



Second Quarter 2023 Supplemental Financial Data

August 9, 2023

NASDAQ: RILY

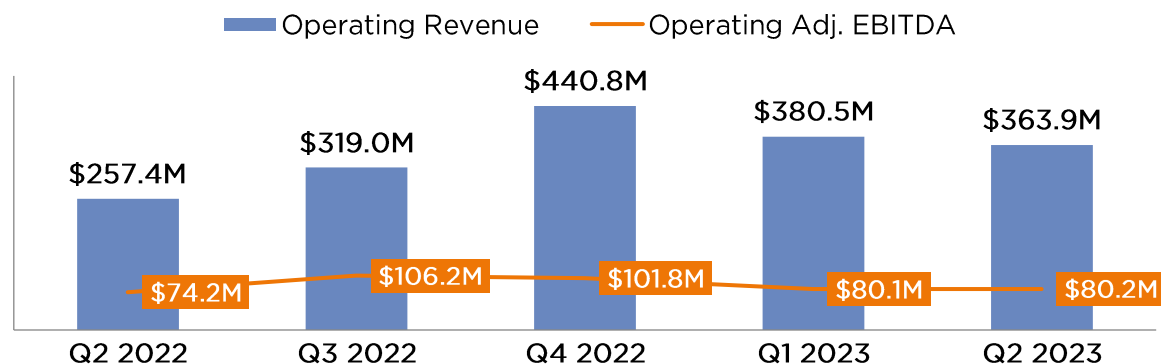
Reconciliation of U.S. GAAP to Non-GAAP Measures

(Unaudited, dollars in thousands)

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Adj. EBITDA and Operating Adj. EBITDA Reconciliation					
Net (loss) income attributable to B. Riley Financial, Inc.	\$ (140,159)	\$ 47,837	\$ (57,445)	\$ 17,155	\$ 46,381
EBITDA Adjustments:					
(Benefit from) provision for income taxes	(52,513)	16,350	(23,998)	7,919	21,504
Interest expense	31,764	34,587	44,399	47,561	47,332
Interest income	(500)	(686)	(1,482)	(2,574)	(701)
Share based payments	14,202	14,613	15,312	13,746	10,492
Depreciation and amortization	7,961	10,717	13,443	13,077	12,534
Restructuring charge	—	8,016	995	93	628
Impairment of tradenames	—	—	—	—	1,733
Transactions related costs and other	3,468	10,003	(5,264)	(2,146)	(10)
Total EBITDA Adjustments	4,382	93,600	43,405	77,676	93,512
Adjusted EBITDA	\$ (135,777)	\$ 141,437	\$ (14,040)	\$ 94,831	\$ 139,893
Operating EBITDA Adjustments:					
Trading loss (income) and fair value adjustments on loans	117,763	6,917	58,670	(51,568)	(42,365)
Realized and unrealized losses (gains) on investments	106,164	(19,071)	64,874	28,442	(18,843)
Other investment related expenses	(13,930)	(23,039)	(7,697)	8,421	1,531
Total Operating EBITDA Adjustments	209,997	(35,193)	115,847	(14,705)	(59,677)
Operating Adjusted EBITDA	\$ 74,220	\$ 106,244	\$ 101,807	\$ 80,126	\$ 80,216

Quarterly Operating Revenue and Operating Adjusted EBITDA

Operating Revenue and Operating Adjusted EBITDA ⁽¹⁾⁽³⁾⁽⁵⁾⁽⁶⁾



Quarterly Revenue and Adjusted EBITDA

(Dollars in thousands)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Operating Revenue ⁽¹⁾	\$ 257,384	\$ 319,034	\$ 440,762	\$ 380,522	\$ 363,913
Investment Gains (Loss) ⁽²⁾	(117,763)	(6,917)	(58,670)	51,568	42,365
Total Revenue	\$ 139,621	\$ 312,117	\$ 382,092	\$ 432,090	\$ 406,278
Operating Adjusted EBITDA ⁽³⁾	\$ 74,220	\$ 106,244	\$ 101,807	\$ 80,126	\$ 80,216
Investment Adjusted EBITDA ⁽⁴⁾	(209,997)	35,193	(115,847)	14,705	59,677
Adjusted EBITDA ⁽⁵⁾⁽⁶⁾	\$ (135,777)	\$ 141,437	\$ (14,040)	\$ 94,831	\$ 139,893

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 (Loss) and Fair Value Adjustments on Loans.

3. Operating Adjusted EBITDA is defined as Adjusted EBITDA excluding (i) Trading Income (Loss) and Fair Value Adjustments on Loans, (ii) Realized and Unrealized Gains (Losses) on Investments, and (iii) other investment related expenses.

4. Investment Adjusted EBITDA is defined as the sum of (i) Trading Income (Loss) and Fair Value Adjustments on Loans and (ii) Realized and Unrealized Gains (Losses) on Investments, less other investment related expenses.

5. Adjusted EBITDA includes earnings before interest, taxes, depreciation, amortization, restructuring charge, 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

(Dollars in thousands)

	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023
Cash and Cash Equivalents	\$ 216,098	\$ 231,805	\$ 268,618	\$ 209,971	\$ 107,581
Restricted Cash	928	1,578	2,308	2,351	2,321
Due from/(to) Clearing Brokers, net	25,902	49,530	29,430	13,112	22,289
Advances Against Customer Contracts	200	200	200	200	200
Securities and Other Investments Owned					
Equity Securities	1,055,379	1,140,728	1,046,710	929,582	963,817
Corporate Bonds	8,231	6,761	8,539	65,470	62,977
Other Fixed Income Securities	2,321	8,649	3,956	5,248	5,093
Partnership Interests and Other	78,965	82,475	70,063	48,930	40,557
Securities Sold Not Yet Purchased	(5,403)	(17,751)	(5,897)	(7,806)	(2,686)
Loans Receivable, net of Loan Participations Sold	770,840	814,715	701,652	772,085	683,827
Other investments and deposits ⁽¹⁾	49,156	45,947	53,844	72,905	66,268
Noncontrolling interest ⁽²⁾	(25,317)	(32,038)	(31,349)	(29,785)	(31,199)
Total Cash, Net Securities, and Other	\$ 2,177,300	\$ 2,332,599	\$ 2,148,074	\$ 2,082,263	\$ 1,921,045

Debt Summary

(Dollars in thousands)

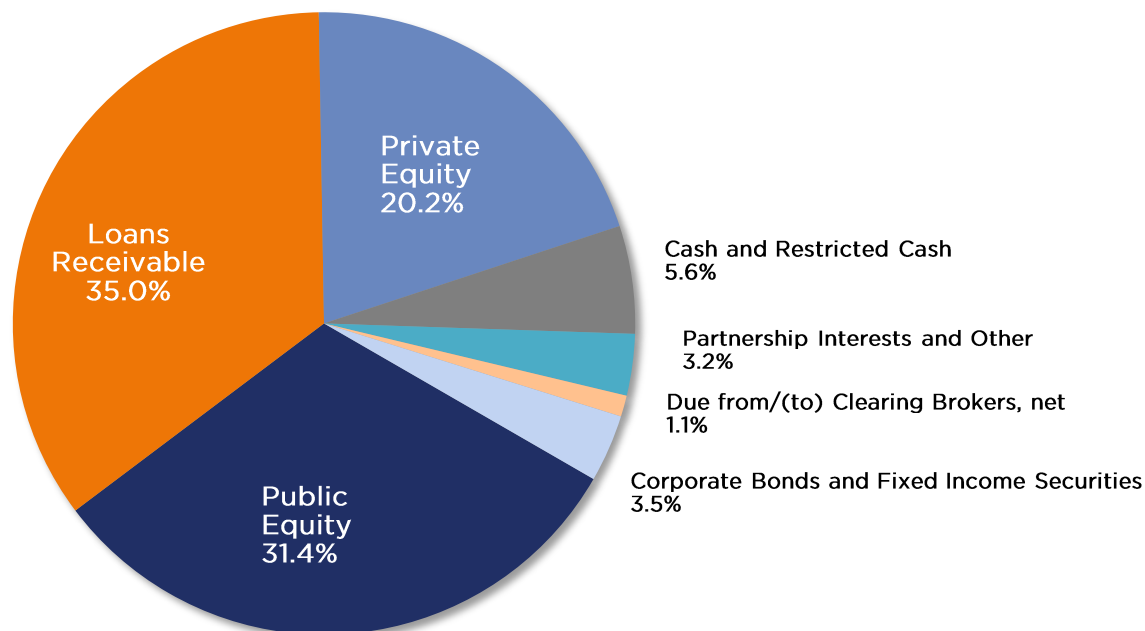
	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023
Term Loans, net	\$ 367,815	\$ 558,035	\$ 572,079	\$ 626,613	\$ 529,242
Revolving Credit Facility	80,000	74,700	127,678	139,463	110,875
Notes Payable	23,186	25,075	25,263	19,882	21,298
Senior Notes Payable, net	1,644,778	1,661,191	1,721,751	1,722,977	1,666,009
Total Debt	2,115,779	2,319,001	2,446,771	2,508,935	2,327,424
Total Cash and Investments, Net of Debt	\$ 61,521	\$ 13,598	\$ (298,697)	\$ (426,672)	\$ (406,379)

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 – June 30, 2023



(Dollars in thousands)

Cash and Restricted Cash	
Due from/(to) Clearing Brokers, net	
Public Equity ⁽¹⁾⁽²⁾	
Private Equity ⁽¹⁾	
Loans Receivable	
Corporate Bonds and Fixed Income Securities	
Partnership Interests and Other ⁽¹⁾	
Total	

	Gross Value	% of Total
Cash and Restricted Cash	\$ 109,902	5.6%
Due from/(to) Clearing Brokers, net	22,289	1.1%
Public Equity ⁽¹⁾⁽²⁾	612,791	31.4%
Private Equity ⁽¹⁾	395,092	20.2%
Loans Receivable	683,827	35.0%
Corporate Bonds and Fixed Income Securities	68,070	3.5%
Partnership Interests and Other ⁽¹⁾	62,958	3.2%
Total	\$ 1,954,929	100%

1. Includes investments reported in prepaid and other assets.

2. Includes \$62 million equity positions held by B. Riley in managed account with gains and losses for client benefit

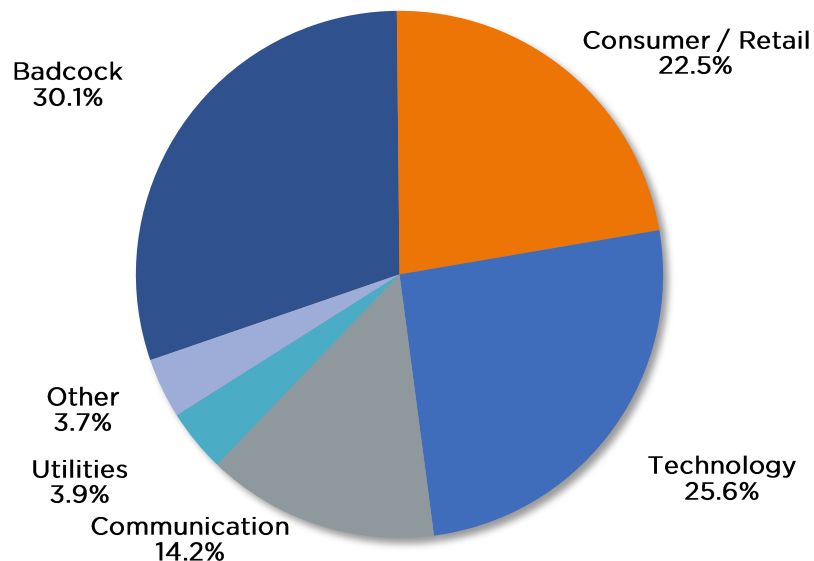
Loans Receivables Summary

Loans Receivable Balance Roll Forward – June 30, 2023

(Unaudited, dollars in thousands)

	March 31, 2023	Gross Loan Funding	Sales, Repayments, and Conversions	Fair Value Adjustments	Capitalized Interest and Other	June 30, 2023
Badcock Receivables, at Fair Value	\$ 324,328	\$ —	\$ (117,390)	\$ (742)	\$ —	\$ 206,196
Other Loans Receivable, at Fair Value	447,757	42,043	(27,026)	9,949	4,908	477,631
Total Loans Receivable, at Fair Value	\$ 772,085	\$ 42,043	\$ (144,416)	\$ 9,207	\$ 4,908	\$ 683,827

Loans Receivable Balance by Sector June 30, 2023



Summary Statistics of Other Loans Receivable ⁽¹⁾

(Dollars in thousands)

	June 30, 2023
Total Fair Value	\$ 477,631
Total Principal	\$ 496,494
Number of Companies	14
Number of Loans	25
Average Principal per Name	\$ 35,464
Average Fair Value per Name	\$ 34,117
Interest Rate Range	7% - 18%
Average Duration	0.9 years

1. Excludes Badcock receivables.

Condensed Consolidated Balance Sheets

(Dollars in thousands)

	June 30, 2023 (Unaudited)	December 31, 2022
Cash and cash equivalents	\$ 107,581	\$ 268,618
Restricted cash	2,321	2,308
Due from clearing brokers	22,289	48,737
Securities and other investments owned, at fair value	1,072,444	1,129,268
Securities borrowed	2,938,521	2,343,327
Accounts receivable, net	118,927	149,110
Due from related parties	669	1,081
Loans receivable, at fair value	683,827	701,652
Prepaid expenses and other assets	309,083	460,696
Operating lease right-of-use assets	85,207	88,593
Property and equipment, net	28,443	27,141
Goodwill	526,827	512,595
Other intangible assets, net	354,328	374,098
Deferred income taxes	2,845	3,978
Total assets	\$ 6,253,312	\$ 6,111,202
Accounts payable	\$ 60,264	\$ 81,384
Accrued expenses and other liabilities	251,260	322,974
Deferred revenue	77,089	85,441
Deferred income taxes	46,624	29,548
Due to related parties and partners	289	2,210
Due to clearing brokers	—	19,307
Securities sold not yet purchased	2,686	5,897
Securities loaned	2,929,265	2,334,031
Operating lease liabilities	96,473	99,124
Notes payable	21,298	25,263
Revolving credit facility	110,875	127,678
Term loans, net	529,242	572,079
Senior notes payable, net	1,666,009	1,721,751
Total liabilities	\$ 5,791,374	\$ 5,426,687
Redeemable noncontrolling interests in equity of subsidiaries	—	178,622
Total B. Riley Financial, Inc. stockholders' equity	402,520	446,514
Noncontrolling interests	59,418	59,379
Total equity	461,938	505,893
Total liabilities and equity	\$ 6,253,312	\$ 6,111,202

Condensed Consolidated Statements of Operations

(Dollars in thousands, except share data)
(Unaudited)

	Three Months Ended June 30,	
	2023	2022 (As Restated)
Revenues:		
Services and fees	\$ 230,327	\$ 191,662
Trading income (loss) and fair value adjustments on loans	42,365	(117,763)
Interest income - Loans and securities lending	75,199	63,835
Sale of goods	58,387	1,887
Total revenues	406,278	139,621
Operating expenses:		
Direct cost of services	55,941	17,785
Cost of goods sold	40,317	1,994
Selling, general and administrative expenses	188,885	167,136
Restructuring charge	628	—
Impairment of tradenames	1,733	—
Interest expense - Securities lending and loan participations sold	35,780	14,544
Total operating expenses	323,284	201,459
Operating income (loss)	82,994	(61,838)
Other income (expense):		
Interest income	701	500
Dividend income	9,555	9,243
Realized and unrealized gains (losses) on investments	18,843	(106,164)
Change in fair value of financial instruments and other	381	4,321
Income (loss) from equity method investments	143	(3,399)
Interest expense	(47,332)	(31,764)
Income (loss) before income taxes	65,285	(189,101)
(Provision for) benefit from income taxes	(21,504)	52,513
Net income (loss)	43,781	(136,588)
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interests	(2,600)	3,571
Net income (loss) attributable to B. Riley Financial, Inc.	46,381	(140,159)
Preferred stock dividends	2,015	2,002
Net income (loss) available to common shareholders	\$ 44,366	\$ (142,161)
Basic income (loss) per common share	\$ 1.57	\$ (5.07)
Diluted income (loss) per common share	\$ 1.55	\$ (5.07)
Weighted average basic common shares outstanding	28,239,116	28,051,570
Weighted average diluted common shares outstanding	28,654,246	28,051,570

Segment Financial Information

(Dollars in thousands)
(Unaudited)

Capital Markets segment:

Revenues - Services and fees	
Trading income (loss) and fair value adjustments on loans	
Interest income - Loans and securities lending	
Total revenues	
Selling, general and administrative expenses	
Impairment of tradenames	
Interest expense - Securities lending and loan participations sold	
Depreciation and amortization	
Segment income (loss)	

Wealth Management segment:

Revenues - Services and fees	
Trading income and fair value adjustments on loans	
Total revenues	
Selling, general and administrative expenses	
Restructuring charge	
Depreciation and amortization	
Segment loss	

Auction and Liquidation segment:

Revenues - Services and fees	
Revenues - Sale of goods	
Interest Income - Loan	
Total revenues	
Direct cost of services	
Cost of goods sold	
Selling, general and administrative expenses	
Segment income	

		Three Months Ended June 30,	
		2023	2022
		(As Restated)	
\$		44,961	\$ 58,184
		41,892	(119,292)
		75,199	62,399
		162,052	1,291
		(45,870)	(45,865)
		(1,733)	—
		(35,780)	(14,544)
		(993)	(2,204)
		77,676	(61,322)
		47,243	60,860
		473	1,529
		47,716	62,389
		(47,964)	(68,394)
		(28)	—
		(1,082)	(1,308)
		(1,358)	(7,313)
		8,885	2,488
		1,676	—
		—	1,436
		10,561	3,924
		(3,453)	(1,296)
		(618)	—
		(2,302)	(2,177)
\$		4,188	\$ 451

Segment Financial Information (continued)

(Dollars in thousands)
(Unaudited)

	Three Months Ended June 30,	
	2023	2022 (As Restated)
Financial Consulting segment:		
Revenues - Services and fees	\$ 31,212	\$ 24,310
Selling, general and administrative expenses	(22,791)	(19,948)
Depreciation and amortization	(103)	(78)
Segment income	8,318	4,284
Communications segment:		
Revenues - Services and fees	83,316	40,035
Revenues - Sale of goods	1,640	1,887
Total revenues	84,956	41,922
Direct cost of services	(46,085)	(16,489)
Cost of goods sold	(2,046)	(1,994)
Selling, general and administrative expenses	(20,241)	(12,176)
Restructuring charge	(197)	—
Depreciation and amortization	(6,405)	(3,555)
Segment income	9,982	7,708
Consumer segment:		
Revenues - Services and fees ¹	5,041	5,174
Revenues - Sale of goods	55,071	—
Total revenues	60,112	5,174
Cost of goods sold	(37,653)	—
Selling, general and administrative expenses	(17,331)	(818)
Depreciation and amortization	(2,639)	(583)
Restructuring charge	(403)	—
Segment income	2,086	3,773
Consolidated operating income (loss) from reportable segments	\$ 100,892	\$ (52,419)

1. Excludes dividends from Hurley and Justice Brands.

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 (loss) 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 charge, 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 (loss) and fair value adjustments on loans, realized and unrealized gains (losses) on investments, and other investment related expenses, and (iv) in the case of investment adjusted EBITDA this includes trading income (loss) and fair value adjustments on loans and realized and unrealized gains (losses) on investments, 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.

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