

Brookfield Corporation Reports Strong First Quarter Results

Distributable Earnings Before Realizations up 24% to \$4.3 billion over the last twelve months

BROOKFIELD, NEWS, May 11, 2023 – Brookfield Corporation (NYSE: BN, TSX: BN) today announced financial results for the quarter ended March 31, 2023.

Nick Goodman, President of Brookfield Corporation, stated, “Financial results in the first quarter were strong, supported by the growth and resilience of our businesses. The scale and quality of our franchise and our access to large and flexible capital allow us to thrive in periods of market volatility, and we expect to continue delivering on our broad growth initiatives in these markets. Above all, we remain focused on executing our plan to create long-term wealth for all of our stakeholders.”

Operating Results

Distributable earnings (“DE”) before realizations increased by 24% compared to the prior year, after adjusting for the special distribution of 25% of our asset management business that we completed in December last year.

<i>Unaudited</i> For the periods ended March 31 (US\$ millions, except per share amounts)	<i>Three Months Ended</i>		<i>Last Twelve Months Ended</i>	
	2023	2022	2023	2022
Net income ¹	\$ 424	\$ 2,960	\$ 2,659	\$ 11,572
Distributable earnings before realizations ^{2,3}	945	947	4,312	3,674
– Adjusted for the special distribution ^{2,3,4}	945	824	3,946	3,183
– Per Brookfield share ^{2,3,4}	0.59	0.51	2.46	1.98
Distributable earnings ^{2,3}	1,157	1,182	5,204	4,957
– Per Brookfield share ^{2,3}	0.72	0.73	3.25	3.09

See endnotes on page 10.

Net income in the first quarter was \$424 million. DE before realizations were \$945 million for the quarter and \$4.3 billion for the last twelve months. Both were driven by strong financial performance across our businesses with the comparative period net income including higher non-recurring valuation gains.

Our asset management franchise delivered growth of 15% compared to the prior year quarter, benefiting from continued strong fundraising and deployment, and our insurance solutions business continues to benefit from re-deploying its liquid and short-duration investment portfolio into higher returning assets.

Our operating businesses continue to demonstrate their resilience, generating a stable and growing stream of recurring cash flows. This was supported by strong growth in Operating Funds from Operations (“Operating FFO”) across our infrastructure, renewable power & transition and private equity businesses and same-store net operating income (“NOI”) growth in our real estate business, reflecting strong underlying fundamentals for our best-in-class assets.

During the quarter and over the last twelve months, earnings from realizations were \$212 million and \$892 million, respectively, with total DE for the quarter and last twelve months of \$1.2 billion and \$5.2 billion, respectively.

Regular Dividend Declaration

The Board declared a quarterly dividend for the Corporation of \$0.07 per share, payable on June 30, 2023 to shareholders of record as at the close of business on May 31, 2023. The Board also declared the regular monthly and quarterly dividends on its preferred shares.

Operating Highlights

DE before realizations were \$945 million for the quarter and \$4.3 billion for the last twelve months, representing an increase of 24% over the prior year, after adjusting for the special distribution of 25% of our asset management business. Total DE for the quarter was \$1.2 billion and \$5.2 billion for the last twelve months.

Distributions from our **asset management** business were \$678 million in the quarter and \$2.9 billion over the last twelve months, driven by a 15% increase in the distributions from Brookfield Asset Management compared to the prior year quarter. Fundraising continues to be strong with clients focused on strategies investing into the backbone of the global economy. This led to inflows of \$19 billion year-to-date and \$98 billion over the past twelve months. Fee-bearing capital ended the quarter at \$432 billion, an increase of approximately \$14 billion during the quarter and \$53 billion or 14% over the last twelve months.

Our **insurance solutions** business generated distributable operating earnings of \$145 million in the quarter and \$520 million over the last twelve months, significantly higher than the comparative periods. During the quarter, the average investment portfolio yield was 5% on approximately \$45 billion of assets, supporting liabilities with an average cost of 3%. In February 2023, the business announced the acquisition of Argo Group, a well-established specialty P&C business in the U.S., further diversifying and adding approximately \$4 billion of assets to the franchise. The shareholders of Argo Group recently approved this transaction, which is expected to close in the second half of this year. Our insurance solutions business remains on track to increase its annualized earnings to \$800 million by the end of 2023.

Distributions from our **operating businesses** were \$304 million for the quarter and \$1.5 billion over the last twelve months, demonstrating the resilience of our underlying operations. Our infrastructure, renewable power & transition and private equity businesses continue to benefit from the essential nature of the services they provide with organic levers driving earnings growth of 25% in aggregate. Operating FFO within our real estate business was impacted by higher interest rates but the underlying operating performance continues to be strong, evidenced by 5% growth in NOI of our prime retail and office assets. While the move in interest rates has largely taken place, the revenues continue to grow and will offset the impact of higher interest rates over time, which is an important consideration for asset values.

Earnings from realizations of mature assets were \$212 million for the quarter and \$892 million for the last twelve months.

Total accumulated unrealized carried interest now stands at \$9.4 billion, representing a 2% increase during the quarter, net of realized carried interest into income. We continue to see a strong appetite for the cash-generating real assets and businesses that we own and based on our plan for dispositions, we expect to realize over \$500 million of realized carried interest into income this year. We recently closed the sale of a hospitality investment in the U.S. for over \$800 million, returning a 2x multiple of capital.

We also realized \$259 million of disposition gains from the sale of principal investments and \$633 million of realized carried interest, net, over the last twelve months.

We ended the quarter with \$113 billion of capital available to deploy into new investments.

During the quarter, we invested \$1.2 billion of balance sheet capital into our businesses to continue to grow their operations, and returned \$404 million to shareholders through regular dividends and share repurchases. In the last twelve months, we have repurchased \$746 million of Class A shares in the open market.

We have significant group-wide liquidity of \$113 billion, which includes \$33 billion of cash, financial assets and undrawn credit lines at the Corporation and our affiliates. In addition, our balance sheet remains conservatively capitalized, with a weighted-average term of 12 years, and we have no maturities until 2024.

CONSOLIDATED BALANCE SHEETS

<i>Unaudited (US\$ millions)</i>	<i>March 31 2023</i>	<i>December 31 2022</i>
Assets		
Cash and cash equivalents	\$ 13,049	\$ 14,396
Other financial assets	28,660	26,899
Accounts receivable and other	30,232	30,208
Inventory	12,923	12,843
Equity accounted investments	51,102	47,094
Investment properties	118,547	115,100
Property, plant and equipment	125,390	124,268
Intangible assets	41,622	38,411
Goodwill	31,629	28,662
Deferred income tax assets	3,588	3,403
Total Assets	\$ 456,742	\$ 441,284
Liabilities and Equity		
Corporate borrowings	\$ 12,367	\$ 11,390
Accounts payable and other	58,760	57,941
Non-recourse borrowings	210,460	202,684
Subsidiary equity obligations	4,098	4,188
Deferred income tax liabilities	24,143	23,190
Equity		
Non-controlling interests in net assets	\$ 102,851	\$ 98,138
Preferred equity	4,103	4,145
Common equity	39,960	39,608
Total Liabilities and Equity	\$ 456,742	\$ 441,284

CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited

For the periods ended March 31

(US\$ millions, except per share amounts)

	Three Months Ended	
	2023	2022
Revenues	\$ 23,297	\$ 21,882
Direct costs ¹	(17,632)	(16,884)
Other income and gains	381	29
Equity accounted income	429	843
Interest expense		
– Corporate borrowings	(136)	(117)
– Non-recourse borrowings		
Same-store	(2,685)	(2,021)
Acquisitions, net of dispositions ²	(483)	—
Upfinancings ²	(309)	—
Corporate costs	(14)	(33)
Fair value changes	38	1,780
Depreciation and amortization	(2,188)	(1,811)
Income tax	(274)	(708)
Net income	\$ 424	\$ 2,960
Net income attributable to:		
Brookfield shareholders	\$ 120	\$ 1,359
Non-controlling interests	304	1,601
	\$ 424	\$ 2,960
Net income per share		
Diluted	\$ 0.05	\$ 0.81
Basic	0.05	0.84

1. Direct costs exclude depreciation and amortization expenses disclosed above.

2. Interest expense from acquisitions, net of dispositions, and upfinancings completed over the twelve months ending March 31, 2023.

SUMMARIZED FINANCIAL RESULTS

RECONCILIATION OF NET INCOME TO DISTRIBUTABLE EARNINGS

<i>Unaudited</i> For the periods ended March 31 (US\$ millions)	<i>Three Months Ended</i>		<i>Last Twelve Months Ended</i>	
	2023	2022	2023	2022
Net income	\$ 424	\$ 2,960	\$ 2,659	\$ 11,572
Financial statement components not included in DE:				
Equity accounted fair value changes and other items	804	226	2,418	1,293
Fair value changes	(38)	(1,780)	2,719	(4,837)
Depreciation and amortization	2,188	1,811	8,060	6,738
Deferred income taxes	(92)	425	(326)	1,446
Non-controlling interests in the above items ¹	(2,222)	(2,413)	(10,304)	(11,383)
Realized disposition gains in fair value changes or prior periods	116	368	651	1,505
Less: total disposition gains	(212)	(356)	(977)	(1,617)
Less: realized carried interest, net	(206)	(128)	(633)	(620)
Cash retained in the business	183	(166)	45	(423)
Distributable earnings before realizations²	945	947	4,312	3,674
Realized carried interest, net ³	206	128	633	620
Disposition gains from principal investments	6	107	259	663
Distributable earnings²	\$ 1,157	\$ 1,182	\$ 5,204	\$ 4,957

1. Amounts attributable to non-controlling interests are calculated based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries. By adjusting DE attributable to non-controlling interests, we are able to remove the portion of DE earned at non-wholly owned subsidiaries that is not attributable to Brookfield.
2. Non-IFRS measure – see Non-IFRS and Performance Measures section on page 9.
3. Includes our share of Oaktree's distributable earnings attributable to realized carried interest.

EARNINGS PER SHARE

Unaudited For the periods ended March 31 (US\$ millions)	Three Months Ended		Last Twelve Months Ended	
	2023	2022	2023	2022
Net income	\$ 424	\$ 2,960	\$ 2,659	\$ 11,572
Non-controlling interests	(304)	(1,601)	(1,842)	(7,482)
Net income attributable to shareholders	120	1,359	817	4,090
Preferred share dividends ¹	(41)	(37)	(154)	(148)
Dilutive effect of conversion of subsidiary preferred shares	—	—	—	(15)
Net income available to common shareholders	79	1,322	663	3,927
Dilutive impact of exchangeable shares of affiliate	—	2	—	4
Net income available to common shareholders including dilutive impact of exchangeable shares	\$ 79	\$ 1,324	\$ 663	\$ 3,931
Weighted average shares	1,571.4	1,567.8	1,568.7	1,549.6
Dilutive effect of conversion of options and escrowed shares using treasury stock method ² and exchangeable shares of affiliate	15.8	59.0	23.5	56.3
Shares and share equivalents	1,587.2	1,626.8	1,592.2	1,605.9
Diluted earnings per share ³	\$ 0.05	\$ 0.81	\$ 0.42	\$ 2.45

1. Excludes dividends paid on perpetual subordinated notes of \$3 million (2022 – \$3 million) and \$10 million (2022 – \$10 million) for the three months and twelve months ended March 31, 2023, which are recognized within net income.
2. Includes management share option plan and escrowed stock plan.
3. Per share amounts are inclusive of dilutive effect of mandatorily redeemable preferred shares held in a consolidated subsidiary.

DISTRIBUTABLE EARNINGS

<i>Unaudited</i> For the periods ended March 31 (US\$ millions)	<i>Three Months Ended</i>		<i>Last Twelve Months Ended</i>	
	2023	2022	2023	2022
Asset management	\$ 678	\$ 714	\$ 2,921	\$ 2,827
Insurance solutions	145	13	520	42
BEP	105	100	405	385
BIP	80	75	305	282
BBU	9	6	36	24
BPG	145	220	826	820
Other	(35)	(34)	(50)	(94)
Operating businesses	304	367	1,522	1,417
Corporate costs and other	(182)	(147)	(651)	(612)
Distributable earnings before realizations ¹	945	947	4,312	3,674
Realized carried interest, net	206	128	633	620
Disposition gains from principal investments	6	107	259	663
Distributable earnings ¹	\$ 1,157	\$ 1,182	\$ 5,204	\$ 4,957

1. Non-IFRS measure – see Non-IFRS and Performance Measures section on page 9.

Additional Information

The Letter to Shareholders and the company's Supplemental Information for the three months and year ended March 31, 2023, contain further information on the company's strategy, operations and financial results. Shareholders are encouraged to read these documents, which are available on the company's website.

The statements contained herein are based primarily on information that has been extracted from our financial statements for the quarter and year ended March 31, 2023, which have been prepared using IFRS, as issued by the IASB. The amounts have not been audited by Brookfield Corporation's external auditor.

Brookfield Corporation's Board of Directors have reviewed and approved this document, including the summarized unaudited consolidated financial statements prior to its release.

Information on our dividends can be found on our website under Stock & Distributions/Distribution History.

Quarterly Earnings Call Details

Investors, analysts and other interested parties can access Brookfield Corporation's 2023 First Quarter Results as well as the Shareholders' Letter and Supplemental Information on Brookfield Corporation's website under the Reports & Filings section at www.bn.brookfield.com.

To participate in the Conference Call today at 10:00 a.m. EST, please pre-register at <https://register.vevent.com/register/BI8f506d5df2a44e1aab0962c20d8de89a>. Upon registering, you will be emailed a dial-in number, and unique PIN. The Conference Call will also be Webcast live at <https://edge.media-server.com/mmc/p/zmmc5xrn>. For those unable to participate in the Conference Call, the telephone replay will be archived and available until May 11, 2024. To access this rebroadcast, please visit: <https://edge.media-server.com/mmc/p/zmmc5xrn>.

About Brookfield Corporation

Brookfield Corporation (NYSE: BN, TSX: BN) is focused on compounding capital over the long term to earn an annualized return of 15%+ for our shareholders.

Today, our capital is invested across three businesses – Asset Management, Insurance Solutions and our Operating Businesses, generating substantial and growing free cash flows, all of which is underpinned by a conservatively capitalized balance sheet.

We employ a disciplined investment approach, leveraging our global reach and the scale and flexibility of our capital, to identify proprietary opportunities to invest on a value basis. We then utilize our deep operating expertise, based on our 100+ year history as an owner and operator of real assets, to grow cash flows and create value in each of our businesses to generate strong risk-adjusted returns across market cycles.

Please note that Brookfield Corporation's previous audited annual and unaudited quarterly reports have been filed on EDGAR and SEDAR and can also be found in the investor section of its website at www.brookfield.com. Hard copies of the annual and quarterly reports can be obtained free of charge upon request.

For more information, please visit our website at www.bn.brookfield.com or contact:

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Non-IFRS and Performance Measures

This news release and accompanying financial information are based on International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), unless otherwise noted.

We make reference to *Distributable Earnings (“DE”)*. We define DE as the sum of distributions from our asset management business, distributable operating earnings from our insurance solutions business, distributions received from our ownership of investments, realized carried interest and disposition gains from principal investments, net of earnings from our Corporate Activities, preferred share dividends and equity-based compensation costs. We also make reference to *DE before realizations*, which refers to DE before realized carried interest and realized disposition gains from principal investments. We believe these measures provide insight into earnings received by the company that are available for distribution to common shareholders or to be reinvested into the business.

Realized carried interest and realized disposition gains are further described below:

- *Realized Carried Interest* represents our contractual share of investment gains generated within a private fund after considering our clients minimum return requirements. Realized carried interest is determined on third-party capital that is no longer subject to future investment performance.
- *Realized Disposition Gains from principal investments* are included in DE because we consider the purchase and sale of assets from our directly held investments to be a normal part of the company’s business. Realized disposition gains include gains and losses recorded in net income and equity in the current period, and are adjusted to include fair value changes and revaluation surplus balances recorded in prior periods which were not included in prior period DE.

We make reference to *Funds from Operations (“FFO”)*. We define FFO as net income attributable to shareholders prior to fair value changes, depreciation and amortization, and deferred income taxes, and includes realized disposition gains that are not recorded in net income as determined under IFRS. FFO also includes the company’s share of equity accounted investments’ FFO on a fully diluted basis.

FFO consists of the following components:

- *Operating FFO* represents the company’s share of revenues less direct costs and interest expenses; excludes realized carried interest and disposition gains, fair value changes, depreciation and amortization and deferred income taxes; and includes our proportionate share of FFO from operating activities recorded by equity accounted investments on a fully diluted basis. We present this measure as we believe it assists in describing our results and variances within FFO.
- *Realized Carried Interest* as defined above.
- *Realized Disposition Gains* are included in FFO because we consider the purchase and sale of assets to be a normal part of the company’s business. Realized disposition gains include gains and losses recorded in net income and equity in the current period, and are adjusted to include fair value changes and revaluation surplus balances recorded in prior periods which were not included in prior period FFO.

We use DE and FFO to assess our operating results and the value of Brookfield Corporation’s business and believe that many shareholders and analysts also find these measures of value to them.

We also make reference to *Net Operating Income (“NOI”)*, which refers to the revenues from our operations less direct expenses before the impact of depreciation and amortization within our real estate business. We present this measure as we believe it is a key indicator of our ability to impact the operating performance of our properties. As NOI excludes non-recurring items and depreciation and amortization of real estate assets, it provides a performance measure that, when compared to prior periods, reflects the impact of operations from trends in occupancy rates and rental rates.

We disclose a number of financial measures in this news release that are calculated and presented using methodologies other than in accordance with IFRS. These financial measures, which include DE and FFO, should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS financial measures or other financial metrics are not standardized under IFRS and may differ from the financial measures or other financial metrics disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities.

We provide additional information on key terms and non-IFRS measures in our filings available at www.bn.brookfield.com.

End Notes

1. Consolidated basis – includes amounts attributable to non-controlling interests.
2. Excludes amounts attributable to non-controlling interests.
3. See Reconciliation of Net Income to Distributable Earnings Before Realizations and Distributable Earnings on page 5 and Non-IFRS and Performance Measures section on page 9.
4. Distributable earnings before realizations, including per share amounts, for the three months ended March 31, 2022 and the twelve months ended March 31, 2023 and 2022 were adjusted for the special distribution of 25% of our asset management business on December 9, 2022.

Notice to Readers

Brookfield Corporation is not making any offer or invitation of any kind by communication of this news release and under no circumstance is it to be construed as a prospectus or an advertisement.

This news release contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of the U.S. Securities Act of 1933, the U.S. Securities Exchange Act of 1934, and, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements which reflect management's expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies, capital management and outlook of Brookfield Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could." In particular, the forward-looking statements contained in this news release include statements referring the impact of current market or economic conditions on our operating businesses, the future state of the economy or the securities market and expected future deployment of capital and dispositions as well as statements regarding future earnings.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of Brookfield Corporation or Brookfield Asset Management Ltd. to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: (i) returns that are lower than target; (ii) the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business including as a result of COVID-19 and related global economic disruptions; (iii) the behavior of financial markets, including fluctuations in interest and foreign exchange rates; (iv) global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; (v) strategic actions including acquisitions and dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; (vi) changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); (vii) the ability to appropriately manage human capital; (viii) the effect of applying future accounting changes; (ix) business competition; (x) operational and reputational risks; (xi) technological change; (xii) changes in government regulation and legislation within the countries in which we operate; (xiii) governmental investigations; (xiv) litigation; (xv) changes in tax laws; (xvi) ability to collect amounts owed; (xvii) catastrophic events, such as earthquakes, hurricanes and epidemics/pandemics; (xviii) the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; (xix) the introduction, withdrawal, success and timing of business initiatives and strategies; (xx) the failure of effective disclosure controls and procedures and internal controls over financial reporting and other risks; (xxi) health, safety and environmental risks; (xxii) the maintenance of adequate insurance coverage; (xxiii) the existence of information barriers between certain businesses within our asset management operations; (xxiv) risks specific to our business segments including real estate, renewable power and transition, infrastructure, private equity, and credit; and (xxv) factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the foregoing risks, as well as other uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

Past performance is not indicative nor a guarantee of future results. There can be no assurance that comparable results will be achieved in the future, that future investments will be similar to historic investments discussed herein, that targeted returns, growth objectives, diversification or asset allocations will be met or that an investment strategy or investment objectives will be achieved (because of economic conditions, the availability of appropriate opportunities or otherwise).

Target returns and growth objectives set forth in this news release are for illustrative and informational purposes only and have been presented based on various assumptions made by Brookfield Corporation in relation to the investment strategies being pursued, any of which may prove to be incorrect. There can be no assurance that targeted returns or growth objectives will be achieved. Due to various risks, uncertainties and changes (including changes in economic, operational, political or other circumstances) beyond Brookfield Corporation's control, the actual performance of the business could differ materially from the target returns and growth objectives set forth herein. In addition, industry experts may disagree with the assumptions used in presenting the target returns and growth objectives. No assurance, representation or warranty is made by any person that the target returns or growth objectives will be achieved, and undue reliance should not be put on them. Prior performance is not indicative of future results and there can be no guarantee that Brookfield Corporation will achieve the target returns or growth objectives or be able to avoid losses.

Certain of the information contained herein is based on or derived from information provided by independent third-party sources. While Brookfield Corporation believes that such information is accurate as of the date it was produced and that the sources from which such information has been obtained are reliable, Brookfield Corporation makes no representation or warranty, express or implied, with respect to the accuracy, reasonableness or completeness of any of the information or the assumptions on which such information is based, contained herein, including but not limited to, information obtained from third parties.