



Fourth Quarter 2022 Supplemental Financial Data

March 16, 2023

NASDAQ: RILY

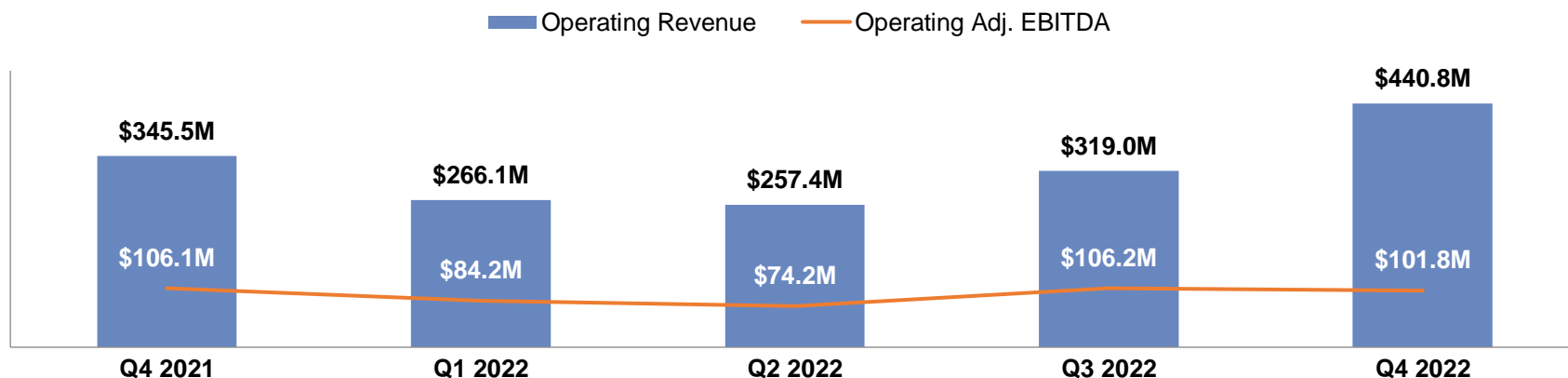
Reconciliation of U.S. GAAP to Non-GAAP Measures

(Unaudited, dollars in thousands)

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Adj. EBITDA and Operating Adj. EBITDA Reconciliation					
Net income (loss) attributable to B. Riley Financial, Inc.	\$ 64,172	\$ (10,062)	\$ (140,159)	\$ 47,837	\$ (57,445)
EBITDA Adjustments:					
Provision for (benefit from) income taxes	23,847	(3,695)	(52,513)	16,350	(23,998)
Interest expense	26,441	30,436	31,764	34,587	44,399
Interest income	(54)	(67)	(500)	(686)	(1,482)
Share based payments	12,503	17,013	14,202	14,613	15,312
Depreciation and amortization	6,805	7,848	7,961	10,717	13,443
Restructuring charge	—	—	—	8,016	995
Gain on extinguishment of loans	—	(1,102)	—	—	—
Transactions related costs and other	4,311	291	3,468	10,003	(5,264)
Total EBITDA Adjustments	<u>73,853</u>	<u>50,724</u>	<u>4,382</u>	<u>93,600</u>	<u>43,405</u>
Adjusted EBITDA	\$ 138,025	\$ 40,662	\$ (135,777)	\$ 141,437	\$ (14,040)
Operating EBITDA Adjustments:					
Trading (income) loss and fair value adjustments on loans	(54,848)	19,278	117,763	6,917	58,670
Realized and unrealized (gains) losses on investments	(14,010)	49,112	106,164	(19,071)	64,874
Other investment related expenses	36,930	(24,865)	(13,930)	(23,039)	(7,697)
Total Operating EBITDA Adjustments	<u>(31,928)</u>	<u>43,525</u>	<u>209,997</u>	<u>(35,193)</u>	<u>115,847</u>
Operating Adjusted EBITDA	\$ 106,097	\$ 84,187	\$ 74,220	\$ 106,244	\$ 101,807

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)

Operating Revenue ⁽¹⁾

Investment Gains (Loss) ⁽²⁾

Total Revenue

Operating Adjusted EBITDA ⁽³⁾

Investment Adjusted EBITDA ⁽⁴⁾

Adjusted EBITDA ⁽⁵⁾⁽⁶⁾

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Operating Revenue ⁽¹⁾	\$ 345,466	\$ 266,118	\$ 257,384	\$ 319,034	\$ 440,762
Investment Gains (Loss) ⁽²⁾	54,848	(19,278)	(117,763)	(6,917)	(58,670)
Total Revenue	\$ 400,314	\$ 246,840	\$ 139,621	\$ 312,117	\$ 382,092
Operating Adjusted EBITDA ⁽³⁾	\$ 106,097	\$ 84,187	\$ 74,220	\$ 106,244	\$ 101,807
Investment Adjusted EBITDA ⁽⁴⁾	31,928	(43,525)	(209,997)	35,193	(115,847)
Adjusted EBITDA ⁽⁵⁾⁽⁶⁾	\$ 138,025	\$ 40,662	\$ (135,777)	\$ 141,437	\$ (14,040)

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

<i>(Dollars in thousands)</i>	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022
Cash and Cash Equivalents	\$ 278,933	\$ 213,584	\$ 216,098	\$ 231,805	\$ 268,618
Restricted Cash	927	928	928	1,578	2,308
Due from/(to) Clearing Brokers, net	(39,741)	40,350	25,902	49,530	29,430
Advances Against Customer Contracts	200	200	200	200	200
Securities and Other Investments Owned					
Equity Securities	1,444,474	1,228,690	1,055,379	1,140,728	1,046,710
Corporate Bonds	7,632	10,508	8,231	6,761	8,539
Other Fixed Income Securities	2,606	3,681	2,321	8,649	3,956
Partnership Interests and Other	77,383	74,222	78,965	82,475	70,063
Securities Sold Not Yet Purchased	(28,623)	(7,498)	(5,403)	(17,751)	(5,897)
Loans Receivable, net of Loan Participations Sold	873,186	882,391	770,840	814,715	701,652
Other investments and deposits ⁽¹⁾	40,187	49,391	49,156	45,947	53,844
Noncontrolling interest ⁽²⁾	(17,785)	(17,135)	(25,317)	(32,038)	(31,349)
Total Cash, Net Securities, and Other	<u>\$ 2,639,379</u>	<u>\$ 2,479,312</u>	<u>\$ 2,177,300</u>	<u>\$ 2,332,599</u>	<u>\$ 2,148,074</u>

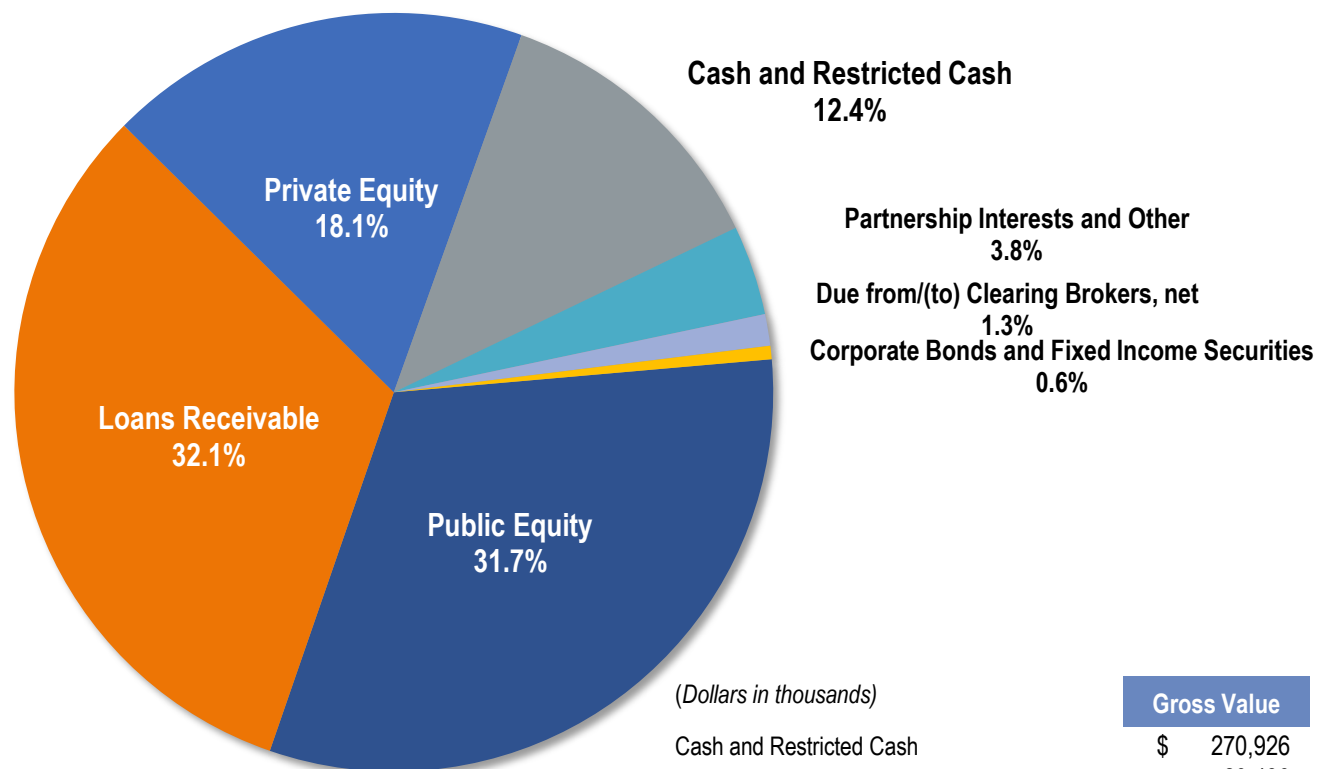
Debt Summary

<i>(Dollars in thousands)</i>	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022
Term Loans, net	\$ 346,385	\$ 342,851	\$ 367,815	\$ 558,035	\$ 572,079
Revolving Credit Facility	80,000	80,000	80,000	74,700	127,678
Notes Payable	357	22,891	23,186	25,075	25,263
Senior Notes Payable, net	1,606,560	1,627,649	1,644,778	1,661,191	1,721,751
Total Debt	<u>2,033,302</u>	<u>2,073,391</u>	<u>2,115,779</u>	<u>2,319,001</u>	<u>2,446,771</u>
Total Cash and Investments, Net of Debt	<u>\$ 606,077</u>	<u>\$ 405,921</u>	<u>\$ 61,521</u>	<u>\$ 13,598</u>	<u>\$ (298,697)</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, 2022



(Dollars in thousands)

	Gross Value	% of Total
Cash and Restricted Cash	\$ 270,926	12.4%
Due from/(to) Clearing Brokers, net	29,430	1.3%
Public Equity ⁽¹⁾⁽²⁾	692,506	31.7%
Private Equity ⁽¹⁾	394,616	18.1%
Loans Receivable	701,652	32.1%
Corporate Bonds and Fixed Income Securities	12,495	0.6%
Partnership Interests and Other ⁽¹⁾	83,695	3.8%
Total	\$ 2,185,320	100.0%

1. Includes investments reported in prepaid and other assets.

2. Includes \$51 million equity positions held by B. Riley in managed account with gains and losses for client benefit

Condensed Consolidated Balance Sheets

	December 31, 2022	December 31, 2021
<i>(Dollars in thousands)</i>		
Cash and cash equivalents	\$ 268,618	\$ 278,933
Restricted cash	2,308	927
Due from clearing brokers	48,737	29,657
Securities and other investments owned, at fair value	1,129,268	1,532,095
Securities borrowed	2,343,327	2,090,966
Accounts receivable, net	149,110	49,673
Due from related parties	1,081	2,074
Loans receivable, at fair value	701,652	873,186
Prepaid expenses and other assets	460,696	463,502
Operating lease right-of-use assets	88,593	56,969
Property and equipment, net	27,141	12,870
Goodwill	512,595	250,568
Other intangible assets, net	374,098	207,651
Deferred income taxes	3,978	2,848
Total assets	\$ 6,111,202	\$ 5,851,919
Accounts payable	\$ 81,384	\$ 6,326
Accrued expenses and other liabilities	322,974	343,750
Deferred revenue	85,441	69,507
Deferred income taxes	29,548	93,055
Due to related parties and partners	2,210	—
Due to clearing brokers	19,307	69,398
Securities sold not yet purchased	5,897	28,623
Securities loaned	2,334,031	2,088,685
Operating lease liabilities	99,124	69,072
Notes payable	25,263	357
Revolving credit facility	127,678	80,000
Term loans, net	572,079	346,385
Senior notes payable, net	1,721,751	1,606,560
Total liabilities	\$ 5,426,687	\$ 4,801,718
Redeemable noncontrolling interests in equity of subsidiaries	178,622	345,000
Total B. Riley Financial, Inc. stockholders' equity	446,514	661,271
Noncontrolling interests	59,379	43,930
Total equity	505,893	705,201
Total liabilities and equity	\$ 6,111,202	\$ 5,851,919

Consolidated Statements of Operations

(Dollars in thousands, except share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	As Revised (Unaudited)	As Restated (Unaudited)	As Revised	As Restated
Revenues:				
Services and fees	\$ 243,837	\$ 308,062	\$ 895,623	\$ 1,153,225
Trading (loss) income and fair value adjustments on loans	(58,670)	54,848	(202,628)	220,545
Interest income - Loans and securities lending	62,545	33,443	245,400	122,723
Sale of goods	134,380	3,961	142,275	58,205
Total revenues	382,092	400,314	1,080,670	1,554,698
Operating expenses:				
Direct cost of services	68,496	12,955	142,455	54,390
Cost of goods sold	71,313	5,559	78,647	26,953
Selling, general and administrative expenses	208,552	270,712	714,614	906,196
Restructuring charge	995	—	9,011	—
Interest expense - Securities lending and loan participations sold	22,738	12,362	66,495	52,631
Total operating expenses	372,094	301,588	1,011,222	1,040,170
Operating income	9,998	98,726	69,448	514,528
Other income (expense):				
Interest income	1,482	54	2,735	229
Dividend income	9,595	7,786	35,874	19,732
Realized and unrealized (losses) gains on investments	(64,874)	14,010	(201,079)	166,131
Change in fair value of financial instruments and other	460	(4,471)	10,188	3,796
Income from equity method investments	285	1,629	3,570	2,801
Interest expense	(44,399)	(26,441)	(141,186)	(92,455)
(Loss) income before income taxes	(87,453)	91,293	(220,450)	614,762
Benefit from (provision for) income taxes	23,998	(23,847)	63,856	(163,960)
Net (loss) income	(63,455)	67,446	(156,594)	450,802
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interests	(6,010)	3,274	3,235	5,748
Net (loss) income attributable to B. Riley Financial, Inc.	\$ (57,445)	\$ 64,172	\$ (159,829)	\$ 445,054
Preferred stock dividends	2,002	1,990	8,008	7,457
Net (loss) income available to common shareholders	\$ (59,447)	\$ 62,182	\$ (167,837)	\$ 437,597
Basic (loss) income per common share	\$ (2.08)	\$ 2.26	\$ (5.95)	\$ 15.99
Diluted (loss) income per common share	\$ (2.08)	\$ 2.08	\$ (5.95)	\$ 15.09
Weighted average basic common shares outstanding	28,545,714	27,569,188	28,188,530	27,366,292
Weighted average diluted common shares outstanding	28,545,714	29,840,704	28,188,530	29,005,602

Consolidated Statements of Operations

(Dollars in thousands, except share data)

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Restated
Revenues:						
Services and fees	\$ 931,497	\$ (35,874)	\$ 895,623	\$ 1,172,957	\$ (19,732)	\$ 1,153,225
Trading (loss) income and fair value adjustments on loans	(403,707)	201,079	(202,628)	386,676	(166,131)	220,545
Interest income - Loans and securities lending	245,400	—	245,400	122,723	—	122,723
Sale of goods	142,275	—	142,275	58,205	—	58,205
Total revenues	915,465	165,205	1,080,670	1,740,561	(185,863)	1,554,698
Operating expenses:						
Direct cost of services	142,455	—	142,455	54,390	—	54,390
Cost of goods sold	78,647	—	78,647	26,953	—	26,953
Selling, general and administrative expenses	714,614	—	714,614	906,196	—	906,196
Restructuring charge	9,011	—	9,011	—	—	—
Interest expense - Securities lending and loan participations sold	66,495	—	66,495	52,631	—	52,631
Total operating expenses	1,011,222	—	1,011,222	1,040,170	—	1,040,170
Operating (loss) income	(95,757)	165,205	69,448	700,391	(185,863)	514,528
Other income (expense):						
Interest income	2,735	—	2,735	229	—	229
Dividend income	—	35,874	35,874	—	19,732	19,732
Realized and unrealized (losses) gains on investments	—	(201,079)	(201,079)	—	166,131	166,131
Change in fair value of financial instruments and other	10,188	—	10,188	3,796	—	3,796
Income from equity method investments	3,570	—	3,570	2,801	—	2,801
Interest expense	(141,186)	—	(141,186)	(92,455)	—	(92,455)
(Loss) income before income taxes	(220,450)	—	(220,450)	614,762	—	614,762
Benefit from (provision for) income taxes	63,856	—	63,856	(163,960)	—	(163,960)
Net (loss) income	(156,594)	—	(156,594)	450,802	—	450,802
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interests	3,235	—	3,235	5,748	—	5,748
Net (loss) income attributable to B. Riley Financial, Inc.	\$ (159,829)	\$ —	\$ (159,829)	\$ 445,054	\$ —	\$ 445,054
Preferred stock dividends	8,008	—	8,008	7,457	—	7,457
Net (loss) income available to common shareholders	\$ (167,837)	\$ —	\$ (167,837)	\$ 437,597	\$ —	\$ 437,597
Basic (loss) income per common share	\$ (5.95)		\$ (5.95)	\$ 15.99		\$ 15.99
Diluted (loss) income per common share	\$ (5.95)		\$ (5.95)	\$ 15.09		\$ 15.09
Weighted average basic common shares outstanding	28,188,530		28,188,530	27,366,292		27,366,292
Weighted average diluted common shares outstanding	28,188,530		28,188,530	29,005,602		29,005,602

Consolidated Statements of Operations

(Dollars in thousands, except share data)

(Unaudited)

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Restated
Revenues:						
Services and fees	\$ 253,432	\$ (9,595)	\$ 243,837	\$ 315,848	\$ (7,786)	\$ 308,062
Trading (loss) income and fair value adjustments on loans	(123,544)	64,874	(58,670)	68,858	(14,010)	54,848
Interest income - Loans and securities lending	62,545	—	62,545	33,443	—	33,443
Sale of goods	134,380	—	134,380	3,961	—	3,961
Total revenues	326,813	55,279	382,092	422,110	(21,796)	400,314
Operating expenses:						
Direct cost of services	68,496	—	68,496	12,955	—	12,955
Cost of goods sold	71,313	—	71,313	5,559	—	5,559
Selling, general and administrative expenses	208,552	—	208,552	270,712	—	270,712
Restructuring charge	995	—	995	—	—	—
Interest expense - Securities lending and loan participations sold	22,738	—	22,738	12,362	—	12,362
Total operating expenses	372,094	—	372,094	301,588	—	301,588
Operating (loss) income	(45,281)	55,279	9,998	120,522	(21,796)	98,726
Other income (expense):						
Interest income	1,482	—	1,482	54	—	54
Dividend income	—	9,595	9,595	—	7,786	7,786
Realized and unrealized (losses) gains on investments	—	(64,874)	(64,874)	—	14,010	14,010
Change in fair value of financial instruments and other	460	—	460	(4,471)	—	(4,471)
Income from equity method investments	285	—	285	1,629	—	1,629
Interest expense	(44,399)	—	(44,399)	(26,441)	—	(26,441)
(Loss) income before income taxes	(87,453)	—	(87,453)	91,293	—	91,293
Benefit from (provision for) income taxes	23,998	—	23,998	(23,847)	—	(23,847)
Net (loss) income	(63,455)	—	(63,455)	67,446	—	67,446
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interests	(6,010)	—	(6,010)	3,274	—	3,274
Net (loss) income attributable to B. Riley Financial, Inc.	\$ (57,445)	\$ —	\$ (57,445)	\$ 64,172	\$ —	\$ 64,172
Preferred stock dividends	2,002	—	2,002	1,990	—	1,990
Net (loss) income available to common shareholders	\$ (59,447)	\$ —	\$ (59,447)	\$ 62,182	\$ —	\$ 62,182
Basic (loss) income per common share	\$ (2.08)		\$ (2.08)	\$ 2.26		\$ 2.26
Diluted (loss) income per common share	\$ (2.08)		\$ (2.08)	\$ 2.08		\$ 2.08
Weighted average basic common shares outstanding	28,545,714		28,545,714	27,569,188		27,569,188
Weighted average diluted common shares outstanding	28,545,714		28,545,714	29,840,704		29,840,704

Segment Financial Information

(Dollars in thousands)

	Year Ended December 31,	
	2022	2021
	As Revised	As Restated
Capital Markets segment:		
Revenues - Services and fees	\$ 292,933	\$ 555,585
Trading (loss) income and fair value adjustments on loans	(206,150)	212,922
Interest income - Loans and securities lending	240,813	122,723
Total revenues	327,596	891,230
Selling, general and administrative expenses	(171,006)	(345,455)
Interest expense - Securities lending and loan participations sold	(66,495)	(52,631)
Depreciation and amortization	(8,493)	(2,136)
Segment income	81,602	491,008
Wealth Management segment:		
Revenues - Services and fees	230,735	374,361
Trading income and fair value adjustments on loans	3,522	7,623
Total revenues	234,257	381,984
Selling, general and administrative expenses	(258,134)	(357,130)
Restructuring charge	(4,955)	—
Depreciation and amortization	(5,488)	(8,920)
Segment (loss) income	(34,320)	15,934
Auction and Liquidation segment:		
Revenues - Services and fees	12,581	20,169
Revenues - Sale of goods	56,928	53,348
Interest income - Loans and securities lending	4,587	—
Total revenues	74,096	73,517
Direct cost of services	(23,920)	(30,719)
Cost of goods sold	(17,893)	(20,675)
Selling, general and administrative expenses	(19,683)	(14,069)
Segment income	\$ 12,600	\$ 8,054

	Year Ended December 31,	
	2022	2021
	As Revised	As Restated
Financial Consulting segment:		
Revenues - Services and fees	\$ 98,508	\$ 94,312
Selling, general and administrative expenses	(81,891)	(77,062)
Depreciation and amortization	(305)	(356)
Segment income	16,312	16,894
Communications segment:		
Revenues - Services and fees	228,129	88,490
Revenues - Sale of goods	7,526	4,857
Total revenues	235,655	93,347
Direct cost of services	(108,686)	(23,671)
Cost of goods sold	(8,592)	(6,278)
Selling, general and administrative expenses	(64,836)	(25,493)
Restructuring charge	(4,056)	—
Depreciation and amortization	(19,165)	(10,747)
Segment income	30,320	27,158
Consumer segment:		
Revenues - Services and fees	18,940	20,308
Revenues - Sale of goods	77,821	—
Total revenues	96,761	20,308
Cost of goods sold	(52,162)	—
Selling, general and administrative expenses	(18,458)	(3,178)
Depreciation and amortization	(4,279)	(2,745)
Segment income	21,862	14,385
Consolidated operating income from reportable segments	\$ 128,376	\$ 573,433

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.