

B. Riley Financial Announces Operating Adjusted EBITDA Guidance Range of \$105 to \$115 Million for First Quarter of 2021

LOS ANGELES, March 23, 2021 /PRNewswire/ -- B. Riley Financial, Inc. (NASDAQ: RILY) ("B. Riley" or the "Company") today announced preliminary estimates for operating adjusted EBITDA for the first quarter ending March 31, 2021. Operating adjusted EBITDA excludes strong performance from the Company's investment portfolio as further discussed below.

Bryant Riley, Chairman and Co-Chief Executive Officer of B. Riley Financial, said: "Our first quarter estimates reflect strong performance across the balance of our business units with particular strength in capital markets and advisory. We are providing guidance for operating EBITDA that represents a year-over-year increase of close to 50 percent at the low end of the range. Taken together with the current strength of our investment portfolio, and our recent addition of National Holdings, we remain optimistic about the wider opportunity set we are seeing as we look ahead and as we continue to deepen the capabilities of our diversified platform."

B. Riley Financial estimates operating adjusted EBITDA for the first quarter of 2021 to be in the range of \$105 to \$115 million, compared to operating adjusted EBITDA of \$70.9 million for the first quarter of 2020. This estimate excludes trading income and fair value adjustments on loans and other investment related expenses, as well as anticipated contributions from the Company's recently completed acquisition of National Holdings Corp.

The Company also expects strong first quarter performance from its investment portfolio based on current information. Performance of the Company's investment portfolio is dependent on financial market conditions for the remainder of the quarter. Actual results for the first quarter 2021 may differ from these forecasts.

Operating adjusted EBITDA is defined as adjusted EBITDA excluding trading income (losses) and fair value adjustments on loans and other investment related expenses. The Company has not provided guidance for a comparable GAAP measure or a quantitative reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure because it is unable to determine with reasonable certainty the ultimate outcome of certain significant items necessary to calculate such measure without unreasonable effort. These items include, but are not limited to, final calculation of investment gains. These items are uncertain, depend on various factors, and could have a material impact on the GAAP reported results for the period. The guidance presented is subject to completion of the applicable period and closing procedures. Actual results for such period may vary from these estimates. In addition, prospective financial information is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the prospective financial information described above will not materialize or will vary significantly from actual results. Accordingly, undue reliance should not be placed on this forecast. The preliminary forecast is not necessarily indicative of any future period and should be read together with the risks described from time to time in the Company's periodic filings with the SEC, including, without limitation, the risks described in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 under the caption "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

For more information, visit B. Riley Financial's investor relations website at ir.brileyfin.com.

About B. Riley Financial

B. Riley Financial (NASDAQ: RILY) provides collaborative financial services solutions tailored to fit the capital raising, business, operational, and financial advisory needs of its clients and partners. B. Riley operates through several subsidiaries that offer a diverse range of complementary end-to-end capabilities spanning investment banking and institutional brokerage, private wealth and investment management, financial consulting, corporate restructuring, operations management, risk and compliance, due diligence, forensic accounting, litigation support, appraisal and valuation, auction and liquidation services. Certain registered affiliates of B. Riley originate and underwrite senior secured loans for asset-rich companies. B. Riley also makes proprietary investments in companies and assets with attractive return profiles. For the latest news and developments, follow B. Riley on Twitter [@BRileyFinancial](https://twitter.com/BRileyFinancial) and [LinkedIn](https://www.linkedin.com/company/briley-financial). For more information, visit www.brileyfin.com.

B. Riley refers to B. Riley Financial and/or one or more of its subsidiaries or affiliates. For more information about B. Riley's affiliated companies, visit www.brileyfin.com/platform.

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. 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 press release. Such forward looking statements include, but are not limited to, statements regarding the Company's anticipated results of operations for 2021, as well as statements regarding our excitement and the expected growth of 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. Factors that could cause such actual results to differ materially from those contemplated or implied by such forward-looking statements include, without limitation, the risks associated with the unpredictable and ongoing impact of the COVID-19 pandemic and other risks described from time to time in B. Riley Financial, Inc.'s periodic 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, 2020 under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." 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 press release is issued, and B. Riley undertakes no duty to update this information.

Note Regarding Use of Non-GAAP Financial Measures

Certain of the information set forth herein, including operating revenues, adjusted EBITDA, operating adjusted EBITDA, and investment 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 revenues and cash flow, (i) excluding in the case of operating revenues, trading income (losses) and fair value adjustments on loans, (ii) excluding in the case of adjusted EBITDA, net interest expense, provisions for or benefit from income taxes, depreciation, amortization, fair value adjustment, restructuring costs, impairment of trade names, stock-based compensation and transaction and other expenses, (iii) excluding in the case of operating adjusted EBITDA, aforementioned adjustments for adjusted EBITDA, trading income (losses) and fair value adjustments on loans, and other investment related expenses, (iv) including in the case of investment adjusted EBITDA, trading income (losses) and fair value adjustments on loans, net of other investment related expenses, and (v) including in the case of total cash and investments, net of debt, total cash, net securities and investments, and other minus total debt, 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.

Contacts

<i>Investors</i>	<i>Media</i>
Mike Frank	Jo Anne McCusker
ir@brileyfin.com	jmccusker@brileyfin.com
(212) 409-2424	(646) 885-5425

B. RILEY FINANCIAL, INC.

Adjusted EBITDA and Operating Adjusted EBITDA Reconciliation (Unaudited) (Dollars in thousands)

	Three Months Ended March 31, 2020
Net loss attributable to B. Riley Financial, Inc.	\$ (98,665)
EBITDA Adjustments:	
Benefit from income taxes	(37,539)
Interest expense	15,654
Interest income	(246)
Share based payments	5,322
Depreciation and amortization	4,956
Restructuring costs	—
Impairment of tradenames	4,000
Transactions related costs and other	10,454

Total EBITDA adjustments	2,601
Adjusted EBITDA	<u>\$ (96,064)</u>
Operating EBITDA Adjustments:	
Trading losses and fair value adjustments on loans	182,442
Other investment related expenses	<u>(15,470)</u>
Total Operating EBITDA Adjustments	<u>166,972</u>
Operating Adjusted EBITDA	<u>\$ 70,908</u>

SOURCE B. Riley Financial

<https://ir.brileyfin.com/2021-03-23-B-Riley-Financial-Announces-Operating-Adjusted-EBITDA-Guidance-Range-of-105-to-115-Million-for-First-Quarter-of-2021>