



## Fourth Quarter 2023 Supplemental Financial Data

April 24, 2024

NASDAQ: RILY

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

(Unaudited, dollars in thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<b>Total Revenues to Operating Revenue Reconciliation</b>					
Total Revenues	\$ 382,092	\$ 432,090	\$ 406,278	\$ 462,312	\$ 342,920
Revenue Adjustments:					
Trading loss (income) and fair value adjustments on loans	58,670	(51,568)	(42,365)	10,587	41,518
Fixed income spread	8,069	8,116	5,817	6,982	8,250
Total Revenue Adjustments	<u>66,739</u>	<u>(43,452)</u>	<u>(36,548)</u>	<u>17,569</u>	<u>49,768</u>
<b>Operating Revenue</b>	<b>\$ 448,831</b>	<b>\$ 388,638</b>	<b>\$ 369,730</b>	<b>\$ 479,881</b>	<b>\$ 392,688</b>

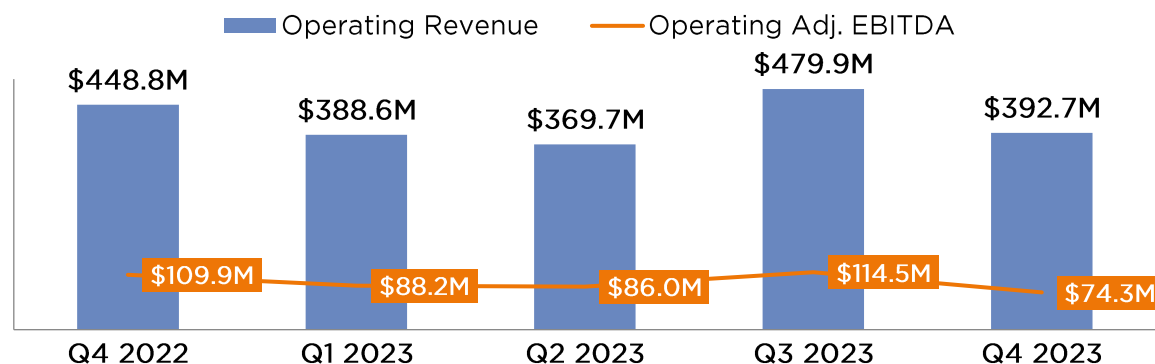
# Reconciliation of U.S. GAAP to Non-GAAP Measures

(Unaudited, dollars in thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<b>Adj. EBITDA and Operating Adj. EBITDA Reconciliation</b>					
Net (loss) income attributable to B. Riley Financial, Inc.	\$ (57,445)	\$ 17,155	\$ 46,381	\$ (73,823)	(89,623)
EBITDA Adjustments:					
(Benefit from) provision for income taxes	(23,998)	7,919	21,504	(15,079)	(51,037)
Interest expense	44,399	47,561	47,332	45,229	46,891
Interest income	(1,482)	(2,574)	(701)	(180)	(420)
Share based payments	15,312	13,746	10,492	11,026	9,845
Depreciation and amortization	13,443	13,077	12,534	12,491	11,502
Restructuring charge	995	93	628	228	1,182
Gain on bargain purchase	—	—	—	—	(15,903)
Loss on extinguishment of loans	—	—	—	5,409	—
Impairment of goodwill and tradenames	—	—	1,733	35,500	33,100
Transactions related costs and other	(5,264)	(2,146)	(10)	7,318	1,864
Total EBITDA Adjustments	43,405	77,676	93,512	101,942	37,024
<b>Adjusted EBITDA</b>	<b>\$ (14,040)</b>	<b>\$ 94,831</b>	<b>\$ 139,893</b>	<b>\$ 28,119</b>	<b>\$(52,599)</b>
Operating EBITDA Adjustments:					
Trading loss (income) and fair value adjustments on loans	58,670	(51,568)	(42,365)	10,587	41,518
Realized and unrealized losses (gains) on investments	64,874	28,442	(18,843)	75,361	77,629
Fixed Income Spread	8,069	8,116	5,817	6,982	8,250
Other investment related expenses	(7,697)	8,421	1,531	(6,575)	(538)
Total Operating EBITDA Adjustments	123,916	(6,589)	(53,860)	86,355	126,859
<b>Operating Adjusted EBITDA</b>	<b>\$109,876</b>	<b>\$88,242</b>	<b>\$86,033</b>	<b>\$114,474</b>	<b>\$74,260</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

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<i>(Dollars in thousands)</i>					
Operating Revenue <sup>(1)</sup>	\$ 448,831	\$ 388,638	\$ 369,730	\$ 479,881	\$ 392,688
Investment (Loss) Gains <sup>(2)</sup>	(66,739)	43,452	36,548	(17,569)	(49,768)
<b>Total Revenue</b>	<b>\$ 382,092</b>	<b>\$ 432,090</b>	<b>\$ 406,278</b>	<b>\$ 462,312</b>	<b>\$ 342,920</b>
<hr/>					
	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Operating Adjusted EBITDA <sup>(3)</sup>	\$ 109,876	\$ 88,242	\$ 86,033	\$ 114,474	\$ 74,260
Investment Adjusted EBITDA <sup>(4)</sup>	(123,916)	6,589	53,860	(86,355)	(126,859)
<b>Adjusted EBITDA <sup>(5)(6)</sup></b>	<b>\$ (14,040)</b>	<b>\$ 94,831</b>	<b>\$ 139,893</b>	<b>\$ 28,119</b>	<b>\$ (52,599)</b>

- 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. During the fourth quarter of 2023, the Company recast its operating metrics to include revenues from fixed income trading. Operating Revenues has been adjusted to include fixed income trading revenue for the periods presented.
- Investment Gains (Loss) is defined as Trading Income (Loss) and Fair Value Adjustments on Loans less fixed income trading revenue.
- 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. During the fourth quarter of 2023, the Company recast its operating metrics to include revenues from fixed income trading. Operating Adjusted EBITDA has been adjusted to include fixed income trading revenue for the periods presented.
- 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 fixed income trading revenue and other investment related expenses.
- Adjusted EBITDA includes earnings before interest, taxes, depreciation, amortization, restructuring charge, share-based payments, gain/loss on extinguishment of loans, gain on bargain purchase, impairment of goodwill and tradenames, and transaction related and other costs.
- For a reconciliation to GAAP financial measures, please see slide 2.

# Cash and Investments Summary

(Dollars in thousands)

	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023
Cash and Cash Equivalents	\$ 268,618	\$ 209,971	\$ 107,581	\$ 252,288	\$ 231,964
Restricted Cash	2,308	2,351	2,321	2,060	1,875
Due from/(to) Clearing Brokers, net	29,430	13,112	22,289	25,579	51,334
Advances Against Customer Contracts	200	200	200	200	—
<b>Securities and Other Investments Owned</b>					
Equity Securities	1,046,710	929,582	963,817	1,088,567	994,634
Corporate Bonds	8,539	65,470	62,977	66,341	59,287
Other Fixed Income Securities	3,956	5,248	5,093	3,872	2,989
Partnership Interests and Other	70,063	48,930	40,557	38,807	35,196
<b>Securities Sold Not Yet Purchased</b>	(5,897)	(7,806)	(2,686)	(7,120)	(8,601)
<b>Loans Receivable, net of Loan Participations Sold</b>	701,652	772,085	683,827	549,142	532,419
Other investments and deposits <sup>(1)</sup>	53,844	72,905	66,268	57,738	14,582
Noncontrolling interest <sup>(2)</sup>	(31,349)	(29,785)	(31,199)	(24,766)	(41,456)
<b>Total Cash, Net Securities, and Other</b>	<u>\$ 2,148,074</u>	<u>\$ 2,082,263</u>	<u>\$ 1,921,045</u>	<u>\$ 2,052,708</u>	<u>\$ 1,874,223</u>

## Debt Summary

(Dollars in thousands)

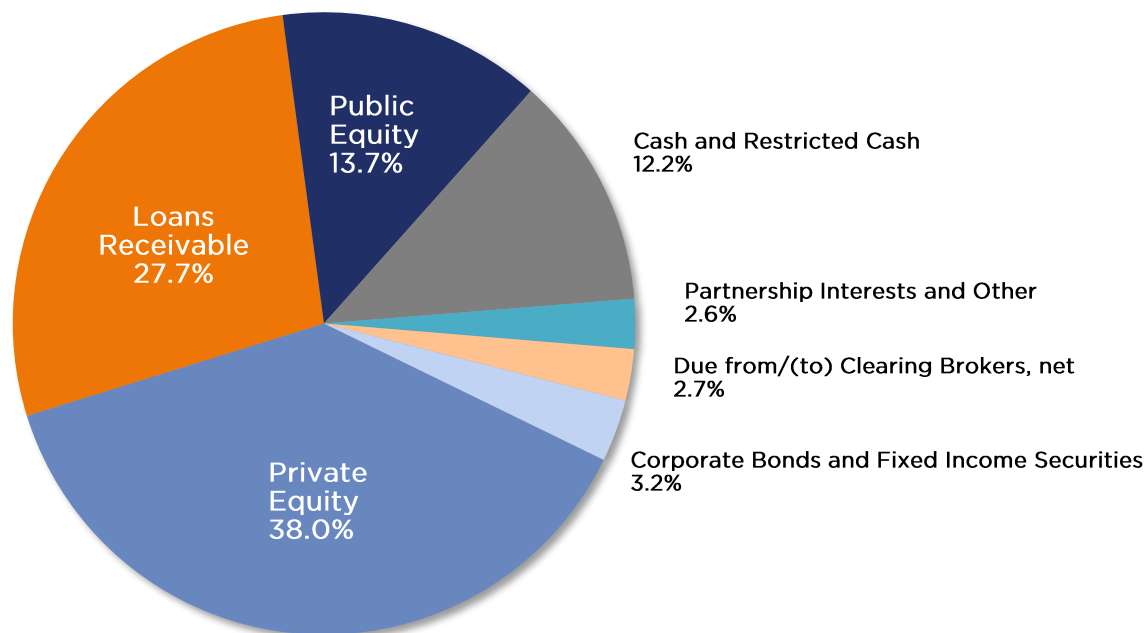
	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023
Term Loans, net	\$ 572,079	\$ 626,613	\$ 529,242	\$ 618,301	\$ 625,151
Revolving Credit Facility	127,678	139,463	110,875	57,246	43,801
Notes Payable	25,263	19,882	21,298	21,300	19,391
Senior Notes Payable, net	1,721,751	1,722,977	1,666,009	1,667,088	1,668,021
<b>Total Debt</b>	<u>2,446,771</u>	<u>2,508,935</u>	<u>2,327,424</u>	<u>2,363,935</u>	<u>2,356,364</u>
<b>Total Cash and Investments, Net of Debt</b>	<u>\$ (298,697)</u>	<u>\$ (426,672)</u>	<u>\$ (406,379)</u>	<u>\$ (311,227)</u>	<u>\$ (482,141)</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 – December 31, 2023



(Dollars in thousands)

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

	Gross Value	% of Total
	\$ 233,839	12.2%
	51,334	2.7%
	263,773	13.7%
	730,861	38.0%
	532,419	27.7%
	62,276	3.2%
	49,778	2.6%
	<b>\$ 1,924,280</b>	<b>100.0%</b>

1. Includes investments reported in prepaid and other assets.

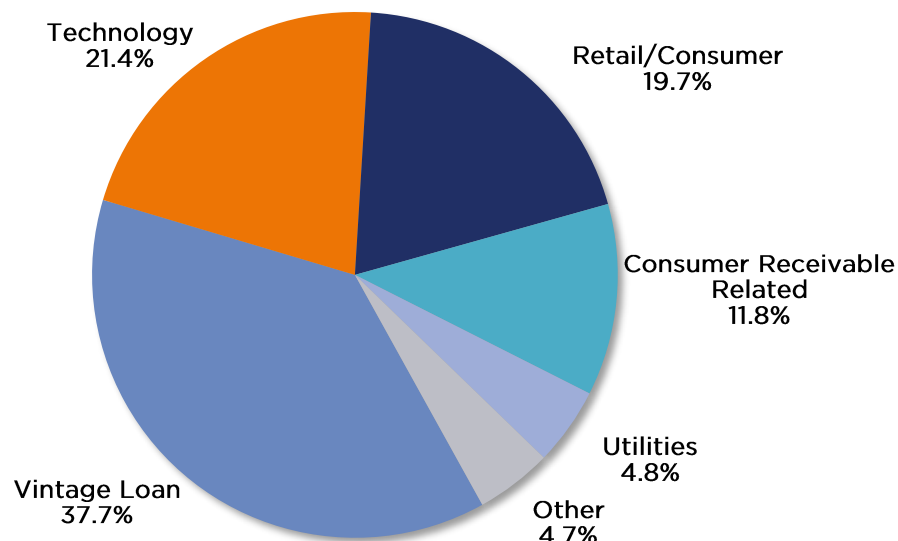
# Loans Receivables Summary

## Loans Receivable Balance Roll Forward – December 31, 2023

(Unaudited, dollars in thousands)

	September 30, 2023	Gross Loan Funding	Sales, Repayments, and Conversions	Fair Value Adjustments	Capitalized Interest and Other	December 31, 2023
Consumer Receivable Related, at Fair Value	\$ 84,394	\$ —	\$ (18,756)	\$ (3,174)	\$ 344	\$ 62,808
Other Loans Receivable, at Fair Value	464,748	137,851	(104,182)	(28,225)	(581)	469,611
<b>Total Loans Receivable, at Fair Value</b>	<b>\$ 549,142</b>	<b>\$ 137,851</b>	<b>\$ (122,938)</b>	<b>\$ (31,399)</b>	<b>\$ (237)</b>	<b>\$ 532,419</b>

## Loans Receivable Balance by Sector December 31, 2023



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

(Dollars in thousands)

	December 31, 2023
Total Fair Value	\$ 469,611
Total Principal	\$ 480,299
Number of Companies	12
Number of Loans	16
Average Principal per Name	\$ 40,025
Average Fair Value per Name	\$ 39,134
Interest Rate Range	7% - 18%
Average Duration	3.0 years

1. Excludes Consumer Receivable Related.

# Condensed Consolidated Balance Sheets

(Dollars in thousands)

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 231,964	\$ 268,618
Restricted cash	1,875	2,308
Due from clearing brokers	51,334	48,737
Securities and other investments owned, at fair value	1,092,106	1,129,268
Securities borrowed	2,870,939	2,343,327
Accounts receivable, net	115,496	149,110
Due from related parties	172	1,081
Loans receivable, at fair value	532,419	701,652
Prepaid expenses and other assets	237,327	460,696
Operating lease right-of-use assets	87,605	88,593
Property and equipment, net	25,206	27,141
Goodwill	472,326	512,595
Other intangible assets, net	322,014	374,098
Deferred income taxes	33,595	3,978
<b>Total assets</b>	<b>\$ 6,074,378</b>	<b>\$ 6,111,202</b>
Accounts payable	\$ 44,550	\$ 81,384
Accrued expenses and other liabilities	273,193	322,974
Deferred revenue	71,504	85,441
Due to related parties and partners	2,731	2,210
Due to clearing brokers	—	19,307
Securities sold not yet purchased	8,601	5,897
Securities loaned	2,859,306	2,334,031
Operating lease liabilities	98,563	99,124
Deferred income taxes	—	29,548
Notes payable	19,391	25,263
Revolving credit facility	43,801	127,678
Term loans, net	625,151	572,079
Senior notes payable, net	1,668,021	1,721,751
<b>Total liabilities</b>	<b>\$ 5,714,812</b>	<b>\$ 5,426,687</b>
Redeemable noncontrolling interests in equity of subsidiaries	—	178,622
Total B. Riley Financial, Inc. stockholders' equity	291,117	446,514
Noncontrolling interests	68,449	59,379
Total equity	359,566	505,893
<b>Total liabilities and equity</b>	<b>\$ 6,074,378</b>	<b>\$ 6,111,202</b>



# Consolidated Statements of Operations

(Dollars in thousands, except share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023 (Unaudited)	2022 (Unaudited)	2023	2022
<b>Revenues:</b>				
Services and fees	\$ 258,461	\$ 243,837	\$ 1,002,370	\$ 895,623
Trading (loss) income and fair value adjustments on loans	(41,518)	(58,670)	41,828	(202,628)
Interest income - Loans and securities lending	62,781	62,545	284,896	245,400
Sale of goods	63,196	134,380	314,506	142,275
<b>Total revenues</b>	<b>342,920</b>	<b>382,092</b>	<b>1,643,600</b>	<b>1,080,670</b>
<b>Operating expenses:</b>				
Direct cost of services	60,606	68,496	238,794	142,455
Cost of goods sold	47,355	71,313	213,351	78,647
Selling, general and administrative expenses	205,703	208,552	828,903	714,614
Restructuring charge	1,182	995	2,131	9,011
Impairment of goodwill and tradenames	33,100	—	70,333	—
Interest expense - Securities lending and loan participations sold	38,863	22,738	145,435	66,495
<b>Total operating expenses</b>	<b>386,809</b>	<b>372,094</b>	<b>1,498,947</b>	<b>1,011,222</b>
Operating (loss) income	(43,889)	9,998	144,653	69,448
<b>Other income (expense):</b>				
Interest income	420	1,482	3,875	2,735
Dividend income	12,141	9,595	47,776	35,874
Realized and unrealized losses on investments	(77,629)	(64,874)	(162,589)	(201,079)
Change in fair value of financial instruments and other	(750)	460	(4,748)	10,188
Gain on bargain purchase	15,903	—	15,903	—
(Loss) income from equity method investments	(6)	285	(181)	3,570
Interest expense	(46,891)	(44,399)	(187,013)	(141,186)
Loss before income taxes	(140,701)	(87,453)	(142,324)	(220,450)
Benefit from income taxes	51,037	23,998	36,693	63,856
Net loss	(89,664)	(63,455)	(105,631)	(156,594)
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interests	(41)	(6,010)	(5,721)	3,235
Net loss attributable to B. Riley Financial, Inc.	\$ (89,623)	\$ (57,445)	\$ (99,910)	\$ (159,829)
Preferred stock dividends	2,015	2,002	8,057	8,008
<b>Net loss available to common shareholders</b>	<b>\$ (91,638)</b>	<b>\$ (59,447)</b>	<b>\$ (107,967)</b>	<b>\$ (167,837)</b>
Basic loss per common share	\$ (3.03)	\$ (2.08)	\$ (3.69)	\$ (5.95)
Diluted loss per common share	\$ (3.03)	\$ (2.08)	\$ (3.69)	\$ (5.95)
Weighted average basic common shares outstanding	30,248,946	28,545,714	29,265,099	28,188,530
Weighted average diluted common shares outstanding	30,248,946	28,545,714	29,265,099	28,188,530

# Segment Financial Information

(Dollars in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023 (Unaudited)	2022 (Unaudited)	2023	2022
<b>Capital Markets segment:</b>				
Revenues - Services and fees	\$ 65,233	\$ 69,485	\$ 249,036	\$ 292,933
Trading (loss) income and fair value adjustments on loans	(44,041)	(59,115)	37,070	(206,150)
Interest income - Loans and securities lending	62,781	61,934	284,896	240,813
<b>Total revenues</b>	<b>83,973</b>	<b>72,304</b>	<b>571,002</b>	<b>327,596</b>
Selling, general and administrative expenses	(50,514)	(55,351)	(224,993)	(171,006)
Interest expense - Securities lending and loan participations sold	(38,863)	(22,738)	(145,435)	(66,495)
Depreciation and amortization	(849)	(2,222)	(3,998)	(8,493)
Impairment of tradenames	—	—	(1,733)	—
<b>Segment (loss) income</b>	<b>(6,253)</b>	<b>(8,007)</b>	<b>194,843</b>	<b>81,602</b>
<b>Wealth Management segment:</b>				
Revenues - Services and fees	46,827	45,772	193,487	230,735
Trading income and fair value adjustments on loans	2,523	445	4,758	3,522
<b>Total revenues</b>	<b>49,350</b>	<b>46,217</b>	<b>198,245</b>	<b>234,257</b>
Selling, general and administrative expenses	(47,602)	(51,696)	(190,779)	(258,134)
Restructuring charge	—	(849)	(61)	(4,955)
Depreciation and amortization	(1,065)	(1,086)	(4,308)	(5,488)
<b>Segment income (loss)</b>	<b>683</b>	<b>(7,414)</b>	<b>3,097</b>	<b>(34,320)</b>
<b>Auction and Liquidation segment:</b>				
Revenues - Services and fees	2,245	4,789	29,062	12,581
Revenues - Sale of goods	7,194	54,378	74,203	56,928
Interest Income - Loan	—	611	—	4,587
<b>Total revenues</b>	<b>9,439</b>	<b>59,778</b>	<b>103,265</b>	<b>74,096</b>
Direct cost of services	(2,914)	(17,290)	(24,729)	(23,920)
Cost of goods sold	(4,009)	(16,658)	(40,515)	(17,893)
Selling, general and administrative expenses	(3,663)	(13,458)	(16,650)	(19,683)
<b>Segment (loss) income</b>	<b>\$ (1,147)</b>	<b>\$ 12,372</b>	<b>\$ 21,371</b>	<b>\$ 12,600</b>

# Segment Financial Information (continued)

(Dollars in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023 (Unaudited)	2022 (Unaudited)	2023	2022
<b>Financial Consulting segment:</b>				
Revenues - Services and fees	\$ 40,123	\$ 25,427	\$ 133,705	\$ 98,508
Selling, general and administrative expenses	(32,221)	(20,944)	(102,930)	(81,891)
Depreciation and amortization	(86)	(71)	(355)	(305)
<b>Segment income</b>	<b>7,816</b>	<b>4,412</b>	<b>30,420</b>	<b>16,312</b>
<b>Communications segment:</b>				
Revenues - Services and fees	80,429	85,763	330,952	228,129
Revenues - Sale of goods	1,592	2,181	6,737	7,526
<b>Total revenues</b>	<b>82,021</b>	<b>87,944</b>	<b>337,689</b>	<b>235,655</b>
Direct cost of services	(47,163)	(44,366)	(183,993)	(108,686)
Cost of goods sold	(1,884)	(2,493)	(7,848)	(8,592)
Selling, general and administrative expenses	(19,202)	(23,368)	(83,642)	(64,836)
Depreciation and amortization	(6,166)	(6,366)	(25,941)	(19,165)
Restructuring charge	(1,138)	(146)	(1,540)	(4,056)
<b>Segment income</b>	<b>6,468</b>	<b>11,205</b>	<b>34,725</b>	<b>30,320</b>
<b>Consumer Products segment:</b>				
Revenues - Sale of goods	54,046	77,821	233,202	77,821
Cost of goods sold	(41,109)	(52,162)	(164,635)	(52,162)
Selling, general and administrative expenses	(15,197)	(15,303)	(67,229)	(15,303)
Depreciation and amortization	(2,134)	(2,168)	(9,918)	(2,168)
Impairment of goodwill and tradenames	(33,100)	—	(68,600)	—
Restructuring charge	(44)	—	(530)	—
<b>Segment (loss) income</b>	<b>(37,538)</b>	<b>8,188</b>	<b>(77,710)</b>	<b>8,188</b>
<b>Consolidated operating (loss) income from reportable segments</b>	<b>\$ (29,971)</b>	<b>\$ 20,756</b>	<b>\$ 206,746</b>	<b>\$ 114,702</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 (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, gain on bargain purchase, 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 net of fixed income trading revenue, realized and unrealized gains (losses) on investments, and other investment related expenses, and (iv) including in the case of investment adjusted EBITDA, trading income (loss) and fair value adjustments on loans, realized and unrealized gains (losses) on investments, net of fixed income trading revenue and 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  
[www.brileyfin.com](http://www.brileyfin.com)

