



## Second Quarter 2022 Supplemental Financial Data

July 28, 2022

NASDAQ: RILY

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

(Unaudited, dollars in thousands)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>Adj. EBITDA and Operating Adj. EBITDA Reconciliation</b>					
Net income (loss) attributable to B. Riley Financial, Inc.	\$ 75,676	\$ 50,550	\$ 64,172	\$ (10,062)	\$ (140,159)
EBITDA Adjustments:					
Provision for (benefit from) income taxes	19,902	22,693	23,847	(3,695)	(52,513)
Interest expense	20,856	25,372	26,441	30,436	31,764
Interest income	(56)	(70)	(54)	(67)	(500)
Share based payments	8,608	9,374	12,503	17,013	14,202
Depreciation and amortization	6,165	6,142	6,805	7,848	7,961
Gain on extinguishment of loans	(6,509)	—	—	(1,102)	—
Transactions related costs and other	245	40	4,311	291	3,468
Total EBITDA Adjustments	<u>49,211</u>	<u>63,551</u>	<u>73,853</u>	<u>50,724</u>	<u>4,382</u>
<b>Adjusted EBITDA</b>	<b>\$ 124,887</b>	<b>\$ 114,101</b>	<b>\$ 138,025</b>	<b>\$ 40,662</b>	<b>\$ (135,777)</b>
<b>Operating EBITDA Adjustments:</b>					
Trading (income) losses and fair value adjustments on loans	(32,679)	(18,197)	(68,858)	68,390	223,927
Other investment related expenses	(84)	5,187	36,930	(24,865)	(13,930)
Total Operating EBITDA Adjustments	<u>(32,763)</u>	<u>(13,010)</u>	<u>(31,928)</u>	<u>43,525</u>	<u>209,997</u>
<b>Operating Adjusted EBITDA</b>	<b>\$ 92,124</b>	<b>\$ 101,091</b>	<b>\$ 106,097</b>	<b>\$ 84,187</b>	<b>\$ 74,220</b>

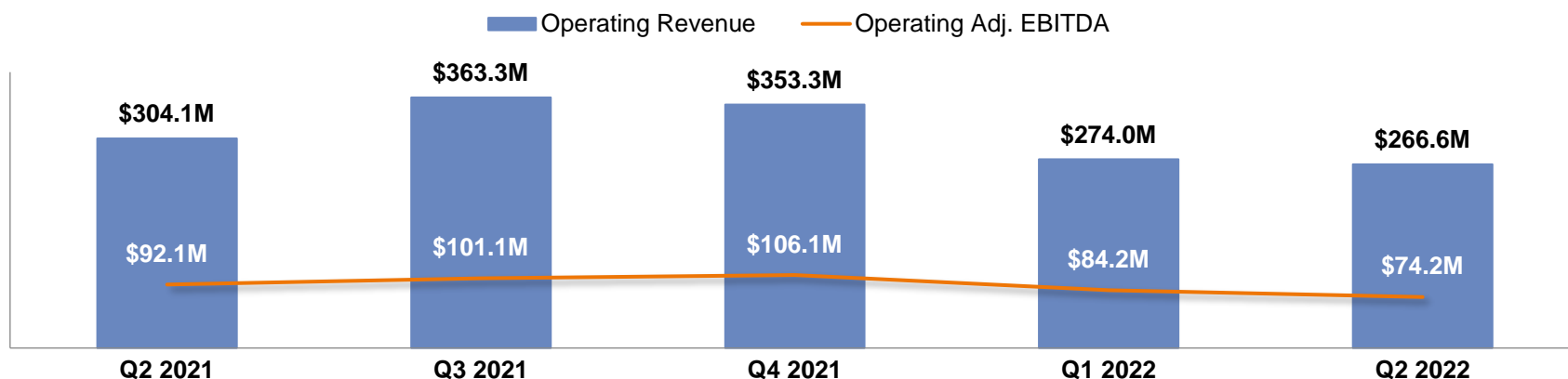
# Operating Income Summary

	Three Months Ended June 30, 2021			Three Months Ended June 30, 2022		
	Operating	Investment	Combined	Operating	Investment	Combined
<i>(Unaudited, dollars in thousands)</i>						
<b>Revenues:</b>						
Services and fees	\$ 266,143	—	\$ 266,143	\$ 200,905	—	\$ 200,905
Trading income (losses) and fair value adjustments on loans	—	32,679	32,679	—	(223,927)	(223,927)
Interest income – loans & securities lending	25,491	—	25,491	63,835	—	63,835
Sale of goods	12,457	—	12,457	1,887	—	1,887
<b>Total revenues</b>	<u>\$304,091</u>	<u>\$ 32,679</u>	<u>\$ 336,770</u>	<u>\$ 266,627</u>	<u>\$ (223,927)</u>	<u>\$ 42,700</u>
<b>Operating expenses:</b>						
Direct cost of services	\$ 12,094	—	\$ 12,094	\$ 17,785	—	\$ 17,785
Cost of goods sold	3,626	—	3,626	1,994	—	1,994
Selling, general and administrative expenses	200,006	(84) <sup>(1)</sup>	199,922	181,066	(13,930) <sup>(1)</sup>	167,136
Interest expense – securities lending & loan participations sold	10,983	—	10,983	14,544	—	14,544
<b>Total operating expenses</b>	<u>\$ 226,709</u>	<u>\$ (84)</u>	<u>\$ 226,625</u>	<u>\$ 215,389</u>	<u>\$ (13,930)</u>	<u>\$ 201,459</u>
<b>Operating income (loss)</b>	<u>\$ 77,382</u>	<u>\$ 32,763</u>	<u>\$ 110,145</u>	<u>\$ 51,238</u>	<u>\$ (209,997)</u>	<u>\$ (158,759)</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**

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Operating Revenue <sup>(1)</sup>	\$ 304,091	\$ 363,325	\$ 353,252	\$ 273,979	\$ 266,627
Investment Gains (Loss) <sup>(2)</sup>	32,679	18,197	68,858	(68,390)	(223,927)
<b>Total Revenue</b>	<b>\$ 336,770</b>	<b>\$ 381,522</b>	<b>\$ 422,110</b>	<b>\$ 205,589</b>	<b>\$ 42,700</b>

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

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

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

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Operating Adjusted EBITDA <sup>(3)</sup>	\$ 92,124	\$ 101,091	\$ 106,097	\$ 84,187	\$ 74,220
Investment Adjusted EBITDA <sup>(4)</sup>	32,763	13,010	31,928	(43,525)	(209,997)
<b>Adjusted EBITDA <sup>(5)(6)</sup></b>	<b>\$ 124,887</b>	<b>\$ 114,101</b>	<b>\$ 138,025</b>	<b>\$ 40,662</b>	<b>\$ (135,777)</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

(Dollars in thousands)

	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022
Cash and Cash Equivalents	\$ 297,396	\$ 378,205	\$ 278,933	\$ 213,584	\$ 216,098
Restricted Cash	1,335	927	927	928	928
Due from/(to) Clearing Brokers, net	424,949	599,715	(39,741)	40,350	25,902
Advances Against Customer Contracts	200	200	200	200	200
<b>Securities and Other Investments Owned</b>					
Equity Securities	1,129,217	1,276,191	1,444,474	1,228,690	1,055,379
Corporate Bonds	42,912	5,401	7,632	10,508	8,231
Other Fixed Income Securities	3,227	4,436	2,606	3,681	2,321
Partnership Interests and Other	103,417	66,072	77,383	74,222	78,965
<b>Securities Sold Not Yet Purchased</b>	(272,088)	(419,211)	(28,623)	(7,498)	(5,403)
<b>Loans Receivable, net of Loan Participations Sold</b>	265,851	350,762	873,186	882,391	770,840
Other investments and deposits <sup>(1)</sup>	53,510	43,369	40,187	49,391	49,156
Noncontrolling interest <sup>(2)</sup>	(11,254)	(16,558)	(17,785)	(17,135)	(25,317)
<b>Total Cash, Net Securities, and Other</b>	<u>\$ 2,038,672</u>	<u>\$ 2,289,509</u>	<u>\$ 2,639,379</u>	<u>\$ 2,479,312</u>	<u>\$ 2,177,300</u>

## Debt Summary

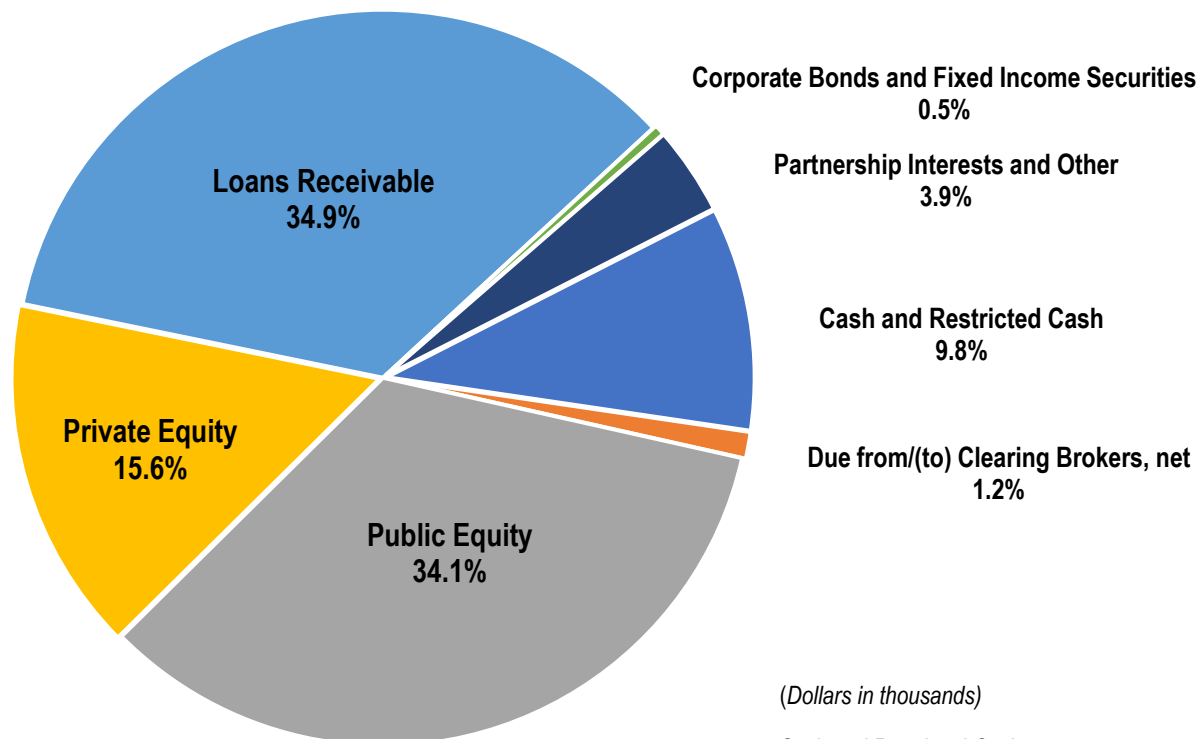
(Dollars in thousands)

	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022
Term Loans, net	\$ 257,104	\$ 252,927	\$ 346,385	\$ 342,851	\$ 367,815
Revolving Credit Facility	—	80,000	80,000	80,000	80,000
Notes Payable	357	357	357	22,891	23,186
Senior Notes Payable, net	1,213,105	1,362,847	1,606,560	1,627,649	1,644,778
<b>Total Debt</b>	<u>1,470,566</u>	<u>1,696,131</u>	<u>2,033,302</u>	<u>2,073,391</u>	<u>2,115,779</u>
<b>Total Cash and Investments, Net of Debt</b>	<u>\$ 568,106</u>	<u>\$ 593,378</u>	<u>\$ 606,077</u>	<u>\$ 405,921</u>	<u>\$ 61,521</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 – June 30, 2022



(Dollars in thousands)

	Gross Value	% of Total
Cash and Restricted Cash	\$ 217,026	9.8%
Due from/(to) Clearing Brokers, net	25,902	1.2%
Public Equity <sup>(1)(2)</sup>	752,610	34.1%
Private Equity <sup>(1)</sup>	345,131	15.6%
Loans Receivable	770,840	34.9%
Corporate Bonds and Fixed Income Securities	10,552	0.5%
Partnership Interests and Other <sup>(1)</sup>	85,959	3.9%
<b>Total</b>	<b>\$ 2,208,020</b>	<b>100.0%</b>

1. Includes investments reported in prepaid and other assets.

2. Includes \$76 million equity positions held by B.Riley in managed account with gains and losses for client benefit

# Condensed Consolidated Balance Sheets

<i>(Dollars in thousands)</i>	June 30, 2022 (Unaudited)	December 31, 2021
Cash and cash equivalents	\$ 216,098	\$ 278,933
Restricted cash	928	927
Due from clearing brokers	50,597	29,657
Securities and other investments owned, at fair value	1,144,896	1,532,095
Securities borrowed	2,414,074	2,090,966
Accounts receivable, net	52,935	49,673
Due from related parties	645	2,074
Loans receivable, at fair value	770,840	873,186
Prepaid expenses and other assets	480,276	463,502
Operating lease right-of-use assets	59,806	56,969
Property and equipment, net	14,182	12,870
Goodwill	394,331	250,568
Other intangible assets, net	270,322	207,651
Deferred tax assets, net	5,287	2,848
<b>Total assets</b>	<b>\$ 5,875,217</b>	<b>\$ 5,851,919</b>
Accounts payable	\$ 22,428	\$ 6,326
Accrued expenses and other liabilities	245,773	343,750
Deferred revenue	79,226	69,507
Due to related parties and partners	470	—
Due to clearing brokers	24,695	69,398
Securities sold not yet purchased	5,403	28,623
Securities loaned	2,414,201	2,088,685
Operating lease liabilities	70,972	69,072
Deferred tax liabilities, net	—	93,055
Notes payable	23,186	357
Revolving credit facility	80,000	80,000
Term loans, net	367,815	346,385
Senior notes payable, net	1,644,778	1,606,560
<b>Total liabilities</b>	<b>\$ 4,978,947</b>	<b>\$ 4,801,718</b>
Redeemable noncontrolling interests in equity of subsidiaries	352,894	345,000
Total B. Riley Financial, Inc. stockholders' equity	487,909	661,271
Noncontrolling interests	55,467	43,930
Total equity	543,376	705,201
<b>Total liabilities and equity</b>	<b>\$ 5,875,217</b>	<b>\$ 5,851,919</b>

# Consolidated Statements of Operations

(Unaudited, dollars in thousands, except share data)

	Three Months Ended June 30,	
	2022	2021
<b>Revenues:</b>		
Services and fees	\$ 200,905	\$ 266,143
Trading (losses) income and fair value adjustments on loans	(223,927)	32,679
Interest income - Loans and securities lending	63,835	25,491
Sale of goods	1,887	12,457
<b>Total revenues</b>	<b>42,700</b>	<b>336,770</b>
<b>Operating expenses:</b>		
Direct cost of services	17,785	12,094
Cost of goods sold	1,994	3,626
Selling, general and administrative expenses	167,136	199,922
Interest expense - Securities lending and loan participations sold	14,544	10,983
<b>Total operating expenses</b>	<b>201,459</b>	<b>226,625</b>
Operating (loss) income	(158,759)	110,145
Other income (expense):		
Interest income	500	56
Change in fair value of financial instruments and other	4,321	6,509
Loss from equity investments	(3,399)	(852)
Interest expense	(31,764)	(20,856)
(Loss) income before income taxes	(189,101)	95,002
Benefit from (provision for) income taxes	52,513	(19,902)
Net (loss) income	(136,588)	75,100
Net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests	3,571	(576)
Net (loss) income attributable to B. Riley Financial, Inc.	(140,159)	75,676
Preferred stock dividends	2,002	1,789
<b>Net (loss) income available to common shareholders</b>	<b>\$ (142,161)</b>	<b>\$ 73,887</b>
Basic (loss) income per common share	\$ (5.07)	\$ 2.70
Diluted (loss) income per common share	\$ (5.07)	\$ 2.58
Weighted average basic common shares outstanding	28,051,570	27,344,184
Weighted average diluted common shares outstanding	28,051,570	28,668,465



# Segment Financial Information

(Unaudited, dollars in thousands)

	Three Months Ended June 30,			Three Months Ended June 30,	
	2022	2021		2022	2021
<b>Capital Markets segment:</b>			<b>Financial Consulting segment</b>		
Revenues - Services and fees	\$ 67,426	\$ 125,997	Revenues - Services and fees	\$ 24,310	\$ 23,735
Trading (losses) income and fair value adjustments on loans	(225,455)	29,897	Selling, general and administrative expenses	(19,948)	(19,471)
Interest income - Loans and securities lending	62,399	25,491	Depreciation and amortization	(78)	(89)
<b>Total revenues</b>	<b>(95,630)</b>	<b>181,385</b>	<b>Segment income</b>	<b>4,284</b>	<b>4,175</b>
Selling, general and administrative expenses	(45,865)	(65,473)	<b>Principal Investments –</b>		
Interest expense - Securities lending and loan participations sold	(14,544)	(10,983)	<b>Communications and Other segment:</b>		
Depreciation and amortization	(2,204)	(247)	Revenues - Services and fees	40,646	18,932
<b>Segment (loss) income</b>	<b>(158,243)</b>	<b>104,682</b>	Revenues - Sale of goods	1,887	714
			<b>Total revenues</b>	<b>42,533</b>	<b>19,646</b>
<b>Wealth Management segment</b>			Direct cost of services	(16,489)	(4,554)
Revenues - Services and fees	60,861	87,444	Cost of goods sold	(1,994)	(521)
Trading income and fair value adjustments on loans	1,528	2,865	Selling, general and administrative expenses	(12,808)	(4,768)
<b>Total revenues</b>	<b>62,389</b>	<b>90,309</b>	Depreciation and amortization	(3,595)	(2,528)
Selling, general and administrative expenses	(68,394)	(88,702)	<b>Segment income</b>	<b>7,647</b>	<b>7,275</b>
Depreciation and amortization	(1,308)	(2,340)	<b>Brands segment:</b>		
<b>Segment loss</b>	<b>(7,313)</b>	<b>(733)</b>	Revenues - Services and fees	5,174	4,501
			Trading loss and fair value adjustments on loans	—	(83)
<b>Auction and Liquidation segment:</b>			<b>Total revenues</b>	<b>5,174</b>	<b>4,418</b>
Revenues - Services and fees	2,488	5,534	Selling, general and administrative expenses	(818)	(690)
Revenues - Sale of goods	—	11,743	Depreciation and amortization	(583)	(715)
Interest income - Loans and securities lending	1,436	—	<b>Segment income</b>	<b>3,773</b>	<b>3,013</b>
<b>Total revenues</b>	<b>3,924</b>	<b>17,277</b>	<b>Consolidated operating (loss) income from reportable segments</b>	<b>\$ (149,401)</b>	<b>\$ 121,967</b>
Direct cost of services	(1,296)	(7,540)			
Cost of goods sold	—	(3,105)			
Selling, general and administrative expenses	(2,177)	(3,077)			
<b>Segment income</b>	<b>\$ 451</b>	<b>\$ 3,555</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.