



## Third Quarter 2023 Supplemental Financial Data

November 9, 2023

NASDAQ: RILY

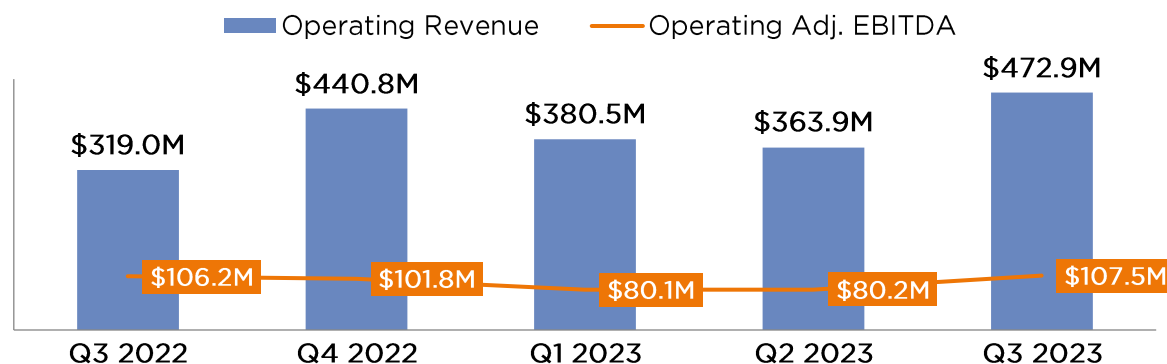
# Reconciliation of U.S. GAAP to Non-GAAP Measures

(Unaudited, dollars in thousands)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
<b>Adj. EBITDA and Operating Adj. EBITDA Reconciliation</b>					
Net income (loss) attributable to B. Riley Financial, Inc.	\$ 47,837	\$ (57,445)	\$ 17,155	\$ 46,381	\$ (73,823)
<b>EBITDA Adjustments:</b>					
Provision for (benefit from) income taxes	16,350	(23,998)	7,919	21,504	(15,079)
Interest expense	34,587	44,399	47,561	47,332	45,229
Interest income	(686)	(1,482)	(2,574)	(701)	(180)
Share based payments	14,613	15,312	13,746	10,492	11,026
Depreciation and amortization	10,717	13,443	13,077	12,534	12,491
Restructuring charge	8,016	995	93	628	228
Loss on extinguishment of loans	—	—	—	—	5,409
Impairment of goodwill and tradenames	—	—	—	1,733	35,500
Transactions related costs and other	10,003	(5,264)	(2,146)	(10)	7,318
Total EBITDA Adjustments	<u>93,600</u>	<u>43,405</u>	<u>77,676</u>	<u>93,512</u>	<u>101,942</u>
<b>Adjusted EBITDA</b>	<b>\$ 141,437</b>	<b>\$ (14,040)</b>	<b>\$ 94,831</b>	<b>\$ 139,893</b>	<b>\$ 28,119</b>
<b>Operating EBITDA Adjustments:</b>					
Trading loss (income) and fair value adjustments on loans	6,917	58,670	(51,568)	(42,365)	10,587
Realized and unrealized (gains) losses on investments	(19,071)	64,874	28,442	(18,843)	75,361
Other investment related expenses	(23,039)	(7,697)	8,421	1,531	(6,575)
Total Operating EBITDA Adjustments	<u>(35,193)</u>	<u>115,847</u>	<u>(14,705)</u>	<u>(59,677)</u>	<u>79,373</u>
<b>Operating Adjusted EBITDA</b>	<b>\$ 106,244</b>	<b>\$ 101,807</b>	<b>\$ 80,126</b>	<b>\$ 80,216</b>	<b>\$ 107,492</b>

# 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)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Operating Revenue <sup>(1)</sup>	\$ 319,034	\$ 440,762	\$ 380,522	\$ 363,913	\$ 472,899
Investment (Loss) Gains <sup>(2)</sup>	(6,917)	(58,670)	51,568	42,365	(10,587)
<b>Total Revenue</b>	<b>\$ 312,117</b>	<b>\$ 382,092</b>	<b>\$ 432,090</b>	<b>\$ 406,278</b>	<b>\$ 462,312</b>
Operating Adjusted EBITDA <sup>(3)</sup>	\$ 106,244	\$ 101,807	\$ 80,126	\$ 80,216	\$ 107,492
Investment Adjusted EBITDA <sup>(4)</sup>	35,193	(115,847)	14,705	59,677	(79,373)
<b>Adjusted EBITDA <sup>(5)(6)</sup></b>	<b>\$ 141,437</b>	<b>\$ (14,040)</b>	<b>\$ 94,831</b>	<b>\$ 139,893</b>	<b>\$ 28,119</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 (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 goodwill and 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)

	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023
Cash and Cash Equivalents	\$ 231,805	\$ 268,618	\$ 209,971	\$ 107,581	\$ 252,288
Restricted Cash	1,578	2,308	2,351	2,321	2,060
Due from/(to) Clearing Brokers, net	49,530	29,430	13,112	22,289	25,579
Advances Against Customer Contracts	200	200	200	200	200
<b>Securities and Other Investments Owned</b>					
Equity Securities	1,140,728	1,046,710	929,582	963,817	1,088,567
Corporate Bonds	6,761	8,539	65,470	62,977	66,341
Other Fixed Income Securities	8,649	3,956	5,248	5,093	3,872
Partnership Interests and Other	82,475	70,063	48,930	40,557	38,807
<b>Securities Sold Not Yet Purchased</b>	(17,751)	(5,897)	(7,806)	(2,686)	(7,120)
<b>Loans Receivable, net of Loan Participations Sold</b>	814,715	701,652	772,085	683,827	549,142
Other investments and deposits <sup>(1)</sup>	45,947	53,844	72,905	66,268	57,738
Noncontrolling interest <sup>(2)</sup>	(32,038)	(31,349)	(29,785)	(31,199)	(24,766)
<b>Total Cash, Net Securities, and Other</b>	<u>\$ 2,332,599</u>	<u>\$ 2,148,074</u>	<u>\$ 2,082,263</u>	<u>\$ 1,921,045</u>	<u>\$ 2,052,708</u>

## Debt Summary

(Dollars in thousands)

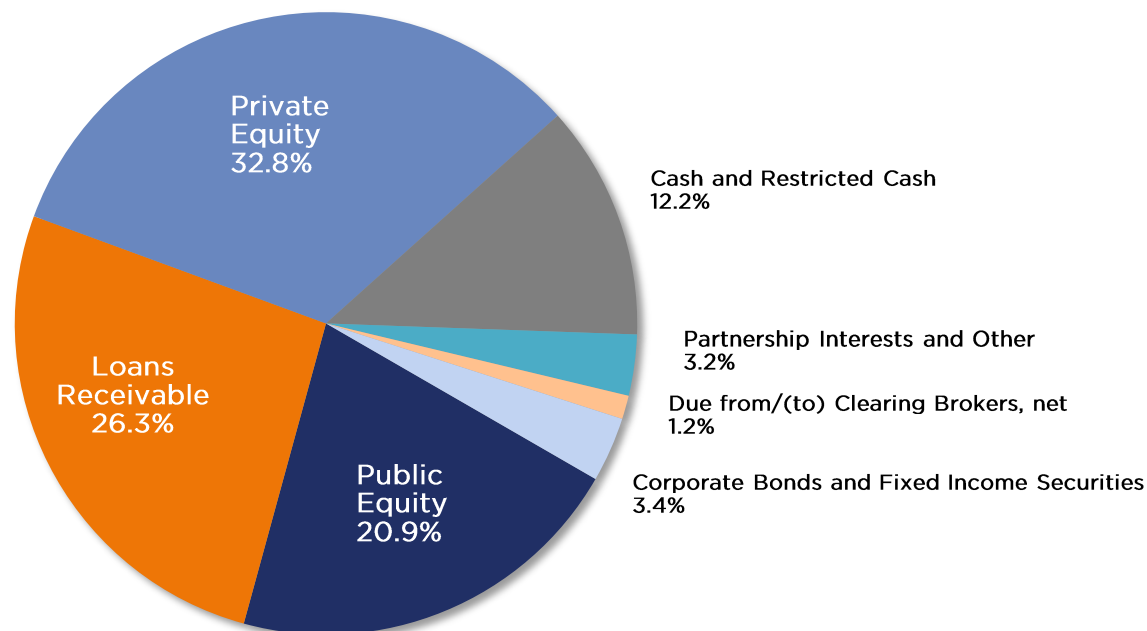
	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023
Term Loans, net	\$ 558,035	\$ 572,079	\$ 626,613	\$ 529,242	\$ 618,301
Revolving Credit Facility	74,700	127,678	139,463	110,875	57,246
Notes Payable	25,075	25,263	19,882	21,298	21,300
Senior Notes Payable, net	1,661,191	1,721,751	1,722,977	1,666,009	1,667,088
<b>Total Debt</b>	<u>2,319,001</u>	<u>2,446,771</u>	<u>2,508,935</u>	<u>2,327,424</u>	<u>2,363,935</u>
<b>Total Cash and Investments, Net of Debt</b>	<u>\$ 13,598</u>	<u>\$ (298,697)</u>	<u>\$ (426,672)</u>	<u>\$ (406,379)</u>	<u>\$ (311,227)</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 – September 30, 2023



(Dollars in thousands)

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

	Gross Value	% of Total
Cash and Restricted Cash	\$ 254,348	12.2%
Due from/(to) Clearing Brokers, net	25,579	1.2%
Public Equity <sup>(1)</sup>	436,184	20.9%
Private Equity <sup>(1)</sup>	682,987	32.8%
Loans Receivable	549,142	26.3%
Corporate Bonds and Fixed Income Securities	70,213	3.4%
Partnership Interests and Other <sup>(1)</sup>	66,141	3.2%
<b>Total</b>	<b>\$ 2,084,594</b>	<b>100.0%</b>

1. Includes investments reported in prepaid and other assets.

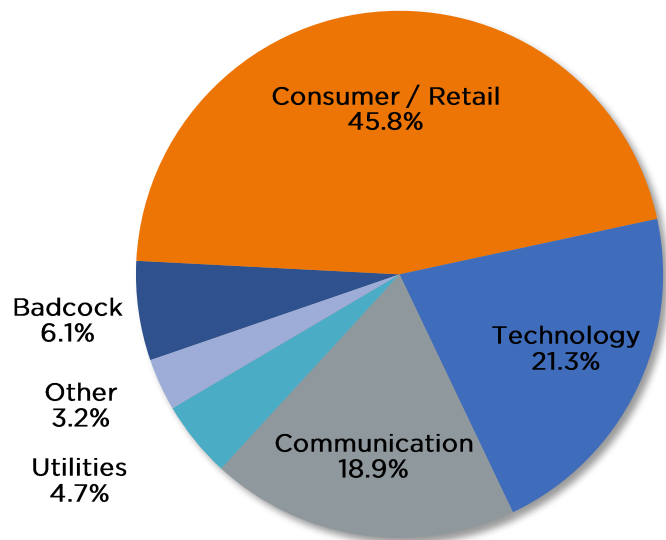
# Loans Receivables Summary

## Loans Receivable Balance Roll Forward – September 30, 2023

(Unaudited, dollars in thousands)

	June 30, 2023	Gross Loan Funding	Sales, Repayments, and Conversions	Fair Value Adjustments	Capitalized Interest and Other	September 30, 2023
Badcock Receivables, at Fair Value	\$ 206,196	\$ —	\$ (167,407)	\$ (5,185)	\$ —	\$ 33,604
Other Loans Receivable, at Fair Value	477,631	30,182	(3,629)	4,326	7,028	515,538
<b>Total Loans Receivable, at Fair Value</b>	<b>\$ 683,827</b>	<b>\$ 30,182</b>	<b>\$ (171,036)</b>	<b>\$ (859)</b>	<b>\$ 7,028</b>	<b>\$ 549,142</b>

## Loans Receivable Balance by Sector September 30, 2023



## Summary Statistics of Other Loans Receivable <sup>(1)</sup>

(Dollars in thousands)

	September 30, 2023
Total Fair Value	\$ 515,538
Total Principal	\$ 527,202
Number of Companies	12
Number of Loans	20
Average Principal per Name	\$ 43,933
Average Fair Value per Name	\$ 42,961
Interest Rate Range	7% - 20%
Average Duration	2.9 years

1. Excludes Badcock receivables.

# Condensed Consolidated Balance Sheets

(Dollars in thousands)

	September 30, 2023 (Unaudited)	December 31, 2022
Cash and cash equivalents	\$ 252,288	\$ 268,618
Restricted cash	2,060	2,308
Due from clearing brokers	25,579	48,737
Securities and other investments owned, at fair value	1,197,587	1,129,268
Securities borrowed	2,782,000	2,343,327
Accounts receivable, net	127,418	149,110
Due from related parties	395	1,081
Loans receivable, at fair value	549,142	701,652
Prepaid expenses and other assets	265,531	460,696
Operating lease right-of-use assets	82,245	88,593
Property and equipment, net	24,774	27,141
Goodwill	497,388	512,595
Other intangible assets, net	333,641	374,098
Deferred income taxes	2,808	3,978
<b>Total assets</b>	<b>\$ 6,142,856</b>	<b>\$ 6,111,202</b>
Accounts payable	\$ 54,030	\$ 81,384
Accrued expenses and other liabilities	303,428	322,974
Deferred revenue	73,829	85,441
Due to related parties and partners	289	2,210
Due to clearing brokers	—	19,307
Securities sold not yet purchased	7,120	5,897
Securities loaned	2,772,790	2,334,031
Operating lease liabilities	93,027	99,124
Deferred income taxes	6,677	29,548
Notes payable	21,300	25,263
Revolving credit facility	57,246	127,678
Term loans, net	618,301	572,079
Senior notes payable, net	1,667,088	1,721,751
<b>Total liabilities</b>	<b>\$ 5,675,125</b>	<b>\$ 5,426,687</b>
Redeemable noncontrolling interests in equity of subsidiaries	—	178,622
Total B. Riley Financial, Inc. stockholders' equity	413,781	446,514
Noncontrolling interests	53,950	59,379
Total equity	467,731	505,893
<b>Total liabilities and equity</b>	<b>\$ 6,142,856</b>	<b>\$ 6,111,202</b>

# Condensed Consolidated Statements of Operations

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

## Revenues:

Services and fees

Trading loss and fair value adjustments on loans

Interest income - Loans and securities lending

Sale of goods

**Total revenues**

## Operating expenses:

Direct cost of services

Cost of goods sold

Selling, general and administrative expenses

Restructuring charge

Impairment of goodwill and tradenames

Interest expense - Securities lending and loan participations sold

**Total operating expenses**

Operating income

## Other income (expense):

Interest income

Dividend income

Realized and unrealized (losses) gains on investments

Change in fair value of financial instruments and other

Loss from equity method investments

Interest expense

(Loss) income before income taxes

Benefit from (provision for) income taxes

Net (loss) income

Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interests

Net (loss) income attributable to B. Riley Financial, Inc.

Preferred stock dividends

**Net (loss) income available to common shareholders**

Basic (loss) income per common share

Diluted (loss) income per common share

Weighted average basic common shares outstanding

Weighted average diluted common shares outstanding

		Three Months Ended September 30,	
		2023	2022 (As Restated)
\$	278,023	\$	257,310
	(10,587)		(6,917)
	69,730		57,594
	125,146		4,130
	<b>462,312</b>		<b>312,117</b>
	67,850		44,523
	78,053		3,089
	221,688		163,727
	228		8,016
	35,500		—
	38,368		17,447
	<b>441,687</b>		<b>236,802</b>
	20,625		75,315
	180		686
	12,876		9,175
	(75,361)		19,071
	(4,170)		(574)
	(308)		(91)
	(45,229)		(34,587)
	(91,387)		68,995
	15,079		(16,350)
	(76,308)		52,645
	(2,485)		4,808
	(73,823)		47,837
	2,015		2,002
	<b>(75,838)</b>		<b>45,835</b>
\$	(2.53)	\$	1.62
\$	(2.53)	\$	1.53
	29,961,068		28,293,064
	29,961,068		29,968,417



# Segment Financial Information

(Dollars in thousands)  
(Unaudited)

## Capital Markets segment:

Revenues - Services and fees	
Trading loss and fair value adjustments on loans	
Interest income - Loans and securities lending	
<b>Total revenues</b>	
Selling, general and administrative expenses	
Interest expense - Securities lending and loan participations sold	
Depreciation and amortization	
<b>Segment income</b>	

## Wealth Management segment:

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

## Auction and Liquidation segment:

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

Three Months Ended September 30,	
2023	2022 (As Restated)
\$ 80,913	\$ 104,042
(11,077)	(7,944)
69,730	55,054
<b>139,566</b>	<b>151,152</b>
(62,898)	(35,673)
(38,368)	(17,447)
(900)	(2,174)
<b>37,400</b>	<b>95,858</b>
50,875	47,145
490	1,027
<b>51,365</b>	<b>48,172</b>
(47,891)	(52,302)
—	(4,106)
(1,075)	(1,261)
<b>2,399</b>	<b>(9,497)</b>
12,488	1,949
65,117	2,550
—	2,540
<b>77,605</b>	<b>7,039</b>
(15,234)	(2,999)
(35,836)	(1,235)
(8,405)	(2,228)
<b>\$ 18,130</b>	<b>\$ 577</b>

# Segment Financial Information (continued)

(Dollars in thousands)  
(Unaudited)

	Three Months Ended September 30,	
	2023	2022 (As Restated)
<b>Financial Consulting segment:</b>		
Revenues - Services and fees	\$ 37,360	\$ 22,835
Selling, general and administrative expenses	(26,769)	(20,056)
Depreciation and amortization	(88)	(75)
<b>Segment income</b>	<b>10,503</b>	<b>2,704</b>
<b>Communications segment:</b>		
Revenues - Services and fees	82,155	72,244
Revenues - Sale of goods	1,638	1,580
<b>Total revenues</b>	<b>83,793</b>	<b>73,824</b>
Direct cost of services	(46,012)	(38,515)
Cost of goods sold	(1,750)	(1,854)
Selling, general and administrative expenses	(21,655)	(21,047)
Restructuring charge	(145)	(3,910)
Depreciation and amortization	(6,739)	(6,060)
<b>Segment income</b>	<b>7,492</b>	<b>2,438</b>
<b>Consumer segment<sup>(1)</sup>:</b>		
Revenues - Services and fees	4,304	5,023
Revenues - Sale of goods	58,391	—
<b>Total revenues</b>	<b>62,695</b>	<b>5,023</b>
Cost of goods sold	(40,467)	—
Selling, general and administrative expenses	(16,981)	(845)
Depreciation and amortization	(2,632)	(579)
Impairment of goodwill and tradenames	(35,500)	—
Restructuring charge	(83)	—
<b>Segment (loss) income</b>	<b>(32,968)</b>	<b>3,599</b>
<b>Consolidated operating income from reportable segments</b>	<b>\$ 42,956</b>	<b>\$ 95,679</b>

1. Excludes dividends from Hurley, Justice Brands and Scotch & Soda.

# 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 goodwill and tradenames, 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.

For more information, please visit  
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