



B. Riley Financial Provides Updated Second Quarter 2018 Guidance

June 28, 2018

Increases Q2 guidance to reflect better-than-expected results from brokerage and liquidation businesses

Net income projected range raised to \$14.3 to \$15.3 million, from \$5.4 to \$10.0 million

Adjusted EBITDA projected range raised to \$38 to \$40 million, from \$22 to \$30 million

LOS ANGELES, June 28, 2018 (GLOBE NEWSWIRE) -- B. Riley Financial, Inc. (NASDAQ:RILY), a diversified provider of financial and business advisory services, today announced it has increased its guidance for net income and adjusted EBITDA for the second quarter of 2018. B. Riley Financial expects to report net income in the range of \$14.3 to \$15.3 million and adjusted EBITDA in the range of \$38 to \$40 million, exceeding its prior guidance for the second quarter of 2018.

"Our updated guidance reflects strength in both our B. Riley FBR brokerage and our Great American retail asset disposition divisions. In addition to the current momentum in each of these businesses, our appraisal and principal investment segments continue to generate steady results and predictable cash flow, helping contribute to a strong quarter for the firm overall," said Bryant Riley, Chairman and CEO, B. Riley Financial. "While we don't regularly provide guidance, we are committed to providing updates on the business to the extent we have adequate visibility. Our team has worked diligently to integrate the acquisitions of FBR & Co. and Wunderlich Securities, Inc. over the last 12 months, and towards driving our profitability in every quarter since these acquisitions. It has been exciting and gratifying to see the realization of our strategy and to capitalize on the operating leverage of our diversified platform, and we look forward to continuing to build on this momentum."

B. Riley Financial has increased its previously reported guidance to reflect recent activity and better-than-expected results from its Capital Markets and Auction and Liquidation segments and the impact of fee-based engagements in its second quarter results. The Company previously released guidance for net income in the range of \$5.4 to \$10.0 million and adjusted EBITDA in the range of \$22 to \$30 million on May 7, 2018. Actual results for the second quarter of 2018 may differ from these estimates.

Net income for the second quarter of 2017 totaled \$3.3 million. Adjusted EBITDA for the second quarter of 2017 totaled \$17.6 million, as reported on August 7, 2017. (See "Note Regarding Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP term.)

B. Riley Financial plans to report its complete second quarter 2018 financial results in August. For more information, visit the investor sector of B. Riley Financial's website at ir.brileyfin.com.

About B. Riley Financial, Inc.

[B. Riley Financial, Inc.](http://brileyfin.com), through its subsidiaries, provides collaborative financial services and solutions to the capital raising and financial advisory needs of public and private companies and

high net worth individuals. The company operates through several wholly-owned subsidiaries, including [B. Riley FBR, Inc.](#), [Wunderlich Securities, Inc.](#), [Great American Group, LLC](#), [B. Riley Capital Management, LLC](#) (which includes [B. Riley Asset Management](#), [B. Riley Wealth Management](#), and [Great American Capital Partners, LLC](#)) and [B. Riley Principal Investments](#), a group that makes proprietary investments in other businesses, such as the acquisition of [United Online, Inc.](#)

Forward-Looking Statements

Statements in this press release that are not descriptions of historical facts are forward-looking statements that are based on management's current expectations and assumptions and are subject to risks and uncertainties. If such risks or uncertainties materialize or such assumptions prove incorrect, our business, operating results, financial condition and stock price could be materially negatively affected. In some cases, you can identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," "will," "would" or the negative of these terms or other comparable terminology. You should not place undue reliance on such forward-looking statements, which are based on the information currently available to us and speak only as of the date of this presentation. Such forward looking statements include, but are not limited to, our anticipated net income and adjusted EBITDA for the second quarter, the effects of our business model, the effects of our balance sheet on our ability to pursue business opportunities, the effects and anticipated benefits of our completed and pending acquisitions and related actions, expectations regarding future transactions and the financial impact, size and consistency of returns and timing thereof, expectations regarding market dynamics, as well as statements regarding the effect of investments in our business segments. Because these forward-looking statements involve known and unknown risks and uncertainties, there are important factors that could cause actual results, events or developments to differ materially from those expressed or implied by these forward-looking statements. Risk factors that could cause actual results to differ from those contained in the forward-looking statements include but are not limited to risks related to: volatility in our revenues and results of operations; changing conditions in the financial markets; our ability to generate sufficient revenues to achieve and maintain profitability; the short term nature of our engagements; the accuracy of our estimates and valuations of inventory or assets in "guarantee" based engagements; competition in the asset management business; potential losses related to our auction or liquidation engagements; our dependence on communications, information and other systems and third parties; potential losses related to purchase transactions in our auctions and liquidations business; the potential loss of financial institution clients; potential losses from or illiquidity of our proprietary investments; changing economic and market conditions; potential liability and harm to our reputation if we were to provide an inaccurate appraisal or valuation; potential mark-downs in inventory in connection with purchase transactions; failure to successfully compete in any of our segments; loss of key personnel; our ability to borrow under our credit facilities as necessary; failure to comply with the terms of our credit agreements; our ability to meet future capital requirements; our ability to realize the benefits of our completed and proposed acquisitions, including our ability to achieve anticipated opportunities and operating cost savings, and accretion to reported earnings estimated to result from completed and proposed acquisitions in the time frame expected by management or at all; the possibility that our proposed acquisition of magicJack VocalTec Ltd. ("magicJack" or "MJ") does not close when expected or at all; our ability to promptly and effectively integrate our business with that of magicJack if such transaction closes; the reaction to the magicJack acquisition or our and magicJack's customers, employees and counterparties; the diversion of management time on acquisition-related issues; and those risks described from time to time in B. Riley Financial, Inc.'s filings with the SEC, including, without limitation, the risks described in B. Riley Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017 under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial

Condition and Results of Operations." Additional information is also set forth in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. All information is current as of the date this presentation is issued, and B. Riley Financial, Inc. undertakes no duty to update this information.

Note Regarding Use of Non-GAAP Financial Measures

Certain of the information set forth herein, including adjusted net income and adjusted EBITDA, may be considered non-GAAP financial measures. B. Riley Financial believes this information is useful to investors because it provides a basis for measuring the company's available capital resources, the operating performance of its business and its cash flow, excluding net interest expense, provisions for or benefit from income taxes, depreciation, amortization, transaction expenses, restructuring costs, and stock-based compensation that would normally be included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"). In addition, the company's management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating the company's operating performance, capital resources and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-financial measures as reported by the company may not be comparable to similarly titled amounts reported by other companies.

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Current Guidance

B. RILEY FINANCIAL, INC. AND SUBSIDIARIES
Reconciliation of Net Income Guidance to Adjusted EBITDA Guidance
(Unaudited)
(Dollars in thousands)

| | Three Months Ended June 30, 2018 | |
|--|-------------------------------------|------------------|
| | Low | High |
| Net income attributable to B. Riley Financial, Inc. (guidance) | \$ 14,300 | \$ 15,300 |
| Adjustments (guidance): | | |
| Provision for income taxes | 5,700 | 6,000 |
| Interest expense | 10,500 | 11,000 |
| Interest income | (100) | (100) |
| Share based payments | 3,000 | 3,100 |
| Depreciation and amortization | 3,300 | 3,300 |
| Restructuring expense | 600 | 600 |
| Transactions related costs | 700 | 800 |
| Total EBITDA adjustments | 23,700 | 24,700 |
| Adjusted EBITDA (guidance) | <u>\$ 38,000</u> | <u>\$ 40,000</u> |

Prior May 7, 2018 Guidance

B. RILEY FINANCIAL, INC. AND SUBSIDIARIES
Reconciliation of Net Income Guidance to Adjusted EBITDA Guidance
(Unaudited)
(Dollars in thousands)

| | Three Months Ended June 30, 2018 | |
|--|-------------------------------------|------------------|
| | Low | High |
| Net income attributable to B. Riley Financial, Inc. (prior guidance) | \$ 5,400 | \$ 10,000 |
| Adjustments (prior guidance): | | |
| Provision for income taxes | 2,000 | 3,700 |
| Interest expense | 9,000 | 9,700 |
| Interest income | (100) | (100) |
| Share based payments | 2,500 | 3,000 |
| Depreciation and amortization | 3,200 | 3,200 |
| Transactions related costs | - | 500 |
| | <u>16,600</u> | <u>20,000</u> |
| Total EBITDA adjustments | | |
| | <u>\$ 22,000</u> | <u>\$ 30,000</u> |
| Adjusted EBITDA (prior guidance) | | |

B. RILEY FINANCIAL, INC. AND SUBSIDIARIES
Reconciliation of Net Income to Adjusted EBITDA
(Unaudited)
(Dollars in thousands)

| | Three Months Ended June 30, 2017 | |
|-------------------------------|---|---------------|
| | Net income attributable to B. Riley Financial, Inc. | \$ |
| Adjustments: | | |
| Benefit from income taxes | | (2,547) |
| Interest expense | | 1,894 |
| Interest income | | (150) |
| Share based payments | | 1,608 |
| Fair value adjustment | | 6,250 |
| Insurance settlement recovery | | (6,000) |
| Depreciation and amortization | | 2,248 |
| Restructuring costs | | 6,214 |
| Transactions related costs | | 4,789 |
| | | <u>14,306</u> |
| Total EBITDA adjustments | | |
| | <u>\$</u> | <u>17,586</u> |
| Adjusted EBITDA | | |

Source: B. Riley Financial, Inc.