$ 2,286	\$ 1,008	44%	\$ 629	\$ 944	1.6x	32%	14%	\$ 31	\$ 590	2.5x	NM**
CIEP I (Sep 2013 / Jun 2019)	\$ 2,500	\$ 2,401	96%	\$ 2,170	\$ 2,387	1.9x	17%	10%	\$ 169	\$ 3,446	2.8x	24%
CPP II (Sep 2014 / Apr 2021)	\$ 1,527	\$ 1,583	104%	\$ 1,199	\$ 1,738	1.9x	16%	11%	\$ 113	\$ 1,608	3.1x	31%
CGIOF (Dec 2018 / Sep 2023)	\$ 2,201	\$ 1,836	83%	\$ 432	\$ 2,237	1.5x	22%	12%	\$ 59	\$ 273	1.5x	19%
NGP XIII (Feb 2023 / Feb 2028)	\$ 1,311	\$ 135	10%	\$ —	\$ 135	1.0x	NM	NM	\$ —	n/a	n/a	n/a
NGP XII (Jul 2017 / Jul 2022)	\$ 4,304	\$ 2,972	69%	\$ 3,403	\$ 2,747	2.1x	23%	16%	\$ 116	\$ 3,554	3.5x	42%
NGP XI (Oct 2014 / Jul 2017)	\$ 5,325	\$ 4,985	94%	\$ 5,419	\$ 4,414	2.0x	15%	11%	\$ 386	\$ 7,114	2.2x	25%
NGP X (Jan 2012 / Dec 2014)	\$ 3,586	\$ 3,351	93%	\$ 3,404	\$ 308	1.1x	3%	Neg	\$ —	\$ 3,265	1.2x	5%
All Other Active Funds & Vehicles(17)		\$ 4,972	n/a	\$ 2,853	\$ 4,570	1.5x	15%	12%	\$ 30	\$ 3,202	2.3x	24%
Fully Realized Funds & Vehicles(18)(21)		\$ 1,190	n/a	\$ 1,435	\$ —	1.2x	3%	1%	\$ —	\$ 1,435	1.2x	3%
TOTAL INFRASTRUCTURE & NATURAL RESOURCES(13)		\$ 24,433	n/a	\$ 20,944	\$ 19,479	1.7x	13%	9%	\$ 903	\$ 24,488	2.1x	16%
Legacy Energy Funds(16)		\$ 16,741	n/a	\$ 24,001	\$ 33	1.4x	12%	6%	\$ (1)	\$ 23,568	1.5x	14%

**Net accrued fee related performance revenues for CPI of \$14 million are excluded from Net Accrued Performance Revenues. These amounts will be reflected as fee related performance revenues when realized, and included in Fund level fee revenues in our segment results.*

***The IRR is incalculable, which occurs in instances when a distribution occurs prior to a Limited Partner capital contribution due to the use of fund-level credit facilities.*

- (1) Represents the original cost of investments since inception of the fund.
- (2) Represents all realized proceeds since inception of the fund.
- (3) Represents remaining fair value, before management fees, expenses and carried interest, and may include remaining escrow values for realized investments.
- (4) Multiple of invested capital (“MOIC”) represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.
- (5) An investment is considered realized when the investment fund has completely exited, and ceases to own an interest in, the investment. An investment is considered partially realized when the total amount of proceeds received in respect of such investment, including dividends, interest or other distributions and/or return of capital, represents at least 85% of invested capital and such investment is not yet fully realized. Because part of our value creation strategy involves pursuing best exit alternatives, we believe information regarding Realized/Partially Realized MOIC and Gross IRR, when considered together with the other investment performance metrics presented, provides investors with meaningful information regarding our investment performance by removing the impact of investments where significant realization activity has not yet occurred. Realized/Partially Realized MOIC and Gross IRR have limitations as measures of investment performance, and should not be considered in isolation. Such limitations include the fact that these measures do not include the performance of earlier stage and other investments that do not satisfy the criteria provided above. The exclusion of such investments will have a positive impact on Realized/Partially Realized MOIC and Gross IRR in instances when the MOIC and Gross IRR in respect of such investments are less than the aggregate MOIC and Gross IRR. Our measurements of Realized/Partially Realized MOIC and Gross IRR may not be comparable to those of other companies that use similarly titled measures.
- (6) Gross Internal Rate of Return (“Gross IRR”) represents an annualized time-weighted return on Limited Partner invested capital, based on contributions, distributions and unrealized fair value as of the reporting date, before the impact of management fees, partnership expenses and carried interest. For fund vintages 2017 and after, Gross IRR includes the impact of interest expense related to the funding of investments on fund lines of credit. Gross IRR is calculated based on the timing of Limited Partner cash flows, which may differ to varying degrees from the timing of actual investment cash flows for the fund. Subtotal Gross IRR aggregations for multiple funds are calculated based on actual cash flow dates for each fund and represent a theoretical time-weighted return for a Limited Partner who invested sequentially in each fund.
- (7) Net Internal Rate of Return (“Net IRR”) represents an annualized time-weighted return on Limited Partner invested capital, based on contributions, distributions and unrealized fair value as of the reporting date, after the impact of all management fees, partnership expenses and carried interest, including current accruals. Net IRR is calculated based on the timing of Limited Partner cash flows, which may differ to varying degrees from the timing of actual investment cash flows for the fund. Fund level IRRs are based on aggregate Limited Partner cash flows, and this blended return may differ from that of individual Limited Partners. As a result, certain funds may generate accrued performance revenues with a blended Net IRR that is below the preferred return hurdle for that fund. Subtotal Net IRR aggregations for multiple funds are calculated based on actual cash flow dates for each fund and represent a theoretical time-weighted return for a Limited Partner who invested sequentially in each fund.
- (8) Represents the net accrued performance revenue balance/(giveback obligation) as of the current quarter end.
- (9) Represents all realized proceeds combined with remaining fair value, before management fees, expenses and carried interest.
- (10) Aggregate includes the following funds, as well as all active co-investments, separately managed accounts (SMAs), and stand-alone investments arranged by us: MENA, CCI, CSSAF I, CPF I, CAP Growth I, CAP Growth II, CBPF II, CEP II, ABV 8 and ACCD 2.
- (11) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CP I, CP II, CP III, CP IV, CEP I, CAP I, CAP II, CAP III, CBPF I, CJP I, CJP II, CMG, CVP I, CVP II, CUSGF III, CGFSP I, CEVP I, CETP I, CETP II, CAVP I, CAVP II, CAGP III, CEOF I and Mexico.
- (12) For funds marked “NM,” IRR may be positive or negative, but is not considered meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked “Neg,” IRR is considered meaningful but is negative as of reporting period end.
- (13) For purposes of aggregation, funds that report in foreign currency have been converted to U.S. dollars at the reporting period spot rate.

- (14) Aggregate includes the following funds, as well as all active co-investments, separately managed accounts (SMAs), and stand-alone investments arranged by us: CCR, CER I, CER II and CEREP III.
- (15) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CRP I, CRP II, CRP III, CRP IV, CRP V, CRCP I, CAREP I, CAREP II, CEREP I, and CEREP II.
- (16) Aggregate includes the following Legacy Energy funds and related co-investments: Energy I, Energy II, Energy III, Energy IV, Renew I, and Renew II.
- (17) Aggregate includes the following funds, as well as all active co-investments, separately managed accounts (SMAs), and stand-alone investments arranged by us: NGP GAP, NGP RP I, NGP RP II, NGP ETP IV, CPOCP, CRSEF and CRSEF II.
- (18) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CIP.
- (19) The fund stepdown date represents the contractual stepdown date under the respective fund agreements for funds on which the fee basis stepdown has not yet occurred. Funds without a listed Fee Initiation Date and Stepdown Date have not yet initiated fees.
- (20) All amounts shown represent total capital commitments as of September 30, 2023. Certain of our recent vintage funds are currently in fundraising and total capital commitments are subject to change.
- (21) Funds are included when all investments have been realized. There may be remaining fair value and net accrued carry where there are outstanding escrow balances or undistributed proceeds.

Global Credit

The following table presents our results of operations for our Global Credit segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 128.9	\$ 128.4	\$ 378.4	\$ 345.8
Portfolio advisory and transaction fees, net and other	7.2	27.3	31.1	72.1
Fee related performance revenues	21.1	14.5	59.1	41.2
Total fund level fee revenues	157.2	170.2	468.6	459.1
Realized performance revenues	2.7	63.0	36.0	96.6
Realized principal investment income	8.0	9.2	25.2	28.2
Interest income	9.7	4.5	24.6	8.6
Total revenues	177.6	246.9	554.4	592.5
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	81.3	69.9	246.3	214.2
Realized performance revenues related compensation	1.4	28.9	16.8	45.0
Total compensation and benefits	82.7	98.8	263.1	259.2
General, administrative, and other indirect expenses	26.2	26.4	73.5	70.2
Depreciation and amortization expense	2.1	2.1	5.8	6.0
Interest expense	11.8	7.9	32.9	23.5
Total expenses	122.8	135.2	375.3	358.9
(=) Distributable Earnings	\$ 54.8	\$ 111.7	\$ 179.1	\$ 233.6
(-) Realized Net Performance Revenues	1.3	34.1	19.2	51.6
(-) Realized Principal Investment Income	8.0	9.2	25.2	28.2
(+) Net Interest	2.1	3.4	8.3	14.9
(=) Fee Related Earnings	\$ 47.6	\$ 71.8	\$ 143.0	\$ 168.7

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022 and Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Distributable Earnings

Distributable Earnings decreased \$56.9 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$54.5 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The following table provides the components of the changes in Distributable Earnings for the three and nine months ended September 30, 2023:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	(Dollars in millions)	
Distributable Earnings, September 30, 2022	\$ 111.7	\$ 233.6
Increases (decreases):		
Decrease in fee related earnings	(24.2)	(25.7)
Decrease in realized net performance revenues	(32.8)	(32.4)
Decrease in realized principal investment income	(1.2)	(3.0)
Decrease in net interest	1.3	6.6
Total decrease	<u>(56.9)</u>	<u>(54.5)</u>
Distributable Earnings, September 30, 2023	<u>\$ 54.8</u>	<u>\$ 179.1</u>

Realized Net Performance Revenues. Realized net performance revenues decreased \$32.8 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily due to a decrease in realized net performance revenues generated by our structured credit fund and CCOF I. During the three months ended September 30, 2023, we realized a net giveback obligation of \$1.7 million for CSP III.

Realized net performance revenues decreased \$32.4 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to decreases in realized net performance revenues generated by our structured credit fund and CCOF I, partially offset by realized net performance revenues generated by CSP II during the nine months ended September 30, 2023. We realized net giveback obligations of \$1.7 million and \$5.9 million for CSP III during the nine months ended September 30, 2023 and 2022, respectively.

Realized Principal Investment Income. Realized principal investment income decreased \$1.2 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily driven by lower realized principal investment income from our Europe CLOs as well as our real estate credit and credit opportunities funds, partially offset by higher realized principal investment income from our business development companies and U.S. CLOs.

Realized principal investment income decreased \$3.0 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily driven by lower realized principal investment income from our Europe CLOs and our real estate credit fund, partially offset by higher realized principal investment income from our business development companies.

Fee Related Earnings

Fee Related Earnings decreased \$24.2 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$25.7 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The following table provides the components of the changes in Fee Related Earnings for the three and nine months ended September 30, 2023:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Fee Related Earnings, September 30, 2022	\$ 71.8	\$ 168.7
Increases (decreases):		
(Decrease) increase in fee revenues	(13.0)	9.5
Increase in cash-based compensation and benefits	(11.4)	(32.1)
Decrease (increase) in general, administrative and other indirect expenses	0.2	(3.3)
Total decrease	(24.2)	(25.7)
Fee Related Earnings, September 30, 2023	<u>\$ 47.6</u>	<u>\$ 143.0</u>

Fee Revenues. Fee revenues decreased \$13.0 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$9.5 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, due to the following:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Higher fund management fees	\$ 0.5	\$ 32.6
Lower portfolio advisory and transaction fees, net and other	(20.1)	(41.0)
Higher fee related performance revenues	6.6	17.9
Total (decrease) increase in fee revenues	<u>\$ (13.0)</u>	<u>\$ 9.5</u>

The increase in fund management fees for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022 was primarily driven by increases of \$8.4 million and \$48.2 million, respectively, in our private credit and liquid credit strategies, partially offset by decreases of \$7.9 million and \$15.6 million, respectively, in our insurance and real assets credit strategies, which in part reflects the impact of changes in the rate and base under the strategic advisory services agreement with Fortitude. The increases in private credit and liquid credit reflect the impact of U.S. and Europe CLO issuances in 2022, as well as investment activity at CCOF II, partially offset by the impact of investment realizations in CEMOF II and CCOF I. The increase in fund management fees in liquid credit for the nine months ended September 30, 2023 also reflects the impact of the CBAM transaction in March 2022.

The decrease in portfolio advisory and transaction fees, net and other for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022 was primarily driven by transaction fees in our insurance and real assets credit strategies in 2022, as well as a decrease in capital markets fees. The recognition of transaction fees and capital markets fees can be volatile as they are primarily generated by investment activity.

The increase in fee related performance revenues for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022 was due to higher fee related performance revenues from CTAC and our business development companies.

The weighted average management fee rate on our carry funds of 1.03% at September 30, 2023 was generally flat compared to 1.05% at September 30, 2022. Fee-earning assets under management were \$124.0 billion and \$117.3 billion as of September 30, 2023 and 2022, respectively, an increase of \$6.7 billion or 6%.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased \$11.4 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily due to increased headcount, as well as a \$2.5 million increase in compensation associated with fee related performance revenues.

Cash-based compensation and benefits expense increased \$32.1 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to increased headcount, as well as a \$6.4 million increase in compensation associated with fee related performance revenues.

General, administrative and other indirect expenses. General, administrative and other indirect expenses increased \$3.3 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily

due to foreign currency losses compared to gains in the comparable prior period, as well as higher IT, office and travel expenses, partially offset by lower professional fees and external fundraising fees.

Fee-earning AUM as of and for the Three and Nine Months Ended September 30, 2023 and 2022

Fee-earning AUM is presented below for each period together with the components of change during each respective period.

	As of September 30,	
	2023	2022
(Dollars in millions)		
Global Credit		
Components of Fee-earning AUM⁽¹⁾		
Fee-earning AUM based on capital commitments	\$ 2,765	\$ 6,305
Fee-earning AUM based on invested capital	14,935	13,021
Fee-earning AUM based on collateral balances, at par	49,713	44,707
Fee-earning AUM based on net asset value	2,051	2,029
Fee-earning AUM based on fair value and other ⁽²⁾	54,580	51,256
Total Fee-earning AUM	\$ 124,044	\$ 117,318
Weighted Average Management Fee Rates⁽³⁾		
Global Credit Carry Funds	1.03 %	1.05 %

- (1) For additional information concerning the components of Fee-earning AUM, see “—Fee-earning Assets under Management.”
- (2) Includes the fair value of Fortitude’s general account assets covered by the strategic advisory services agreement and funds with fees based on gross asset value.
- (3) Represents the aggregate effective management fee rate for carry funds, weighted by each fund’s Fee-earning AUM, as of the end of each period presented. As of September 30, 2023 and 2022, carry funds represented 14% of Global Credit Fee-earning AUM. Management fees for CLOs are based on the total par amount of the assets (collateral) and principal balance of the notes in the fund and are not calculated as a percentage of equity and are therefore not included. Fees related to Fortitude’s strategic advisory services agreement are based on Fortitude’s invested general account assets and are excluded.

The table below provides the period to period rollforward of Fee-earning AUM.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Global Credit				
Fee-earning AUM Rollforward				
Balance, Beginning of Period	\$ 126,200	\$ 116,367	\$ 121,229	\$ 51,718
Inflows ⁽¹⁾	1,635	5,566	4,948	76,143
Outflows (including realizations) ⁽²⁾	(858)	(755)	(2,239)	(6,014)
Market Activity & Other ⁽³⁾	(2,590)	(3,169)	238	(3,003)
Foreign Exchange ⁽⁴⁾	(343)	(691)	(132)	(1,526)
Balance, End of Period	\$ 124,044	\$ 117,318	\$ 124,044	\$ 117,318

- (1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period, the fee-earning commitments invested in vehicles for which management fees are based on invested capital, the fee-earning collateral balance of new CLO issuances, as well as gross subscriptions in our vehicles for which management fees are based on net asset value. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM. Inflows for the nine months ended September 30, 2022 include \$48 billion of Fee-earning AUM associated with the strategic advisory services agreement with Fortitude which was effective April 1, 2022 and \$14 billion of Fee-earning AUM acquired in the CBAM transaction in March 2022.

- (2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, reductions for funds that are no longer calling for fees, gross redemptions in our open-ended funds, and runoff of CLO collateral balances. Realizations for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.
- (3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in funds or vehicles based on the lower of cost or fair value or net asset value, activity of funds with fees based on gross asset value, and changes in the fair value of Fortitude's general account assets covered by the strategic advisory services agreement.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Fee-earning AUM of \$124.0 billion at September 30, 2023 decreased 2% from \$126.2 billion at June 30, 2023, as negative market activity and outflows more than offset inflows during the period. Negative market activity for the period of \$2.6 billion primarily reflected a decrease in the value of the assets covered by the strategic advisory services agreement with Fortitude. Outflows of \$0.9 billion included runoff of our CLO collateral balances and realization activity in our Opportunistic Credit funds. Inflows of \$1.6 billion included new fee-paying capital in our latest vintage U.S. CLO and investment activity in CTAC and other funds which charge fees on invested capital. Investment and distribution activity has no impact for funds still in the original investment period where Fee-earning AUM is based on commitments.

Fee-earning AUM was \$124.0 billion at September 30, 2023, an increase of \$2.8 billion, or approximately 2%, compared to \$121.2 billion at December 31, 2022, as inflows were partially offset by outflows for the period. Inflows of \$4.9 billion included investment activity in our Opportunistic Credit funds, CTAC, and various cross-platform managed accounts which fees are based on invested capital, and fee-paying capital associated with the closing of our three latest vintage U.S. CLOs. Outflows of \$2.2 billion included runoff of our CLO collateral balances and distributions from our Opportunistic Credit funds.

Fee-earning AUM was \$124.0 billion at September 30, 2023, an increase of \$6.7 billion, or approximately 6%, compared to \$117.3 billion at September 30, 2022, as inflows and positive market activity were partially offset by outflows during the period. Inflows of \$6.9 billion were driven by investments in our Opportunistic Credit funds and various cross-platform managed accounts in which fees are charged on invested capital, as well as fee-paying capital raised in our four latest vintage U.S. CLOs and our latest vintage EUR CLO. Positive market activity of \$2.1 billion was driven by an increase in the value of the assets covered by the strategic advisory services agreement with Fortitude. Outflows of \$3.1 billion included runoff of our CLO collateral balances and distributions from our Opportunistic Credit funds and various cross-platform managed accounts.

Total AUM as of and for the Three and Nine Months Ended September 30, 2023.

The table below provides the period to period rollforward of Total AUM.

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
(Dollars in millions)		
Global Credit		
Total AUM Rollforward		
Balance, Beginning of Period	\$ 151,539	\$ 146,302
Inflows ⁽¹⁾	2,180	6,328
Outflows (including realizations) ⁽²⁾	(852)	(3,988)
Market Activity & Other ⁽³⁾	(2,434)	1,568
Foreign Exchange ⁽⁴⁾	(361)	(138)
Balance, End of Period	\$ 150,072	\$ 150,072

- (1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.
- (2) Outflows includes distributions net of callable or recyclable amounts in our carry funds, related co-investment vehicles, and separately managed accounts, gross redemptions in our open-end funds, runoff of CLO collateral balances, and the expiration of available capital.
- (3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds, related co-investment vehicles, and separately managed accounts, as well as the impact of fees, expenses and non-

investment income, change in gross asset value for our business development companies, changes in the fair value of Fortitude's general account assets covered by the strategic advisory services agreement, and other changes in AUM.

- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Total AUM was \$150.1 billion at September 30, 2023, a decrease of \$1.4 billion, or approximately 1%, compared to \$151.5 billion at June 30, 2023, as negative market activity and outflows were partially offset by inflows during the period. Negative market activity of \$2.4 billion was driven by a decrease in the value of the assets covered by the strategic advisory services agreement with Fortitude. Outflows of \$0.9 billion included runoff of our CLO collateral balances, realizations in our Opportunistic Credit funds, and redemptions in CTAC. Inflows of \$2.2 billion included new funds raised in our Opportunistic Credit funds, subscriptions in CTAC, and the closing of our latest vintage U.S. CLO.

Total AUM was \$150.1 billion at September 30, 2023, an increase of \$3.8 billion, or approximately 3%, compared to \$146.3 billion at December 31, 2022, as inflows and positive market activity more than offset outflows during the period. Inflows of \$6.3 billion were driven by fundraising in Opportunistic Credit funds and various cross-platform managed accounts, the closing of our three latest vintage U.S. CLOs, and subscriptions in CTAC. Positive market activity of \$1.6 billion was driven by appreciation across our Opportunistic Credit funds and an increase in the value of the assets covered by the strategic advisory services agreement with Fortitude. Outflows of \$4.0 billion included runoff of our CLO collateral balances as well as the expiration of dry powder and distributions in various funds across the platform.

Fund Performance Metrics

Fund performance information for certain of our Global Credit funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund return information reflected in this discussion and analysis is not indicative of the performance of The Carlyle Group Inc. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Carlyle Group Inc. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table reflects the performance of carry funds in our Global Credit business. These tables separately present carry funds that, as of September 30, 2023, had at least \$1.0 billion in capital commitments, cumulative equity invested or total equity value. Please see “—Our Global Investment Offerings” for a legend of the fund acronyms listed below.

(Dollars in millions)

Fund (Fee Initiation Date/Stepdown Date)(11)	Committed Capital(12)	Cumulative Invested Capital (1)	Percent Invested	TOTAL INVESTMENTS					
				As of September 30, 2023					
				Realized Value (2)	Remaining Fair Value (3)	MOIC (4)	Gross IRR (5) (8)	Net IRR (6) (8)	Net Accrued Carry/(Giveback) (7)
Global Credit Carry Funds									
CCOF III (Feb 2023 / Jun 2028)	\$ 1,999	\$ 458	23%	\$ 7	\$ 486	1.1x	NM	NM	\$ —
CCOF II (Nov 2020 / Oct 2025)	\$ 4,425	\$ 4,817	109%	\$ 909	\$ 4,858	1.2x	15%	10%	\$ 73
CCOF I (Nov 2017 / Sep 2022)	\$ 2,373	\$ 3,469	146%	\$ 2,889	\$ 1,800	1.4x	17%	12%	\$ 38
CSP IV (Apr 2016 / Dec 2020)	\$ 2,500	\$ 2,500	100%	\$ 932	\$ 2,299	1.3x	11%	5%	\$ —
CSP III (Dec 2011 / Aug 2015)	\$ 703	\$ 703	100%	\$ 931	\$ 31	1.4x	18%	8%	\$ —
CEMOF II (Dec 2015 / Jun 2019)	\$ 1,692	\$ 1,713	101%	\$ 1,836	\$ 332	1.3x	7%	3%	\$ —
SASOF III (Nov 2014 / n/a)	\$ 833	\$ 991	119%	\$ 1,193	\$ 77	1.3x	18%	10%	\$ 10
All Other Active Funds & Vehicles(9)		\$ 9,206	n/a	\$ 1,849	\$ 7,571	1.0x	2%	0%	\$ 23
Fully Realized Funds & Vehicles(10)(13)		\$ 6,625	n/a	\$ 8,190	\$ —	1.2x	9%	3%	\$ —
TOTAL GLOBAL CREDIT CARRY FUNDS		\$ 30,482	n/a	\$ 18,735	\$ 17,455	1.2x	10%	5%	\$ 144

- Represents the original cost of investments since the inception of the fund. For CSP III and CSP IV, reflects amounts net of investment level recallable proceeds which is adjusted to reflect recyclability of invested capital for the purpose of calculating the fund MOIC.
- Represents all realized proceeds since inception of the fund.
- Represents remaining fair value, before management fees, expenses and carried interest, and may include remaining escrow values for realized investments.
- Multiple of invested capital (“MOIC”) represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.

- (5) Gross Internal Rate of Return (“Gross IRR”) represents an annualized time-weighted return on Limited Partner invested capital, based on contributions, distributions and unrealized fair value as of the reporting date, before the impact of management fees, partnership expenses and carried interest. For fund vintages 2017 and after, Gross IRR includes the impact of interest expense related to the funding of investments on fund lines of credit. Gross IRR is calculated based on the timing of Limited Partner cash flows, which may differ to varying degrees from the timing of actual investment cash flows for the fund. Subtotal Gross IRR aggregations for multiple funds are calculated based on actual cash flow dates for each fund and represent a theoretical time-weighted return for a Limited Partner who invested sequentially in each fund.
- (6) Net Internal Rate of Return (“Net IRR”) represents an annualized time-weighted return on Limited Partner invested capital, based on contributions, distributions and unrealized fair value as of the reporting date, after the impact of all management fees, partnership expenses and carried interest, including current accruals. Net IRR is calculated based on the timing of Limited Partner cash flows, which may differ to varying degrees from the timing of actual investment cash flows for the fund. Fund level IRRs are based on aggregate Limited Partner cash flows, and this blended return may differ from that of individual Limited Partners. As a result, certain funds may generate accrued performance revenues with a blended Net IRR that is below the preferred return hurdle for that fund. Subtotal Net IRR aggregations for multiple funds are calculated based on actual cash flow dates for each fund and represent a theoretical time-weighted return for a Limited Partner who invested sequentially in each fund.
- (7) Represents the net accrued performance revenue balance/(giveback obligation) as of the current quarter end.
- (8) For funds marked “NM,” IRR may be positive or negative, but is not considered meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked “Neg,” IRR is considered meaningful but is negative as of reporting period end.
- (9) Aggregate includes the following funds, as well as all active co-investments, separately managed accounts (SMAs), and stand-alone investments arranged by us: SASOF IV, SASOF V, CALF, and CICF.
- (10) Aggregate includes the following funds, as well as related co-investments, separately managed accounts (SMAs), and certain other stand-alone investments arranged by us: CSP I, CSP II, CEMOF I, CSC, CMP I, CMP II, SASOF II, and CASCOF.
- (11) The fund stepdown date represents the contractual stepdown date under the respective fund agreements for funds on which the fee basis stepdown has not yet occurred. Funds without a listed Fee Initiation Date and Stepdown Date have not yet initiated fees.
- (12) All amounts shown represent total capital commitments as of September 30, 2023. Certain of our recent vintage funds are currently in fundraising and total capital commitments are subject to change. Committed Capital for CEMOF II reflects original committed capital of \$2.8 billion, less \$1.1 billion in commitments that were extinguished following a Key Person Event. Committed capital for CCOF II excludes \$150 million in capital committed by a CCOF II investor to a side vehicle.
- (13) Funds are included when all investments have been realized. There may be remaining fair value and net accrued carry where there are outstanding escrow balances or undistributed proceeds.

Global Investment Solutions

The following table presents our results of operations for our Global Investment Solutions segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(Dollars in millions)				
Segment Revenues				
Fund level fee revenues				
Fund management fees	\$ 59.1	\$ 55.6	\$ 173.7	\$ 167.4
Fee related performance revenues	1.6	—	3.2	—
Total fund level fee revenues	60.7	55.6	176.9	167.4
Realized performance revenues	13.1	73.4	67.3	122.3
Realized principal investment income	1.0	1.5	4.6	4.2
Interest income	1.6	0.9	4.0	1.2
Total revenues	76.4	131.4	252.8	295.1
Segment Expenses				
Compensation and benefits				
Cash-based compensation and benefits	32.4	30.1	94.4	84.1
Realized performance revenues related compensation	10.8	61.3	60.1	107.3
Total compensation and benefits	43.2	91.4	154.5	191.4
General, administrative, and other indirect expenses	9.4	9.1	35.1	24.7
Depreciation and amortization expense	1.2	1.2	3.5	3.7
Interest expense	2.2	2.7	6.7	8.4
Total expenses	56.0	104.4	199.8	228.2
(=) Distributable Earnings	\$ 20.4	\$ 27.0	\$ 53.0	\$ 66.9
(-) Realized Net Performance Revenues	2.3	12.1	7.2	15.0
(-) Realized Principal Investment Income	1.0	1.5	4.6	4.2
(+) Net Interest	0.6	1.8	2.7	7.2
(=) Fee Related Earnings	\$ 17.7	\$ 15.2	\$ 43.9	\$ 54.9

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022 and Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Distributable Earnings

Distributable Earnings decreased \$6.6 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$13.9 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The following table provides the components of the changes in Distributable Earnings for the three and nine months ended September 30, 2023:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Distributable Earnings, September 30, 2022	\$ 27.0	\$ 66.9
Increases (decreases):		
Increase (decrease) in fee related earnings	2.5	(11.0)
Decrease in realized net performance revenues	(9.8)	(7.8)
(Decrease) increase in realized principal investment income	(0.5)	0.4
Decrease in net interest	1.2	4.5
Total decrease	<u>(6.6)</u>	<u>(13.9)</u>
Distributable Earnings, September 30, 2023	<u>\$ 20.4</u>	<u>\$ 53.0</u>

Realized Net Performance Revenues. Global Investment Solutions had realized performance revenues of \$13.1 million and \$67.3 million during the three and nine months ended September 30, 2023, respectively. However, most of these realizations are from AlInvest fund vehicles in which we generally do not retain any carried interest, therefore our net realized performance revenues were \$2.3 million and \$7.2 million during the three and nine months ended September 30, 2023, respectively.

Fee Related Earnings

Fee Related Earnings increased \$2.5 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased \$11.0 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The following table provides the components of the changes in Fee Related Earnings for the three and nine months ended September 30, 2023:

	<u>Three Months Ended September 30,</u>	<u>Nine Months Ended September 30,</u>
	<u>2023 v. 2022</u>	
	<u>(Dollars in millions)</u>	
Fee Related Earnings, September 30, 2022	\$ 15.2	\$ 54.9
Increases (decreases):		
Increase in fee revenues	5.1	9.5
Increase in cash-based compensation and benefits	(2.3)	(10.3)
Increase in general, administrative and other indirect expenses	(0.3)	(10.4)
Total increase (decrease)	<u>2.5</u>	<u>(11.0)</u>
Fee Related Earnings, September 30, 2023	<u>\$ 17.7</u>	<u>\$ 43.9</u>

Fee Revenues. Total fee revenues increased \$5.1 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$9.5 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily driven by the activation of fees in our secondaries and co-investment strategies during the third quarter of 2023, net investment activity in funds that charge fees on invested capital, and fee related performance revenues from CAPM, a newly-launched retail-oriented product.

Cash-based compensation and benefits expense. Cash-based compensation and benefits expense increased \$2.3 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased

\$10.3 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 primarily due to an increase in headcount as well as compensation associated with fee related performance revenues.

General, administrative and other indirect expenses. General, administrative and other indirect expenses increased \$0.3 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and increased \$10.4 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to higher external costs associated with fundraising activities.

Fee-earning AUM as of and for the Three and Nine Months Ended September 30, 2023 and 2022

Fee-earning AUM is presented below for each period together with the components of change during each respective period.

	As of September 30,	
	2023	2022
Global Investment Solutions	(Dollars in millions)	
Components of Fee-earning AUM⁽¹⁾		
Fee-earning AUM based on capital commitments	\$ 15,485	\$ 19,096
Fee-earning AUM based on invested capital ⁽²⁾	7,922	4,788
Fee-earning AUM based on net asset value	9,151	3,637
Fee-earning AUM based on lower of cost or fair market value	9,035	8,899
Total Fee-earning AUM	\$ 41,593	\$ 36,420

- (1) For additional information concerning the components of Fee-earning AUM, see “—Fee-earning Assets under Management.”
- (2) Includes amounts committed to or reserved for certain AlpInvest funds

The table below provides the period to period rollforward of Fee-earning AUM.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Global Investment Solutions	(Dollars in millions)			
Fee-earning AUM Rollforward				
Balance, Beginning of Period	\$ 38,120	\$ 37,553	\$ 37,547	\$ 37,449
Inflows ⁽¹⁾	7,096	735	9,035	3,905
Outflows (including realizations) ⁽²⁾	(3,206)	(587)	(4,598)	(2,270)
Market Activity & Other ⁽³⁾	568	337	267	1,111
Foreign Exchange ⁽⁴⁾	(985)	(1,618)	(658)	(3,775)
Balance, End of Period	\$ 41,593	\$ 36,420	\$ 41,593	\$ 36,420

- (1) Inflows represents limited partner capital raised by our carry funds or separately managed accounts for which management fees based on commitments were activated during the period and the fee-earning commitments invested in vehicles for which management fees are based on invested capital. Inflows exclude fundraising amounts during the period for which fees have not yet been activated, which are referenced as Pending Fee-earning AUM.
- (2) Outflows represents the impact of realizations from vehicles with management fees based on remaining invested capital at cost or fair value, changes in basis for funds where the investment period, weighted-average investment period or commitment fee period has expired during the period, and reductions for funds that are no longer calling for fees. Distributions for funds earning management fees based on commitments during the period do not affect Fee-earning AUM.
- (3) Market Activity & Other represents realized and unrealized gains (losses) on portfolio investments in our carry funds based on the lower of cost or fair value and net asset value. During the three and nine months ended September 30, 2023 as well as the three and nine months ended September 30, 2022, this included the positive impact of foreign exchange resulting from the translation of our USD investments within our EUR-denominated AlpInvest funds.

- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Fee-earning AUM was \$41.6 billion at September 30, 2023, an increase of \$3.5 billion, or approximately 9%, compared to \$38.1 billion at June 30, 2023, as inflows outpaced outflows and negative foreign exchange activity during the period. Inflows of \$7.1 billion were primarily driven by the activation of fees in our secondaries and co-investment strategies, partially offset by outflows of \$3.2 billion, which were driven by fee basis step-downs in the prior vintage secondaries and co-investment funds. Negative foreign exchange activity of \$1.0 billion resulted from the translation of our EUR-denominated AUM to USD. Distributions from funds still in the commitment or weighted-average investment period do not impact Fee-earning AUM as these funds are based on commitments and not invested capital. Increases in fair value have an impact on Fee-earning AUM for Global Investment Solutions as fully committed funds are based on the lower of cost or fair value of the underlying investments.

Fee-earning AUM was \$41.6 billion at September 30, 2023, an increase of \$4.1 billion, or approximately 11%, compared to \$37.5 billion at December 31, 2022, as inflows were partially offset by outflows. Inflows of \$9.0 billion were primarily driven by the activation of fees in our secondaries and co-investment strategies and investment activity across all strategies. Outflows of \$4.6 billion were driven by fee basis step-downs in the prior vintage secondaries and co-investment funds, as well as realizations in our AlpInvest carry funds that charge fees on invested capital.

Fee-earning AUM was \$41.6 billion at September 30, 2023, an increase of \$5.2 billion, or approximately 14%, compared to \$36.4 billion at September 30, 2022, as inflows and positive foreign exchange activity outpaced outflows during the period. Inflows of \$9.6 billion were primarily driven by the activation of fees in our secondaries and co-investment strategies and investment activity across all strategies. Positive foreign exchange activity of \$1.5 billion resulted from the translation of our EUR-denominated AUM to USD. Outflows of \$5.6 billion were driven by fee basis step-downs in the prior vintage secondaries and co-investment funds and realizations in our AlpInvest carry funds that charge fees on invested capital.

The table below provides the period to period rollforward of Total AUM.

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
(Dollars in millions)		
Global Investment Solutions		
Total AUM Rollforward		
Balance, Beginning of Period	\$ 70,450	\$ 63,291
Inflows ⁽¹⁾	2,401	8,083
Outflows (including realizations) ⁽²⁾	(1,339)	(4,096)
Market Activity & Other ⁽³⁾	1,751	5,079
Foreign Exchange ⁽⁴⁾	(1,691)	(785)
Balance, End of Period	\$ 71,572	\$ 71,572

- (1) Inflows reflects the impact of gross fundraising during the period. For funds or vehicles denominated in foreign currencies, this reflects translation at the average quarterly rate, while the separately reported Fundraising metric is translated at the spot rate for each individual closing.
- (2) Outflows includes distributions in our carry funds, related co-investment vehicles and separately managed accounts, as well as the expiration of available capital.
- (3) Market Activity & Other generally represents realized and unrealized gains (losses) on portfolio investments in our carry funds, related co-investment vehicles and separately managed accounts, the net impact of fees, expenses and non-investment income, as well as other changes in AUM.
- (4) Foreign Exchange represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

Total AUM was \$71.6 billion at September 30, 2023, an increase of \$1.1 billion, or approximately 2%, compared to \$70.5 billion at June 30, 2023. The increase was driven by inflows of \$2.4 billion related to fundraising primarily in our secondaries and co-investment strategies and \$1.8 billion of market appreciation. These increases were partially offset by

negative foreign exchange activity of \$1.7 billion from the translation of our EUR-denominated AUM to USD and outflows of \$1.3 billion from realizations predominantly in our primary and secondaries funds.

Total AUM was \$71.6 billion at September 30, 2023, an increase of \$8.3 billion, or approximately 13%, compared to \$63.3 billion at December 31, 2022. The increase was driven by \$8.1 billion of inflows related to fundraising primarily in our secondaries and co-investment strategies, and \$5.1 billion of market appreciation. These increases were partially offset by outflows of \$4.1 billion from realizations predominantly in our primary and secondaries funds.

Fund Performance Metrics

Fund performance information for our Global Investment Solutions funds that have at least \$1.0 billion in capital commitments, cumulative equity invested or total value as of September 30, 2023, which we refer to as our “significant funds” is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. We also present fund performance information for portfolios of investments held by separately managed accounts, generally aggregated either as invested alongside the relevant commingled fund or over a specified time period. The fund return information reflected in this discussion and analysis is not indicative of the performance of The Carlyle Group Inc. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Carlyle Group Inc. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following tables reflect the performance of our significant funds in our Global Investment Solutions business.

(Amounts in millions)

		TOTAL INVESTMENTS									
		As of September 30, 2023									
Global Investment Solutions (1)(8)		Vintage Year	Fund Size	Cumulative Invested Capital (2)(3)	Realized Value (3)	Remaining Fair Value (3)	Total Fair Value(3)(4)	MOIC (5)	Gross IRR (6)(10)	Net IRR (7)(10)	Net Accrued Carry/ (Giveback) (12)
(Reported in Local Currency, in Millions)											
Secondaries and Portfolio Finance	ASF VIII	2023	\$ 3,891	\$ 41	\$ —	\$ 254	\$ 254	NM	NM	NM	\$ —
	ASF VII	2020	\$ 6,769	\$ 4,117	\$ 820	\$ 5,001	\$ 5,821	1.4x	27%	20%	\$ 68
	ASF VII - SMAs	2020	€ 2,006	€ 1,452	€ 312	€ 1,761	€ 2,073	1.4x	27%	23%	\$ 27
	ASF VI	2017	\$ 3,333	\$ 3,094	\$ 2,824	\$ 1,965	\$ 4,789	1.5x	18%	14%	\$ 56
	ASF VI - SMAs	2017	€ 2,817	€ 2,746	€ 2,061	€ 2,308	€ 4,369	1.6x	16%	15%	\$ 44
	ASF V	2012	\$ 756	\$ 649	\$ 983	\$ 196	\$ 1,179	1.8x	19%	15%	\$ 8
	ASF V - SMAs	2012	€ 3,916	€ 4,182	€ 6,983	€ 840	€ 7,823	1.9x	21%	20%	\$ 15
	SMAs 2009-2011	2010	€ 1,859	€ 2,053	€ 3,481	€ 71	€ 3,552	1.7x	19%	18%	\$ —
	All Other Active Funds & Vehicles (9)	Various		\$ 1,084	\$ 503	\$ 956	\$ 1,459	1.3x	23%	21%	\$ 10
	Fully Realized Funds & Vehicles	Various		€ 4,363	€ 7,147	€ 37	€ 7,184	1.6x	19%	18%	\$ —
Co-Investments	ACF IX	2023	\$ 2,049	\$ 12	\$ —	\$ 12	\$ 12	NM	NM	NM	\$ —
	ACF VIII	2021	\$ 3,614	\$ 2,844	\$ 32	\$ 3,323	\$ 3,355	1.2x	13%	9%	\$ 14
	ACF VIII - SMAs	2021	\$ 1,060	\$ 727	\$ 19	\$ 854	\$ 873	1.2x	14%	12%	\$ 4
	ACF VII	2017	\$ 1,688	\$ 1,609	\$ 715	\$ 2,296	\$ 3,011	1.9x	18%	15%	\$ 50
	ACF VII - SMAs	2017	€ 1,452	€ 1,456	€ 532	€ 2,016	€ 2,548	1.7x	18%	15%	\$ 42
	SMAs 2014-2016	2014	€ 1,274	€ 1,139	€ 2,149	€ 804	€ 2,953	2.6x	25%	23%	\$ 13
	SMAs 2012-2013	2012	€ 1,124	€ 1,089	€ 2,771	€ 306	€ 3,077	2.8x	28%	26%	\$ 2
	SMAs 2009-2010	2010	€ 1,475	€ 1,416	€ 3,594	€ 594	€ 4,188	3.0x	23%	22%	\$ —
	Strategic SMAs	Various		\$ 3,352	\$ 1,007	\$ 4,472	\$ 5,479	1.6x	20%	18%	\$ 52
	All Other Active Funds & Vehicles (9)	Various		€ 431	€ 595	€ 83	€ 679	1.6x	16%	14%	\$ 2
Fully Realized Funds & Vehicles	Various		€ 5,884	€ 10,096	€ 1	€ 10,097	1.7x	14%	12%	\$ —	
Primary Investments	SMAs 2021-2023	2021	€ 4,371	€ 580	€ 6	€ 630	€ 635	1.1x	NM	NM	\$ —
	SMAs 2018-2020	2018	\$ 3,101	\$ 1,874	\$ 228	\$ 2,299	\$ 2,527	1.3x	17%	16%	\$ 1
	SMAs 2015-2017	2015	€ 2,501	€ 2,449	€ 1,987	€ 2,711	€ 4,698	1.9x	22%	21%	\$ 9
	SMAs 2012-2014	2012	€ 5,080	€ 6,044	€ 8,394	€ 4,836	€ 13,230	2.2x	19%	18%	\$ 18
	SMAs 2009-2011	2009	€ 4,877	€ 5,856	€ 10,039	€ 2,670	€ 12,710	2.2x	18%	17%	\$ 1
	SMAs 2006-2008	2005	€ 11,500	€ 13,814	€ 22,332	€ 1,604	€ 23,936	1.7x	10%	10%	\$ —
	SMAs 2003-2005	2003	€ 4,628	€ 5,204	€ 8,199	€ 206	€ 8,405	1.6x	10%	9%	\$ —
	All Other Active Funds & Vehicles (9)	Various		€ 1,879	€ 1,778	€ 362	€ 2,139	1.1x	3%	2%	\$ —
Fully Realized Funds & Vehicles	Various		€ 5,095	€ 8,289	€ 43	€ 8,332	1.6x	12%	11%	\$ —	
TOTAL GLOBAL INVESTMENT SOLUTIONS (USD)(11)				\$ 90,412	\$ 113,696	\$ 44,777	\$ 158,473	1.8x	14%	13%	\$ 437

- (1) Includes private equity and mezzanine primary fund investments, secondary fund investments and co-investments originated by AlpInvest. Excluded from the performance information shown are: (a) investments that were not originated by AlpInvest (i.e., AlpInvest did not make the original investment decision or recommendation); (b) Direct Investments, which was spun off from AlpInvest in 2005; (c) Carlyle AlpInvest Private Markets Fund; and (d) LP co-investment vehicles managed by AlpInvest. As of September 30, 2023, these excluded portfolios amounted to approximately \$4.0 billion of AUM in the aggregate.
- (2) Represents the original cost of investments since inception of the fund.
- (3) To exclude the impact of FX, all foreign currency cash flows have been converted to the currency representing a majority of the capital committed to the relevant fund at the reporting period spot rate.
- (4) Represents all realized proceeds combined with remaining fair value, before management fees, expenses and carried interest.
- (5) Multiple of invested capital (“MOIC”) represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.
- (6) Gross Internal Rate of Return (“Gross IRR”) represents the annualized IRR for the period indicated on Limited Partner invested capital based on investment contributions, distributions and unrealized value of the underlying investments, before management fees, expenses and carried interest at the AlpInvest level.
- (7) Net Internal Rate of Return (“Net IRR”) represents the annualized IRR for the period indicated on Limited Partner invested capital based on investment contributions, distributions and unrealized value of the underlying investments, after management fees, expenses and carried interest. Fund level IRRs are based on aggregate Limited Partner cash flows, and

this blended return may differ from that of individual Limited Partners. As a result, certain funds may generate accrued performance revenues with a blended Net IRR that is below the preferred return hurdle for that fund.

- (8) “ASF” stands for AlpInvest Secondaries Fund, “ACF” stands for AlpInvest Co-Investment Fund, and “SMAs” are Separately Managed Accounts. “ASF - SMAs” and “ACF - SMAs” reflect the aggregated portfolios of investments held by SMAs within the relevant strategy, which invest alongside the relevant ASF or ACF (as applicable). Strategic SMAs reflect the aggregated portfolios of co-investments made by SMAs sourced from the SMA investor’s own private equity fund investment portfolio. Other SMAs reflect the aggregated portfolios of investments within the relevant strategy that began making investments in the corresponding time periods. Co-Investments SMAs 2014-2016 does not include two SMAs that started in 2016 but invested a substantial majority alongside ACF VII. These two SMAs have instead been grouped with ACF VII - SMAs. An SMA may pursue multiple investment strategies and make commitments over multiple years.
- (9) Includes AlpInvest Atom Fund, all mezzanine investment portfolios, all ‘clean technology’ private equity investment portfolios, all strategic portfolio finance portfolios, ASF VIII - SMAs, ACF IX - SMAs, and any state-focused investment mandate portfolios.
- (10) For funds marked “NM,” IRR may be positive or negative, but is not considered meaningful because of the limited time since initial investment and early stage of capital deployment. For funds marked “Neg,” IRR is considered meaningful but is negative as of reporting period end.
- (11) For purposes of aggregation, funds that report in foreign currency have been converted to U.S. dollars at the reporting period spot rate.
- (12) Represents the net accrued performance revenue balance/(giveback obligation) as of the current quarter end. Net accrued carry excludes \$3 million of net accrued carry as of September 30, 2023, which was retained as part of the sale of Metropolitan Real Estate on April 1, 2021.

Liquidity and Capital Resources

Historical Liquidity and Capital Resources

We have historically required limited capital resources to support the working capital and operating needs of our business. Our management fees have largely covered our operating costs and all realized performance allocations, after covering the related compensation, are available for distribution to stockholders. Approximately 95% – 97% of all capital commitments to our funds are provided by our fund investors, with the remaining amount typically funded by Carlyle, our senior Carlyle professionals, advisors and other professionals. We may elect to invest additional amounts in funds focused on new investment areas.

Our Sources of Liquidity

We have multiple sources of liquidity to meet our capital needs, including cash on hand, annual cash flows, accumulated earnings and funds from our senior revolving credit facility, which has \$1.0 billion of available capacity as of September 30, 2023. We believe these sources will be sufficient to fund our capital needs for at least the next twelve months. We believe we will meet longer-term expected future cash requirements and obligations through a combination of existing cash and cash equivalent balances, cash flow from operations, accumulated earnings and amounts available for borrowing from our senior revolving credit facility or other financings.

Cash and cash equivalents. Cash and cash equivalents were approximately \$1.3 billion at September 30, 2023. However, a portion of this cash is allocated for specific business purposes, including, but not limited to: (i) performance allocations and incentive fee related cash that has been received but not yet distributed as performance allocations and incentive fee related compensation and amounts owed to non-controlling interests, (ii) proceeds received from realized investments that are allocable to non-controlling interests, and (iii) regulatory capital.

Corporate Treasury Investments. These investments represent investments in U.S. Treasury and government agency obligations, commercial paper, certificates of deposit, other investment grade securities and other investments with original maturities of greater than three months when purchased. As of September 30, 2023, we had \$57.3 million in corporate treasury investments.

After deducting cash amounts allocated to the specific requirements mentioned above, the remaining cash, cash equivalents, and corporate treasury investments, is approximately \$1.2 billion as of September 30, 2023. This remaining amount will be used towards our primary liquidity needs, as outlined in the next section. This amount does not take into consideration ordinary course of business payables and reserves for specific business purposes.

Senior Revolving Credit Facility. The capacity under the revolving credit facility is \$1.0 billion and the facility is scheduled to mature on April 29, 2027. The Company’s borrowing capacity is subject to the ability of the financial institutions

in the banking syndicate to fulfill their respective obligations under the revolving credit facility. Principal amounts outstanding under the revolving credit facility accrue interest, at the option of the borrowers, either (a) at an alternate base rate plus an applicable margin not to exceed 0.50% per annum, or (b) at SOFR (or similar benchmark rate for non-U.S. dollar borrowings) plus a 0.10% adjustment and an applicable margin not to exceed 1.50% per annum (6.42% at September 30, 2023). As of September 30, 2023, there were no amounts outstanding under the senior revolving credit facility.

The senior revolving credit facility is unsecured. We are required to maintain management fee earning assets (as defined in the amended and restated senior revolving credit facility) of at least \$126.6 billion and a total leverage ratio of less than 4.0 to 1.0, in each case, tested on a quarterly basis. Non-compliance with any of the financial or non-financial covenants without cure or waiver would constitute an event of default under the senior revolving credit facility. An event of default resulting from a breach of certain financial or non-financial covenants may result, at the option of the lenders, in an acceleration of the principal and interest outstanding and a termination of the senior revolving credit facility. The senior credit facility also contains other customary events of default, including defaults based on events of bankruptcy and insolvency, nonpayment of principal, interest or fees when due, breach of specified covenants, change in control and material inaccuracy of representations and warranties.

Global Credit Revolving Credit Facility. Certain subsidiaries of the Company are parties to a revolving line of credit, primarily intended to support certain lending activities within the Global Credit segment. In August 2023, certain subsidiaries of the Company entered into an amendment to the Global Credit Revolving Credit Facility to increase the capacity of the existing revolving line of credit from \$250 million to \$300 million (the “2027 Tranche Revolving Loans”) and extend the maturity date to occur in September 2027. This amendment also provides for a new tranche of revolving loans with a capacity of \$200 million maturing in August 2024 (the “2024 Tranche Revolving Loans,” together with the 2027 Tranche Revolving Loans, the “Global Credit Revolving Credit Facility”). The Company’s borrowing capacity is subject to the ability of the financial institutions in the banking syndicate to fulfill their respective obligations under the credit facility. The Company’s borrowing capacity is subject to the ability of the financial institutions in the banking syndicate to fulfill their respective obligations under the credit facility. Principal amounts outstanding under the facility accrue interest at applicable SOFR or Eurocurrency rates plus an applicable margin of 2.00% or an alternate base rate plus an applicable margin of 1.00%. The Company made no borrowings under the credit facility during the three and nine months ended September 30, 2023 and there was no balance outstanding as of September 30, 2023.

CLO Borrowings. For certain of our CLOs, the Company finances a portion of its investment in the CLOs through the proceeds received from term loans and other financing arrangements with financial institutions or other financing arrangements. The Company’s CLO borrowings were \$421.3 million and \$421.7 million at September 30, 2023 and December 31, 2022, respectively. The CLO borrowings are secured by the Company’s investments in the respective CLO, have a general unsecured interest in the Carlyle entity that manages the CLO and generally do not have recourse to any other Carlyle entity. As of September 30, 2023, \$404.4 million of these borrowings are secured by investments attributable to The Carlyle Group Inc. See Note 6 of the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on our CLO borrowings.

Senior Notes. Certain indirect finance subsidiaries of the Company have issued senior notes, on which interest is payable semi-annually, as discussed below. The senior notes are unsecured and unsubordinated obligations of the respective subsidiary and are fully and unconditionally guaranteed, jointly and severally, by the Company and each of the Carlyle Holdings partnerships. The indentures governing each of the senior notes contain customary covenants that, among other things, limit the issuers’ and the guarantors’ ability, subject to certain exceptions, to incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease assets. The notes also contain customary events of default. All or a portion of the notes may be redeemed at our option, in whole or in part, at any time and from time to time, prior to their stated maturity, at the make-whole redemption price set forth in the notes. If a change of control repurchase event occurs, the notes are subject to repurchase at the repurchase price as set forth in the notes.

3.500% Senior Notes. In September 2019, Carlyle Finance Subsidiary L.L.C. issued \$425.0 million of 3.500% senior notes due September 19, 2029 at 99.841% of par.

5.625% Senior Notes. In March 2013, Carlyle Holdings II Finance L.L.C. issued \$400.0 million of 5.625% senior notes due March 30, 2043 at 99.583% of par. In March 2014, an additional \$200.0 million of these notes were issued at 104.315% of par and are treated as a single class with the already outstanding \$400.0 million aggregate principal amount of these notes.

5.650% Senior Notes. In September 2018, Carlyle Finance L.L.C. issued \$350.0 million of 5.650% senior notes due September 15, 2048 at 99.914% of par.

Subordinated Notes. In May and June 2021, Carlyle Finance L.L.C. issued \$500.0 million aggregate principal amount of 4.625% subordinated notes due May 15, 2061. The subordinated notes are unsecured and subordinated obligations of the issuer and are fully and unconditionally guaranteed, jointly and severally, on a subordinated basis, by the Company, each of the Carlyle Holdings partnerships, and CG Subsidiary Holdings L.L.C., an indirect subsidiary of the Company. The indentures governing the subordinated notes contain customary covenants that, among other things, limit the issuers’ and the guarantors’

ability, subject to certain exceptions, to incur indebtedness ranking on a parity with the subordinated notes or indebtedness ranking junior to the subordinated notes secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease all or substantially all of their assets. The subordinated notes also contain customary events of default. All or a portion of the notes may be redeemed at our option, in whole or in part, at any time and from time to time on or after June 15, 2026, prior to their stated maturity, at a redemption price equal to their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption. If interest due on the Subordinated Notes is deemed to no longer be deductible in the U.S., a “Tax Redemption Event,” the subordinated notes may be redeemed, in whole, but not in part, within 120 days of the occurrence of such event at a redemption price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption. In addition, the subordinated notes may be redeemed, in whole, but not in part, at any time prior to May 15, 2026, within 90 days of the rating agencies determining that the Subordinated Notes should no longer receive partial equity treatment pursuant to the rating agency’s criteria, a “rating agency event,” at a redemption price equal to 102% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of redemption.

Obligations of CLOs. Loans payable of the Consolidated Funds primarily comprise amounts due to holders of debt securities issued by the CLOs. We are not liable for any loans payable of the CLOs. Loans payable of the CLOs are collateralized by the assets held by the CLOs and the assets of one CLO may not be used to satisfy the liabilities of another. This collateral consists of cash and cash equivalents, corporate loans, corporate bonds and other securities.

Realized Performance Allocation Revenues. Another source of liquidity we may use to meet our capital needs is the realized performance allocation revenues generated by our investment funds. Performance allocations are generally realized when an underlying investment is profitably disposed of and the fund’s cumulative returns are in excess of the preferred return. For certain funds, performance allocations are realized once all invested capital and expenses have been returned to the fund’s investors and the fund’s cumulative returns are in excess of the preferred return. Incentive fees earned on our CLO vehicles generally are paid upon the dissolution of such vehicles.

Our accrued performance allocations by segment as of September 30, 2023, gross and net of accrued giveback obligations, are set forth below:

	Accrued Performance Allocations	Accrued Giveback Obligation	Net Accrued Performance Revenues
	(Dollars in millions)		
Global Private Equity	\$ 4,510.4	\$ (18.4)	\$ 4,492.0
Global Credit	281.4	(25.6)	255.8
Global Investment Solutions	1,417.4	—	1,417.4
Total	<u>\$ 6,209.2</u>	<u>\$ (44.0)</u>	<u>\$ 6,165.2</u>
Plus: Accrued performance allocations from NGP Carry Funds			516.3
Less: Net accrued performance allocations presented as fee related performance revenues			(14.0)
Less: Accrued performance allocation-related compensation			(3,182.4)
Plus: Receivable for giveback obligations from current and former employees			10.1
Less: Deferred taxes on certain foreign accrued performance allocations			(26.8)
Plus: Net accrued performance allocations attributable to non-controlling interests in consolidated entities			8.5
Plus: Net accrued performance allocations attributable to Consolidated Funds, eliminated in consolidation			7.8
Net accrued performance revenues before timing differences			3,484.7
Less/Plus: Timing differences between the period when accrued performance allocations are realized and the period they are collected/distributed			29.7
Net accrued performance revenues attributable to The Carlyle Group Inc.			<u>\$ 3,514.4</u>

The net accrued performance revenues attributable to The Carlyle Group Inc., excluding realized amounts, related to our carry funds and our other vehicles as of September 30, 2023, as well as the carry fund appreciation (depreciation), is set forth below by segment (Dollars in millions):

	Carry Fund Appreciation/(Depreciation) ⁽¹⁾						Net Accrued Performance Revenues
	Quarter-to-Date		Year-to-Date		Last Twelve Months		
	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	
Overall Carry Fund Appreciation	2 %	2 %	10 %	5 %	17 %	5 %	
Global Private Equity ⁽²⁾ :							\$ 2,930.9
Corporate Private Equity	1 %	1 %	4 %	3 %	10 %	4 %	1,773.2
Real Estate	2 %	1 %	17 %	2 %	28 %	1 %	256.0
Infrastructure & Natural Resources	8 %	5 %	45 %	8 %	52 %	11 %	902.7
Global Credit Carry Funds	— %	2 %	1 %	8 %	2 %	10 %	143.7
Global Investment Solutions Carry Funds	— %	2 %	9 %	9 %	16 %	5 %	439.8
Net Accrued Performance Revenues							<u>\$ 3,514.4</u>

(1) Appreciation/(Depreciation) represents unrealized gain/(loss) for the period on a total return basis before fees and expenses. The percentage of return is calculated as: ending remaining investment fair market value plus net investment outflow (sales proceeds minus net purchases) minus beginning remaining investment fair market value divided by beginning remaining investment fair market value. Amounts are fund only, and do not include coinvestments.

(2) Includes \$1.0 million of net accrued clawback from our Legacy Energy funds.

Realized Principal Investment Income. Another source of liquidity we may use to meet our capital needs is the realized principal investment income generated by our equity method investments and other principal investments. Principal investment income is realized when we redeem all or a portion of our investment or when we receive or are due cash income, such as dividends or distributions. Certain of the investments attributable to The Carlyle Group Inc. (excluding certain general partner interests, certain strategic investments, and investments in certain CLOs) may be sold at our discretion as a source of liquidity.

Investments as of September 30, 2023 consist of the following:

	Investments in Carlyle Funds	Investments in NGP ⁽¹⁾	Total
	(Dollars in millions)		
Investments, excluding performance allocations	\$ 2,876.3	\$ 889.2	\$ 3,765.5
Less: Amounts attributable to non-controlling interests in consolidated entities	(159.1)	—	(159.1)
Plus: Investments in Consolidated Funds, eliminated in consolidation	117.1	—	117.1
Less: Strategic equity method investments in NGP Management	—	(372.9)	(372.9)
Less: Investment in NGP general partners - accrued performance allocations	—	(516.3)	(516.3)
Total investments attributable to The Carlyle Group Inc.	<u>\$ 2,834.3</u>	<u>\$ —</u>	<u>\$ 2,834.3</u>

(1) See Note 4 to our unaudited condensed consolidated financial statements.

Our investments as of September 30, 2023, can be further attributed as follows (Dollars in millions):

Investments in Carlyle Funds, excluding CLOs:	
Global Private Equity funds ⁽¹⁾	\$ 872.3
Global Credit funds ⁽²⁾	1,060.4
Global Investment Solutions funds	<u>227.6</u>
Total investments in Carlyle Funds, excluding CLOs	2,160.3
Investments in CLOs	541.8
Other investments	<u>132.2</u>
Total investments attributable to The Carlyle Group Inc.	2,834.3
CLO loans and other borrowings collateralized by investments attributable to The Carlyle Group Inc. ⁽³⁾	(404.4)
Total investments attributable to The Carlyle Group Inc., net of CLO loans and other borrowings	<u>\$ 2,429.9</u>

(1) Excludes our strategic equity method investment in NGP Management and investments in NGP general partners - accrued performance allocations.

(2) Includes the Company's indirect investment in Fortitude through Carlyle FRL, a Carlyle-affiliated investment fund, as discussed in Note 4 to the consolidated financial statements. This investment has a carrying value of \$595.4 million as of September 30, 2023.

(3) Of the \$421.3 million in total CLO borrowings as of September 30, 2023 and as disclosed in Note 6 to the consolidated financial statements, \$404.4 million are collateralized by investments attributable to The Carlyle Group Inc. The remaining \$16.9 million in total CLO borrowings are collateralized by investments attributable to non-controlling interests.

Our Liquidity Needs

We generally use our working capital and cash flows to invest in growth initiatives, service our debt, fund the working capital needs of our business and investment funds and pay dividends to our common stockholders.

In the future, we expect that our primary liquidity needs will be to:

- provide capital to facilitate the growth of our existing business lines;
- provide capital to facilitate our expansion into new, complementary business lines, including acquisitions;
- pay operating expenses, including compensation and compliance costs and other obligations as they arise;
- fund costs of litigation and contingencies, including related legal costs;
- fund the capital investments of Carlyle in our funds;
- fund capital expenditures;
- repay borrowings and related interest costs and expenses;
- pay earn-outs and contingent cash consideration associated with our acquisitions and strategic investments;
- pay income taxes, including corporate income taxes;
- pay dividends to our common stockholders in accordance with our dividend policy;
- make installment payments under the deferred obligation to former holders of Carlyle Holdings partnership units, which were exchanged in the Conversion, and;
- repurchase our common stock.

Common Stockholder Dividends. Under our dividend policy for our common stock, our intention is to pay dividends to holders of our common stock in an amount of \$0.35 per common share on a quarterly basis (\$1.40 annually), commencing with the first quarter 2023 dividend paid in May 2023. Prior to the first quarter 2023 dividend, we paid dividends to holders of our common stock in an amount of \$0.325 per share of common stock (\$1.30 annually). For U.S. federal income tax purposes, any dividends we pay generally will be treated as qualified dividend income (generally taxable to U.S. individual stockholders at capital gain rates) paid by a domestic corporation to the extent paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, with any excess dividends treated as return of capital to the extent of the stockholder's basis. The declaration and payment of dividends to holders of our common stock will be at the sole discretion of our Board of Directors and in compliance with applicable law, and our dividend policy may be changed at any time.

With respect to dividend year 2023, the Board of Directors has declared a dividend to common stockholders totaling approximately \$379.3 million, or \$1.05 per share, consisting of the following:

Common Stock Dividends - Dividend Year 2023					
Quarter	Dividend per Common Share		Dividend to Common Stockholders	Record Date	Payment Date
(Dollars in millions, except per share data)					
Q1 2023	\$	0.35	\$ 126.7	May 16, 2023	May 23, 2023
Q2 2023		0.35	126.3	August 15, 2023	August 23, 2023
Q3 2023		0.35	126.3	November 21, 2023	November 29, 2023
Total	\$	1.05	\$ 379.3		

With respect to dividend year 2022, the Board of Directors declared cumulative dividends to common stockholders totaling approximately \$472.5 million, consisting of the following:

Common Stock Dividends - Dividend Year 2022					
Quarter	Dividend per Common Share		Dividend to Common Stockholders	Record Date	Payment Date
(Dollars in millions, except per share data)					
Q1 2022	\$	0.325	\$ 117.6	May 10, 2022	May 17, 2022
Q2 2022		0.325	118.3	August 9, 2022	August 16, 2022
Q3 2022		0.325	118.2	November 18, 2022	November 25, 2022
Q4 2022		0.325	118.4	February 22, 2023	March 1, 2023
Total	\$	1.30	\$ 472.5		

Dividends to common stockholders paid during the nine months ended September 30, 2023 totaled \$371.4 million, including the amount paid in March 2023 of \$0.325 per common share in respect of the fourth quarter of 2022. Dividends to common stockholders paid during the nine months ended September 30, 2022 totaled \$325.4 million, including the amount paid in February 2022 of \$0.25 per common share in respect of the fourth quarter of 2021.

Fund Commitments. Generally, Carlyle commits to fund approximately 0.75% of the capital commitments to our future carry funds, although we may elect to invest additional amounts in funds focused on new investment areas. We may, from time to time, exercise our right to purchase additional interests in our investment funds that become available in the ordinary course of their operations. We expect our senior Carlyle professionals and employees to continue to make significant capital contributions to our funds based on their existing commitments, and to make capital commitments to future funds consistent with the level of their historical commitments. We also intend to make investments in our open-end funds and our CLO vehicles. Our investments in our European CLO vehicles will comply with the risk retention rules as discussed in "Risk Retention Rules" later in this section.

Since our inception through September 30, 2023, we and our senior Carlyle professionals, operating executives and other professionals have invested or committed to invest in or alongside our funds. Approximately 3% to 5% of all capital commitments to our funds are funded collectively by us and our senior Carlyle professionals, operating executives and other professionals. The current unfunded commitment of Carlyle and our senior Carlyle professionals, operating executives and other professionals to our investment funds as of September 30, 2023, consisted of the following (Dollars in millions):

<u>Asset Class</u>	<u>Unfunded Commitment</u>
Global Private Equity	\$ 3,023.8
Global Credit	426.4
Global Investment Solutions	165.2
Total	<u>\$ 3,615.4</u>

A substantial majority of the remaining commitments are expected to be funded by senior Carlyle professionals, operating executives and other professionals through our internal co-investment program. Of the \$3.6 billion of unfunded commitments, approximately \$3.0 billion is subscribed individually by senior Carlyle professionals, operating executives and other professionals, with the balance funded directly by the Company.

Under the Carlyle Global Capital Markets platform, certain of our subsidiaries may act as an underwriter, syndicator or placement agent for security offerings and loan originations. We earn fees in connection with these activities and bear the risk of the sale of such securities and placement of such loans, which may be longer dated. As of September 30, 2023, we had \$93.0 million unfunded commitments related to the origination and syndication of loans and securities under the Carlyle Global Capital Markets platform.

Repurchase Program. In October 2021, our Board of Directors authorized the repurchase of up to \$400 million of common stock, which replaced a repurchase authorization provided in February 2021 effective January 1, 2022. In February 2023, the Board of Directors replenished the repurchase program and expanded the limit to \$500 million of common stock in aggregate, effective March 31, 2023. This program authorizes the repurchase of shares of common stock from time to time in open market transactions, in privately negotiated transactions or otherwise, including through Rule 10b5-1 plans. During the nine months ended September 30, 2023, we paid an aggregate of \$203.7 million to repurchase and retire approximately 6.5 million shares of common stock with all of the repurchases done via open market and brokered transactions. As of September 30, 2023, \$396.8 million of repurchase capacity remained under the program.

Cash Flows

The significant captions and amounts from our consolidated statements of cash flows which include the effects of our Consolidated Funds and CLOs in accordance with U.S. GAAP are summarized below.

	Nine Months Ended September 30,	
	2023	2022
	(Dollars in millions)	
Statements of Cash Flows Data		
Net cash used in operating activities, including investments in Carlyle funds	\$ (49.2)	\$ (258.5)
Net cash used in investing activities	(84.5)	(863.2)
Net cash provided by financing activities	52.6	88.9
Effect of foreign exchange rate changes	(8.2)	(79.8)
Net change in cash, cash equivalents and restricted cash	<u>\$ (89.3)</u>	<u>\$ (1,112.6)</u>

Net cash used in operating activities. Net cash used in operating activities includes the investment activity of our Consolidated Funds. Excluding this activity, net cash used in operating activities was primarily driven by our earnings in the respective periods after adjusting for significant non-cash activity, including non-cash performance allocations and incentive fees, the related non-cash performance allocations and incentive fee related compensation, non-cash equity-based compensation, and depreciation, amortization and impairments, all of which are included in earnings.

Cash flows provided by (used in) operating activities during the nine months ended September 30, 2023 and 2022, excluding the activities of our Consolidated Funds, were \$718.8 million and \$793.5 million, respectively. Operating cash inflows primarily include the receipt of management fees, realized performance allocations and incentive fees, while operating cash outflows primarily include payments for operating expenses, including compensation and general, administrative and other expenses. During the nine months ended September 30, 2023 and 2022, cash inflows impacting net cash used in operating

activities primarily included the receipt of management fees and realized performance allocations and incentive fees, totaling approximately \$2.5 billion and \$3.4 billion, respectively. These inflows were offset by payments for compensation and general, administrative and other expenses of approximately \$1.7 billion and \$2.1 billion for the nine months ended September 30, 2023 and 2022, respectively, which includes payment of 2022 and 2021 year-end bonuses paid in January 2023 and 2022, respectively, as well as realized performance allocations related compensation paid during the nine months ended September 30, 2023 and 2022. Operating outflows during the nine months ended September 30, 2023 also included a \$68.6 million payment relating to the Carlyle Aviation Partners earn-out and a \$20.3 million payment to the former Carlyle Holdings unitholders related to amounts owed under the tax receivable agreement.

Cash used to purchase investments as well as the proceeds from the sale of such investments are also reflected in our operating activities as investments are a normal part of our operating activities. During the nine months ended September 30, 2023, investment proceeds were \$338.4 million as compared to purchases of \$221.3 million, which included our \$50 million follow-on investment in Carlyle FRL and our \$40 million investment in Carlyle Capital Income Fund (“CCIF”), an NYSE listed closed-end fund that primarily invests in equity and junior debt tranches of CLOs. During the nine months ended September 30, 2022, investment proceeds were \$388.3 million as compared to purchases of \$559.6 million, which included our \$200 million investment in iStar through our real estate credit fund and our \$49 million follow-on investment in Carlyle FRL.

The net cash provided by operating activities for the nine months ended September 30, 2023 and 2022 also reflects the investment activity of our Consolidated Funds. For the nine months ended September 30, 2023, purchases of investments by the Consolidated Funds were \$2.3 billion, while proceeds from the sales and settlements of investments by the Consolidated Funds were \$1.7 billion. For the nine months ended September 30, 2022, purchases of investments by the Consolidated Funds were \$3.1 billion, while proceeds from the sales and settlements of investments by the Consolidated Funds were \$2.4 billion.

Net cash used in investing activities. Our investing activities generally reflect cash used for acquisitions, fixed assets, software for internal use, and corporate treasury investments. For the nine months ended September 30, 2023, cash used in investing activities principally reflects purchases of corporate treasury investments of \$187.3 million, partially offset by proceeds from corporate treasury investments of \$152.4 million. For the nine months ended September 30, 2022, cash used in investing activities principally reflects purchases of intangible assets and net CLO investments from the CBAM transaction of \$618.4 million, the purchase of Abingworth of \$150.2 million, and net purchases of corporate treasury investments of \$69.6 million. Purchases of fixed assets were \$49.6 million and \$25.0 million for the nine months ended September 30, 2023 and 2022, respectively.

Net cash provided by financing activities. Net cash provided by financing activities during the nine months ended September 30, 2023 and 2022, excluding the activities of our Consolidated Funds, was \$(718.6) million and \$(972.8) million, respectively. During the nine months ended September 30, 2023 and 2022, we made no borrowings or repayments under the revolving credit facilities. We also paid \$68.8 million in each of January 2023 and 2022, representing the fourth and third annual installments of the deferred consideration payable to former Carlyle Holdings unitholders in connection with the Conversion. Net cash used in financing activities for the nine months ended September 30, 2022 (prior to the effects of consolidation) includes \$471.6 million primarily related to the amounts funded to bridge investment activity in consolidated funds that are actively fundraising in our Global Private Equity segment. This investment activity is reflected as purchases of investments in our consolidated statement of cash flows.

Dividends paid to our common stockholders were \$371.4 million and \$325.4 million for the nine months ended September 30, 2023 and 2022, respectively. For the nine months ended September 30, 2023 and 2022, we paid \$203.7 million and \$146.9 million, respectively, to repurchase and retire 6.5 million and 3.6 million shares, respectively.

The net borrowings (payments) on loans payable by our Consolidated Funds during the nine months ended September 30, 2023 and 2022 were \$777.2 million and \$449.4 million, respectively. Contributions from non-controlling interest holders were \$99.0 million and \$282.1 million for the nine months ended September 30, 2023 and 2022, respectively, which relate primarily to contributions from the non-controlling interest holders in Consolidated Funds. For the nine months ended September 30, 2023 and 2022, distributions to non-controlling interest holders were \$99.7 million and \$173.5 million, respectively, which relate primarily to distributions to the non-controlling interest holders in Consolidated Funds.

Our Balance Sheet

Total assets were \$21.0 billion at September 30, 2023, a decrease of \$0.4 billion compared to December 31, 2022, primarily attributable to a decrease in Investments, including performance allocations of \$0.8 billion, partially offset by an increase in Investments in Consolidated Funds of \$0.2 billion and an increase in Cash and cash equivalents held by Consolidated Funds of \$0.1 billion. The decrease in Investments, including performance allocations was primarily due to a decrease in accrued performance allocations, reflecting year-to-date realizations as well as performance allocation reversals in certain funds, which more than offset the impact of 5% appreciation in our carry funds year-to-date.

Total liabilities were \$14.5 billion at September 30, 2023, a decrease of \$0.1 billion from December 31, 2022. The decrease in liabilities was primarily attributable to a decrease in accrued compensation and benefits of \$0.6 billion as well as decreases in Deferred tax liabilities and Accounts payable, accrued expenses and other liabilities, partially offset by an increase in Loans payable to Consolidated Funds of \$0.5 billion and an increase in Deferred revenue of \$0.3 billion. The decrease in Accrued compensation and benefits was primarily due to reversals of accrued compensation related to a decrease in performance allocations, as well as payments of year-end bonuses in the first quarter and the Carlyle Aviation Partners earn-out payment. The decrease in Deferred tax liabilities was primarily driven by a decrease in accrued performance allocations and the tax impact of an increase in equity-based compensation expense, partially offset by the tax impact of an increase in intangibles amortization. The decrease in Accounts payable, accrued expenses and other liabilities was primarily driven by federal and state tax payments. The increase in Deferred revenue was driven by the receipt of management fees not yet recognized.

The assets and liabilities of the Consolidated Funds are generally held within separate legal entities and, as a result, the assets of the Consolidated Funds are not available to meet our liquidity requirements and similarly the liabilities of the Consolidated Funds are non-recourse to us. In addition, as previously discussed, the CLO term loans generally are secured by the Company's investment in the CLO, have a general unsecured interest in the Carlyle entity that manages the CLO, and do not have recourse to any other Carlyle entity.

Our balance sheet without the effect of the Consolidated Funds can be seen in Note 17 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. At September 30, 2023, our total assets without the effect of the Consolidated Funds were \$13.8 billion, including cash and cash equivalents of \$1.3 billion and net accrued performance revenues of \$3.5 billion.

Unconsolidated Entities

Certain of our funds have entered into lines of credit secured by their investors' unpaid capital commitments or by a pledge of the equity of the underlying investment. These lines of credit are used primarily to reduce the overall number of capital calls to investors or for working capital needs. In certain instances, however, they may be used for other investment related activities, including serving as bridge financing for investments. The degree of leverage employed varies among our funds.

In March 2022, Carlyle Net Leasing Income, L.P., a Carlyle-affiliated investment fund, acquired a diversified portfolio of triple net leases from iStar, Inc. for an enterprise value of \$3 billion, which was funded using \$2 billion in debt and \$1 billion in equity. The investment fund is not consolidated by us, and the debt is non-recourse to us. As general partner of the investment fund, we contributed \$200 million as a minority interest balance sheet investment, which is included in our Global Credit principal equity method investments (see Note 6 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022).

Off-balance Sheet Arrangements

In the normal course of business, we enter into various off-balance sheet arrangements including sponsoring and owning limited or general partner interests in consolidated and non-consolidated funds, entering into derivative transactions, and entering into guarantee arrangements. We also have ongoing capital commitment arrangements with certain of our consolidated and non-consolidated funds. We do not have any other off-balance sheet arrangements that would require us to fund losses or guarantee target returns to investors in any of our other investment funds.

For further information regarding our off-balance sheet arrangements, see Note 2 and Note 8 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Contractual Obligations

The following table sets forth information relating to our contractual obligations as of September 30, 2023 on a consolidated basis and on a basis excluding the obligations of the Consolidated Funds:

	Oct. 1, 2023 to Dec. 31, 2023	2024-2025	2026-2027	Thereafter	Total
	(Dollars in millions)				
Debt obligations ⁽¹⁾	\$ —	\$ 17.5	\$ 88.4	\$ 2,194.1	\$ 2,300.0
Interest payable ⁽²⁾	30.4	236.9	224.2	1,761.5	2,253.0
Other consideration ⁽³⁾	0.3	206.0	35.8	12.0	254.1
Operating lease obligations ⁽⁴⁾	17.0	127.7	120.8	344.9	610.4
Capital commitments to Carlyle funds ⁽⁵⁾	3,615.4	—	—	—	3,615.4
Tax receivable agreement payments ⁽⁶⁾	—	7.5	13.6	58.5	79.6
Loans payable of Consolidated Funds ⁽⁷⁾	94.9	753.9	752.9	8,243.4	9,845.1
Unfunded commitments of the CLOs ⁽⁸⁾	1.7	—	—	—	1.7
Consolidated contractual obligations	3,759.7	1,349.5	1,235.7	12,614.4	18,959.3
Loans payable of Consolidated Funds ⁽⁷⁾	(94.9)	(753.9)	(752.9)	(8,243.4)	(9,845.1)
Capital commitments to Carlyle funds ⁽⁵⁾	(2,976.1)	—	—	—	(2,976.1)
Unfunded commitments of the CLOs ⁽⁸⁾	(1.7)	—	—	—	(1.7)
Carlyle Operating Entities contractual obligations	\$ 687.0	\$ 595.6	\$ 482.8	\$ 4,371.0	\$ 6,136.4

- (1) The table above assumes that no prepayments are made on the senior and subordinated notes and that the outstanding balances, if any, on the senior credit facility and Global Credit Revolving Credit Facility are repaid on the maturity dates of credit facilities. The CLO term loans are included in the table above based on the earlier of the stated maturity date or the date the CLO is expected to be dissolved. See Note 6 to the unaudited condensed consolidated financial statements for the various maturity dates of our borrowings.
- (2) The interest rates on the debt obligations as of September 30, 2023 consist of: 3.500% on \$425.0 million of senior notes, 5.650% on \$350.0 million of senior notes, 5.625% on \$600.0 million of senior notes, 4.625% on \$500.0 million of subordinated notes, and a range of approximately 5.15% to 11.95% for our CLO term loans. Interest payments assume that no prepayments are made and loans are held until maturity with the exception of the CLO term loans, which are based on the earlier of the stated maturity date or the date the CLO is expected to be dissolved.
- (3) These obligations represent our estimate of amounts to be paid on the contingent cash obligations associated with our acquisitions of Carlyle Aviation Partners and Abingworth, deferred consideration related to our strategic investment in Fortitude, and other obligations. These obligations also include the deferred payment obligations to former holders of the Carlyle Holdings partnership units. In connection with the Conversion, former holders of Carlyle Holdings partnership units will receive cash payments aggregating to approximately \$344 million, which is equivalent to \$1.50 per Carlyle Holdings partnership unit exchanged in the Conversion, payable in five annual installments of \$0.30, the fourth of which occurred during the first quarter of 2023. The payment obligations are unsecured obligations of the Company or a subsidiary thereof, subordinated in right of payment to indebtedness of the Company and its subsidiaries, and do not bear interest.
- (4) We lease office space in various countries around the world, including our largest offices in Washington, D.C., New York City, London and Hong Kong, which have non-cancelable lease agreements expiring in various years through 2036. The amounts in this table represent the minimum lease payments required over the term of the lease.
- (5) These obligations generally represent commitments by us to fund a portion of the purchase price paid for each investment made by our funds. These amounts are generally due on demand and are therefore presented in the less than one year category. A substantial majority of these investments is expected to be funded by senior Carlyle professionals and other professionals through our internal co-investment program. Of the \$3.6 billion of unfunded commitments to the funds, approximately \$3.0 billion is subscribed individually by senior Carlyle professionals, advisors and other professionals, with the balance funded directly by the Company.
- (6) In connection with our initial public offering, we entered into a tax receivable agreement with the limited partners of the Carlyle Holdings partnerships whereby we agreed to pay such limited partners 85% of the amount of cash tax savings, if any, in U.S. federal, state and local income tax realized as a result of increases in tax basis resulting from exchanges of Carlyle Holdings partnership units for common units of The Carlyle Group L.P. From and after the consummation of the Conversion, former holders of Carlyle Holdings partnership units do not have any rights to payments under the tax receivable agreement except for payment obligations pre-existing at the time of the Conversion with respect to exchanges that occurred prior to the Conversion. These obligations are more than offset by the future cash tax savings that we are expected to realize.
- (7) These obligations represent amounts due to holders of debt securities issued by the consolidated CLO vehicles. These obligations include interest to be paid on debt securities issued by the consolidated CLO vehicles. Interest payments assume that no prepayments are made and loans are held until maturity. For debt securities with rights only to the residual value of the CLO and no stated interest, no interest payments were included in this calculation. Interest payments on variable-rate debt securities are based on interest rates in effect as of September 30, 2023, at spreads to market rates pursuant to the debt agreements, and range from 1.15% to 14.19%.
- (8) These obligations represent commitments of the CLOs to fund certain investments. These amounts are generally due on demand and are therefore presented in the less than one year category.

Excluded from the table above are liabilities for uncertain tax positions of \$41.9 million at September 30, 2023 as we are unable to estimate when such amounts may be paid.

Contingent Cash Payments For Business Acquisitions and Strategic Investments

We have certain contingent cash obligations associated with our acquisition of Abingworth, which are accounted for as compensation expense, and are accrued over the service period. If earned, payments are made in the year following the performance year to which the payments relate. For our acquisition of Abingworth, the contingent cash obligations relate to future incentive payments of up to \$130.0 million that are payable upon the achievement of certain performance targets during 2023 through 2028, which is the maximum amount that could be paid from contingent cash obligations associated with the acquisition of Abingworth as of September 30, 2023. There are no material amounts recognized on the balance sheet related to these contingent cash obligations as of September 30, 2023.

In connection with our acquisition of Carlyle Aviation Partners, we had contingent cash payments related to an earn-out of up to \$150.0 million that were payable upon the achievement of certain revenue and earnings performance targets during 2020 through 2025. Through December 31, 2022, we paid \$53.6 million related to this earn-out. During the first quarter of 2023, we entered into a termination and settlement agreement with respect to the earn-out, pursuant to which we paid \$68.6 million, and will pay an aggregate \$2.4 million in installments in 2024 and 2025.

Risk Retention Rules

We will continue to comply with the risk retention rules governing CLOs issued in Europe for which we are a sponsor, which require a combination of capital from our balance sheet, commitments from senior Carlyle professionals and/or third party financing.

Guarantees

See Note 8 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for information related to all of our material guarantees.

Indemnifications

In many of our service contracts, we agree to indemnify the third-party service provider under certain circumstances. The terms of the indemnities vary from contract to contract, and the amount of indemnification liability, if any, cannot be determined and has not been included in the table above or recorded in our unaudited condensed consolidated financial statements as of September 30, 2023. See Note 8 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for information related to indemnifications.

Other Contingencies

In the ordinary course of business, we are a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. We discuss certain of these matters in Note 8 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Carlyle Common Stock

A rollforward of our common stock outstanding from December 31, 2022 through September 30, 2023 is as follows:

	Shares as of December 31, 2022	Shares Issued	Shares Forfeited	Shares Repurchased / Retired	Shares as of September 30, 2023
The Carlyle Group Inc. common shares	362,298,650	4,925,761	—	(6,505,037)	360,719,374

Shares of The Carlyle Group Inc. common stock issued during the period from December 31, 2022 through September 30, 2023 relate to the vesting of the Company's restricted stock units and shares issued and delivered in connection with our equity method investment in NGP.

The total shares as of September 30, 2023 as shown above exclude approximately 0.1 million net common shares in connection with the vesting of restricted stock units subsequent to September 30, 2023 that will participate in the common shareholder dividend that will be paid on November 29, 2023.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information

currently available to us and on various other assumptions management believes to be reasonable under the circumstances. Actual results could vary from those estimates and we may change our estimates and assumptions in future evaluations. Changes in these estimates and assumptions may have a material effect on our results of operations and financial condition. There have been no material changes in the critical accounting estimates since those discussed in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our primary exposure to market risk is related to our role as general partner or investment advisor to our investment funds and the sensitivities to movements in the fair value of their investments, including the effect on management fees, incentive fees and investment income, including performance allocations. Although our investment funds share many common themes, each of our asset management asset classes runs its own investment and risk management processes, subject to our overall risk tolerance and philosophy. The investment process of our investment funds involves a comprehensive due diligence approach, including review of reputation of shareholders and management, company size and sensitivity of cash flow generation, business sector and competitive risks, portfolio fit, exit risks and other key factors highlighted by the deal team. Key investment decisions are generally subject to approval by both the fund-level managing directors, as well as the investment committee, which is generally comprised of one or more of the three founding partners, one or more operating executives and/or senior investment professionals associated with that particular fund. Once an investment in a portfolio company has been made, our fund teams closely monitor the performance of the portfolio company, generally through frequent contact with management and the receipt of financial and management reports.

There was no material change in our market risks during the nine months ended September 30, 2023. For additional information, refer to our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that 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 in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. 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, not absolute, assurance of achieving the desired control objectives.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation and subject to the foregoing, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2023 that have materially affected, or that 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 “Legal Matters” in Note 8, Commitments and Contingencies, of the notes to the Company’s unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q, and such information is incorporated by reference into this Item 1.

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the information under Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securities

The following table sets forth repurchases of our common stock during the three months ended September 30, 2023 for the periods indicated:

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
(Dollars in millions, except unit and per unit data)				
July 1, 2023 to July 31, 2023 (1)	—	\$ —	—	\$ 440.0
August 1, 2023 to August 31, 2023 (1)(2)	1,343,419	\$ 32.18	1,343,419	\$ 396.8
September 1, 2023 to September 30, 2023 (1)	—	\$ —	—	\$ 396.8
Total	<u>1,343,419</u>		<u>1,343,419</u>	

- (1) On October 28, 2021, we announced that the Board of Directors of the Company authorized the repurchase of up to \$400.0 million of common stock in the aggregate, effective January 1, 2022. In February 2023, the Board of Directors replenished the repurchase program and expanded the limit to \$500 million of common stock in aggregate, effective March 31, 2023. The timing and actual number of shares of common stock repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This share repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.
- (2) All of the shares of common stock purchased during this period were purchased in open market and brokered transactions and were subsequently retired.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Trading Arrangements

On August 8, 2023, each of Charles E. Andrews, Jr., Chief Accounting Officer, Jeffrey W. Ferguson, General Counsel, Christopher Finn, Chief Operating Officer, and Bruce M. Larson, Chief Human Resources Officer, and on September 1, 2023, Harvey M. Schwartz, Chief Executive Officer (Messrs. Andrews, Ferguson, Finn, Larson, and Schwartz, collectively, the “officers”), entered into “sell-to-cover” arrangements that constitute Rule 10b5-1 trading arrangements. Such trading arrangements authorize the sale of shares solely to satisfy the tax withholding obligations of the Company arising from the vesting of restricted stock units either previously granted to the officers under The Carlyle Group Inc. Amended and Restated 2012 Equity Incentive Plan (the “Plan”) (or, with respect to Mr. Schwartz, pursuant to the Performance-Based Restricted Stock Unit Agreement and Global Restricted Stock Unit Agreement, in each case, between Mr. Schwartz and the Company and dated February 15, 2023) or that may be granted in the future under the Plan. The trading arrangements were entered into by the officers during an open trading window and will remain active until terminated by the applicable officer. Such sell-to-cover

arrangements shall be subject to the Compensation Committee's election to require the officers to satisfy any tax withholding obligations through the withholding of shares by the Company in accordance with the terms of the Plan.

Item 6. Exhibits

The following is a list of all exhibits filed or furnished as part of this report:

<u>Exhibit No.</u>	<u>Description</u>
3.1	<u>Amended and Restated Certificate of Incorporation of The Carlyle Group Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 2, 2023).</u>
3.2	<u>Bylaws of The Carlyle Group Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Current Report on Form 8-K filed with the SEC on January 2, 2020).</u>
22*	<u>Senior and Subordinated Notes, Issuers and Guarantors.</u>
31.1*	<u>Certification of the principal executive officer pursuant to Rule 13a – 14(a).</u>
31.2*	<u>Certification of the principal financial officer pursuant to Rule 13a – 14(a).</u>
32.1*	<u>Certification of the principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of the principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from The Carlyle Group Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Filed herewith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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.

The Carlyle Group Inc.

Date: November 07, 2023

By: /s/ John C. Redett
Name: John C. Redett
Title: Chief Financial Officer
*(Principal Financial Officer and
Authorized Officer)*