



# First Quarter 2022 Supplemental Financial Data

April 28, 2022

NASDAQ: RILY

# Reconciliation of U.S. GAAP to Non-GAAP Measures

<i>(Unaudited, dollars in thousands)</i>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>Adj. EBITDA and Operating Adj. EBITDA Reconciliation</b>					
Net income (loss) attributable to B. Riley Financial, Inc.	\$ 254,656	\$ 75,676	\$ 50,550	\$ 64,172	\$ (10,062)
EBITDA Adjustments:					
Provision for (benefit from) income taxes	97,518	19,902	22,693	23,847	(3,695)
Interest expense	19,786	20,856	25,372	26,441	30,436
Interest income	(49)	(56)	(70)	(54)	(67)
Share based payments	5,526	8,608	9,374	12,503	17,013
Depreciation and amortization	6,759	6,165	6,142	6,805	7,848
Gain on extinguishment of loans	—	(6,509)	—	—	(1,102)
Transactions related costs and other	1,285	245	40	4,311	291
Total EBITDA Adjustments	<u>130,825</u>	<u>49,211</u>	<u>63,551</u>	<u>73,853</u>	<u>50,724</u>
<b>Adjusted EBITDA</b>	<b>\$ 385,481</b>	<b>\$ 124,887</b>	<b>\$ 114,101</b>	<b>\$ 138,025</b>	<b>\$ 40,662</b>
<b>Operating EBITDA Adjustments:</b>					
Trading (income) losses and fair value adjustments on loans	(266,942)	(32,679)	(18,197)	(68,858)	68,390
Other investment related expenses	4,178	(84)	5,187	36,930	(24,865)
Total Operating EBITDA Adjustments	<u>(262,764)</u>	<u>(32,763)</u>	<u>(13,010)</u>	<u>(31,928)</u>	<u>43,525</u>
<b>Operating Adjusted EBITDA</b>	<b>\$ 122,717</b>	<b>\$ 92,124</b>	<b>\$ 101,091</b>	<b>\$ 106,097</b>	<b>\$ 84,187</b>

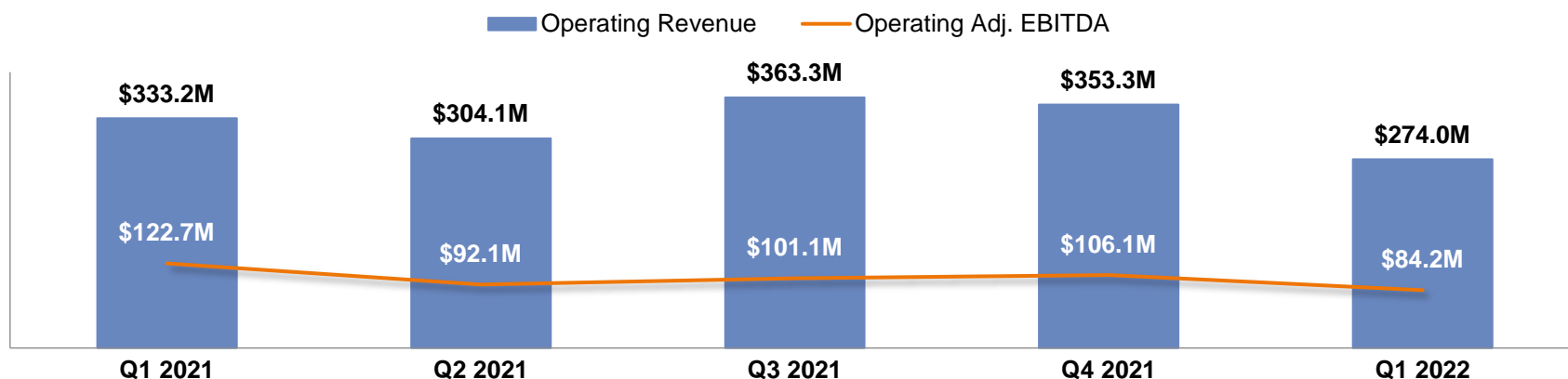
# Operating Income Summary

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Operating	Investment	Combined	Operating	Investment	Combined
<i>(Unaudited, dollars in thousands)</i>						
<b>Revenues:</b>						
Services and fees	\$ 210,675	-	\$ 210,675	\$ 289,469	-	\$ 289,469
Trading (losses) income and fair value adjustments on loans	-	(68,390)	(68,390)	-	266,942	266,942
Interest income – loans & securities lending	61,426	-	61,426	36,920	-	36,920
Sale of goods	1,878	-	1,878	6,828	-	6,828
<b>Total revenues</b>	<u>\$ 273,979</u>	<u>\$ (68,390)</u>	<u>\$ 205,589</u>	<u>\$ 333,217</u>	<u>\$ 266,942</u>	<u>\$ 600,159</u>
<b>Operating expenses:</b>						
Direct cost of services	\$ 11,651	-	\$ 11,651	\$ 11,322	-	\$ 11,322
Cost of goods sold	2,251	-	2,251	5,326	-	5,326
Selling, general and administrative expenses	200,064	(24,865) <sup>(1)</sup>	175,199	187,166	4,178 <sup>(1)</sup>	191,344
Interest expense – securities lending & loan participations sold	11,766	-	11,766	19,189	-	19,189
<b>Total operating expenses</b>	<u>\$ 225,732</u>	<u>\$ (24,865)</u>	<u>\$ 200,867</u>	<u>\$ 223,003</u>	<u>\$ 4,178</u>	<u>\$ 227,181</u>
<b>Operating income</b>	<u>\$ 48,247</u>	<u>\$ (43,525)</u>	<u>\$ 4,722</u>	<u>\$ 110,124</u>	<u>\$ 262,764</u>	<u>\$ 372,978</u>

1. Other investment related expenses.

# Quarterly Operating Revenue and Operating Adjusted EBITDA

## Operating Revenue and Operating Adjusted EBITDA <sup>(1)(3)(5)(6)</sup>



## Quarterly Revenue and Adjusted EBITDA

(Dollars in thousands)

Operating Revenue <sup>(1)</sup>

Investment Gains (Loss) <sup>(2)</sup>

**Total Revenue**

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Operating Revenue <sup>(1)</sup>	\$ 333,217	\$ 304,091	\$ 363,325	\$ 353,252	\$ 273,979
Investment Gains (Loss) <sup>(2)</sup>	266,942	32,679	18,197	68,858	(68,390)
<b>Total Revenue</b>	<b>\$ 600,159</b>	<b>\$ 336,770</b>	<b>\$ 381,522</b>	<b>\$ 422,110</b>	<b>\$ 205,589</b>

Operating Adjusted EBITDA <sup>(3)</sup>

Investment Adjusted EBITDA <sup>(4)</sup>

**Adjusted EBITDA <sup>(5)(6)</sup>**

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Operating Adjusted EBITDA <sup>(3)</sup>	\$ 122,717	\$ 92,124	\$ 101,091	\$ 106,097	\$ 84,187
Investment Adjusted EBITDA <sup>(4)</sup>	262,764	32,763	13,010	31,928	(43,525)
<b>Adjusted EBITDA <sup>(5)(6)</sup></b>	<b>\$ 385,481</b>	<b>\$ 124,887</b>	<b>\$ 114,101</b>	<b>\$ 138,025</b>	<b>\$ 40,662</b>

1. Operating Revenue is defined as the sum of revenues from (i) Service and Fees, (ii) Interest Income - Loans and Securities Lending and (iii) Sales of Goods.

2. Investment Gains (Loss) is defined as Trading Income (Losses) and Fair Value Adjustments on Loans.

3. Operating Adjusted EBITDA is defined as Adjusted EBITDA excluding (i) Trading Income (Losses) and Fair Value Adjustments on Loans and (ii) other investment related expenses.

4. Investment Adjusted EBITDA is defined as Trading Income (Losses) and Fair Value Adjustments on Loans, less other investment related expenses.

5. Adjusted EBITDA includes earnings before interest, taxes, depreciation, amortization, restructuring costs, share-based payments, gain on extinguishment of loans, impairment of tradenames, and transaction related and other costs.

6. For a reconciliation to GAAP financial measures, please see slide 2.

# Cash and Investments Summary

<i>(Dollars in thousands)</i>	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022
Cash and Cash Equivalents	\$ 237,590	\$ 297,396	\$ 378,205	\$ 278,933	\$ 213,584
Restricted Cash	8,532	1,335	927	927	928
Due (to)/from Clearing Brokers, net	416,925	424,949	599,715	(39,741)	40,350
Advances Against Customer Contracts	200	200	200	200	200
<b>Securities and Other Investments Owned</b>					
Equity Securities	1,006,019	1,129,217	1,276,191	1,444,474	1,228,690
Corporate Bonds	41,754	42,912	5,401	7,632	10,508
Other Fixed Income Securities	5,165	3,227	4,436	2,606	3,681
Partnership Interests and Other	113,766	103,417	66,072	77,383	74,222
<b>Securities Sold Not Yet Purchased</b>	(288,058)	(272,088)	(419,211)	(28,623)	(7,498)
<b>Loans Receivable, net of Loan Participations Sold</b>	282,855	265,851	350,762	873,186	882,391
Other investments and deposits <sup>(1)</sup>	48,881	53,510	43,369	40,187	49,391
Noncontrolling interest <sup>(2)</sup>	(4,326)	(11,254)	(16,558)	(17,785)	(17,135)
<b>Total Cash, Net Securities, and Other</b>	<u>\$1,869,303</u>	<u>\$2,038,672</u>	<u>\$2,289,509</u>	<u>\$2,639,379</u>	<u>\$2,479,312</u>

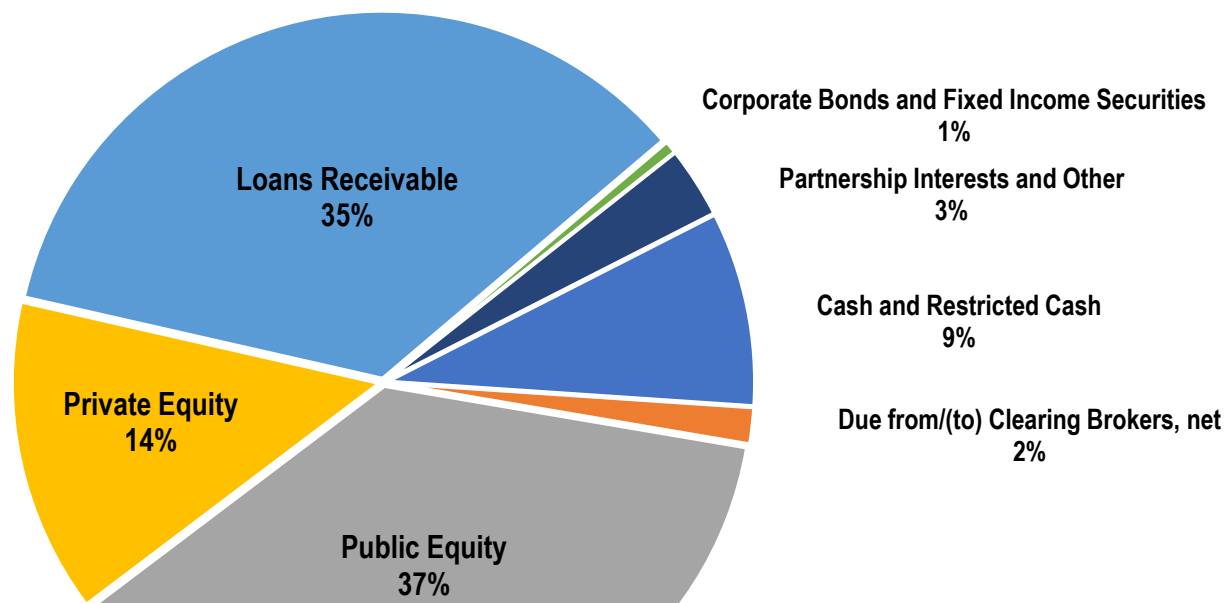
## Debt Summary

<i>(Dollars in thousands)</i>	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022
Term Loans, net	\$ 69,543	\$ 257,104	\$ 252,927	\$ 346,385	\$ 342,851
Revolving Credit Facility	—	—	80,000	80,000	80,000
Notes Payable	6,908	357	357	357	22,891
Senior Notes Payable, net	1,139,100	1,213,105	1,362,847	1,606,560	1,627,649
<b>Total Debt</b>	<u>1,215,551</u>	<u>1,470,566</u>	<u>1,696,131</u>	<u>2,033,302</u>	<u>2,073,391</u>
<b>Total Cash and Investments, Net of Debt</b>	<u>\$ 653,752</u>	<u>\$ 568,106</u>	<u>\$ 593,378</u>	<u>\$ 606,077</u>	<u>\$ 405,921</u>

1. Other investments and investment related deposits reported in prepaid and other assets.
2. Noncontrolling interest related to investments reported in Securities and Other Investments Owned.

# Composition of Cash and Investments

## Percentage by Asset Type – March 31, 2022



(Dollars in thousands)

	Gross Value	% of Total
Cash and Restricted Cash	\$ 214,512	9%
Due from/(to) Clearing Brokers, net	40,350	2%
Public Equity <sup>(1)(2)</sup>	927,123	37%
Private Equity <sup>(1)</sup>	346,788	14%
Loans Receivable	882,391	35%
Corporate Bonds and Fixed Income Securities	14,188	1%
Partnership Interests and Other <sup>(1)</sup>	78,593	3%
<b>Total</b>	<b>\$ 2,503,945</b>	<b>100%</b>

1. Includes investments reported in prepaid and other assets.

2. Includes \$89 million of equity positions held by B. Riley in a managed account with gains and losses for client benefit.

# Condensed Consolidated Balance Sheets

<i>(Dollars in thousands)</i>	March 31, 2022 (Unaudited)	December 31, 2021
Cash and cash equivalents	\$ 213,584	\$ 278,933
Restricted cash	928	927
Due from clearing brokers	40,350	29,657
Securities and other investments owned, at fair value	1,317,101	1,532,095
Securities borrowed	1,629,773	2,090,966
Accounts receivable, net	44,722	49,673
Due from related parties	1,480	2,074
Loans receivable, at fair value	882,391	873,186
Prepaid expenses and other assets	470,525	463,502
Operating lease right-of-use assets	60,677	56,969
Property and equipment, net	12,980	12,870
Goodwill	362,466	250,568
Other intangible assets, net	211,915	207,651
Deferred tax assets, net	2,867	2,848
<b>Total assets</b>	<b>\$ 5,251,759</b>	<b>\$ 5,851,919</b>
Accounts payable	\$ 8,634	\$ 6,326
Accrued expenses and other liabilities	298,905	343,750
Deferred revenue	75,509	69,507
Due to clearing brokers	—	69,398
Securities sold not yet purchased	7,498	28,623
Securities loaned	1,619,132	2,088,685
Operating lease liabilities	72,339	69,072
Deferred tax liabilities, net	51,174	93,055
Notes payable	22,891	357
Revolving credit facility	80,000	80,000
Term loans, net	342,851	346,385
Senior notes payable, net	1,627,649	1,606,560
<b>Total liabilities</b>	<b>\$ 4,206,582</b>	<b>\$ 4,801,718</b>
Redeemable noncontrolling interests in equity of subsidiaries	345,000	345,000
Total B. Riley Financial, Inc. stockholders' equity	654,364	661,271
Noncontrolling interests	45,813	43,930
Total equity	700,177	705,201
<b>Total liabilities and equity</b>	<b>\$ 5,251,759</b>	<b>\$ 5,851,919</b>

# Consolidated Statements of Operations

(Unaudited, dollars in thousands, except share data)

	Three Months Ended March 31,	
	2022	2021
<b>Revenues:</b>		
Services and fees	\$ 210,675	\$ 289,469
Trading (losses) income and fair value adjustments on loans	(68,390)	266,942
Interest income - Loans and securities lending	61,426	36,920
Sale of goods	1,878	6,828
<b>Total revenues</b>	<b>205,589</b>	<b>600,159</b>
<b>Operating expenses:</b>		
Direct cost of services	11,651	11,322
Cost of goods sold	2,251	5,326
Selling, general and administrative expenses	175,199	191,344
Interest expense - Securities lending and loan participations sold	11,766	19,189
<b>Total operating expenses</b>	<b>200,867</b>	<b>227,181</b>
Operating income	4,722	372,978
Other income (expense):		
Interest income	67	49
Change in fair value of financial instruments and other	5,981	—
Income from equity investments	6,775	875
Interest expense	(30,436)	(19,786)
(Loss) income before income taxes	(12,891)	354,116
Benefit from (provision for) income taxes	3,695	(97,518)
Net (loss) income	(9,196)	256,598
Net income attributable to noncontrolling interests	866	1,942
Net (loss) income attributable to B. Riley Financial, Inc.	\$ (10,062)	\$ 254,656
Preferred stock dividends	2,002	1,749
<b>Net (loss) income available to common shareholders</b>	<b>\$ (12,064)</b>	<b>\$ 252,907</b>
Basic (loss) income per common share	\$ (0.43)	\$ 9.38
Diluted (loss) income per common share	\$ (0.43)	\$ 8.81
Weighted average basic common shares outstanding	27,855,033	26,972,275
Weighted average diluted common shares outstanding	27,855,033	28,710,368



# Segment Financial Information

(Unaudited, dollars in thousands)

	Three Months Ended March 31,			Three Months Ended March 31,	
	2022	2021		2022	2021
<b>Capital Markets segment:</b>					
Revenues - Services and fees	\$ 69,084	\$ 170,979	Revenues - Services and fees	\$ 25,936	\$ 21,409
Trading (losses) income and fair value adjustments on loans	(68,912)	264,503	Selling, general and administrative expenses	(20,943)	(17,989)
Interest income - Loans and securities lending	61,426	36,920	Depreciation and amortization	(81)	(98)
<b>Total revenues</b>	<b>61,598</b>	<b>472,402</b>	<b>Segment income</b>	<b>4,912</b>	<b>3,322</b>
Selling, general and administrative expenses	(34,117)	(86,140)	<b>Principal Investments –</b>		
Interest expense - Securities lending and loan participations sold	(11,766)	(19,189)	<b>Communications segment:</b>		
Depreciation and amortization	(1,893)	(765)	Revenues - Services and fees	30,786	19,793
<b>Segment income</b>	<b>13,822</b>	<b>366,308</b>	Revenues - Sale of goods	1,878	736
<b>Wealth Management segment</b>					
Revenues - Services and fees	76,957	65,542	<b>Total revenues</b>	<b>32,664</b>	<b>20,529</b>
Trading income and fair value adjustments on loans	522	2,356	Direct cost of services	(9,316)	(4,742)
<b>Total revenues</b>	<b>77,479</b>	<b>67,898</b>	Cost of goods sold	(2,251)	(852)
Selling, general and administrative expenses	(85,742)	(61,472)	Selling, general and administrative expenses	(9,028)	(4,870)
Depreciation and amortization	(1,833)	(2,399)	Depreciation and amortization	(3,225)	(2,534)
<b>Segment (loss) income</b>	<b>(10,096)</b>	<b>4,027</b>	<b>Segment income</b>	<b>8,844</b>	<b>7,531</b>
<b>Auction and Liquidation segment:</b>					
Revenues - Services and fees	3,355	7,358	<b>Brands segment:</b>		
Revenues - Sale of goods	—	6,092	Revenues - Services and fees	4,557	4,388
<b>Total revenues</b>	<b>3,355</b>	<b>13,450</b>	Trading income and fair value adjustments on loans	—	83
Direct cost of services	(2,335)	(6,580)	<b>Total revenues</b>	<b>4,557</b>	<b>4,471</b>
Cost of goods sold	—	(4,474)	Selling, general and administrative expenses	(756)	(676)
Selling, general and administrative expenses	(1,820)	(1,489)	Depreciation and amortization	(583)	(714)
<b>Segment (loss) income</b>	<b>\$ (800)</b>	<b>\$ 907</b>	<b>Segment income</b>	<b>3,218</b>	<b>3,081</b>
<b>Consolidated operating income from reportable segments</b>				<b>\$ 19,900</b>	<b>\$ 385,176</b>

# Definition of US GAAP to Non-GAAP Financial Measures

Certain of the information set forth herein, including operating revenue, 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, gain on extinguishment of loans, 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, as well as trading income (losses) and fair value adjustments on loans, and other investment related expenses, and (iv) in the case of investment adjusted EBITDA this includes trading income (losses) and fair value adjustments on loans, net of other investment related expenses, 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.