



First Quarter 2023 Supplemental Financial Data

May 4, 2023

NASDAQ: RILY

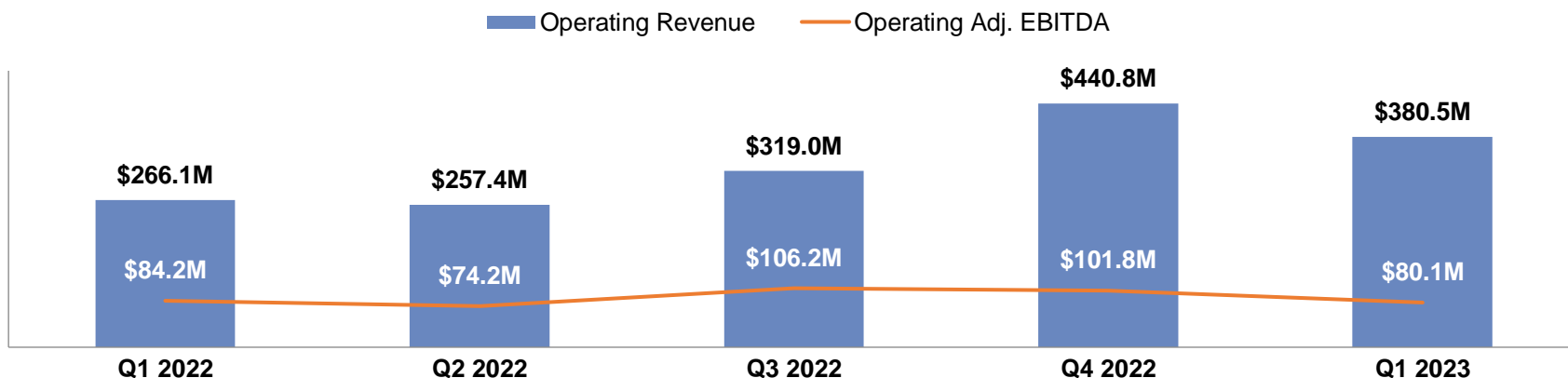
Reconciliation of U.S. GAAP to Non-GAAP Measures

(Unaudited, dollars in thousands)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Adj. EBITDA and Operating Adj. EBITDA Reconciliation					
Net (loss) income attributable to B. Riley Financial, Inc.	\$ (10,062)	\$ (140,159)	\$ 47,837	\$ (57,445)	\$ 17,155
EBITDA Adjustments:					
(Benefit from) provision for income taxes	(3,695)	(52,513)	16,350	(23,998)	7,919
Interest expense	30,436	31,764	34,587	44,399	47,561
Interest income	(67)	(500)	(686)	(1,482)	(2,574)
Share based payments	17,013	14,202	14,613	15,312	13,746
Depreciation and amortization	7,848	7,961	10,717	13,443	13,077
Restructuring charge	—	—	8,016	995	93
Gain on extinguishment of loans	(1,102)	—	—	—	—
Transactions related costs and other	291	3,468	10,003	(5,264)	(2,146)
Total EBITDA Adjustments	<u>50,724</u>	<u>4,382</u>	<u>93,600</u>	<u>43,405</u>	<u>77,676</u>
Adjusted EBITDA	\$ 40,662	\$ (135,777)	\$ 141,437	\$ (14,040)	\$ 94,831
Operating EBITDA Adjustments:					
Trading loss (income) and fair value adjustments on loans	19,278	117,763	6,917	58,670	(51,568)
Realized and unrealized losses (gains) on investments	49,112	106,164	(19,071)	64,874	28,442
Other investment related expenses	(24,865)	(13,930)	(23,039)	(7,697)	8,421
Total Operating EBITDA Adjustments	<u>43,525</u>	<u>209,997</u>	<u>(35,193)</u>	<u>115,847</u>	<u>(14,705)</u>
Operating Adjusted EBITDA	\$ 84,187	\$ 74,220	\$ 106,244	\$ 101,807	\$ 80,126

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

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Operating Revenue ⁽¹⁾	\$ 266,118	\$ 257,384	\$ 319,034	\$ 440,762	\$ 380,522
Investment Gains (Loss) ⁽²⁾	(19,278)	(117,763)	(6,917)	(58,670)	51,568
Total Revenue	\$ 246,840	\$ 139,621	\$ 312,117	\$ 382,092	\$ 432,090

Operating Adjusted EBITDA ⁽³⁾

Investment Adjusted EBITDA ⁽⁴⁾

Adjusted EBITDA ⁽⁵⁾⁽⁶⁾

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Operating Adjusted EBITDA ⁽³⁾	\$ 84,187	\$ 74,220	\$ 106,244	\$ 101,807	\$ 80,126
Investment Adjusted EBITDA ⁽⁴⁾	(43,525)	(209,997)	35,193	(115,847)	14,705
Adjusted EBITDA ⁽⁵⁾⁽⁶⁾	\$ 40,662	\$ (135,777)	\$ 141,437	\$ (14,040)	\$ 94,831

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>	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023
Cash and Cash Equivalents	\$ 213,584	\$ 216,098	\$ 231,805	\$ 268,618	\$ 209,971
Restricted Cash	928	928	1,578	2,308	2,351
Due from/(to) Clearing Brokers, net	40,350	25,902	49,530	29,430	13,112
Advances Against Customer Contracts	200	200	200	200	200
Securities and Other Investments Owned					
Equity Securities	1,228,690	1,055,379	1,140,728	1,046,710	929,582
Corporate Bonds	10,508	8,231	6,761	8,539	65,470
Other Fixed Income Securities	3,681	2,321	8,649	3,956	5,248
Partnership Interests and Other	74,222	78,965	82,475	70,063	48,930
Securities Sold Not Yet Purchased	(7,498)	(5,403)	(17,751)	(5,897)	(7,806)
Loans Receivable, net of Loan Participations Sold	882,391	770,840	814,715	701,652	772,085
Other investments and deposits ⁽¹⁾	49,391	49,156	45,947	53,844	72,905
Noncontrolling interest ⁽²⁾	(17,135)	(25,317)	(32,038)	(31,349)	(29,785)
Total Cash, Net Securities, and Other	<u>\$ 2,479,312</u>	<u>\$ 2,177,300</u>	<u>\$ 2,332,599</u>	<u>\$ 2,148,074</u>	<u>\$ 2,082,263</u>

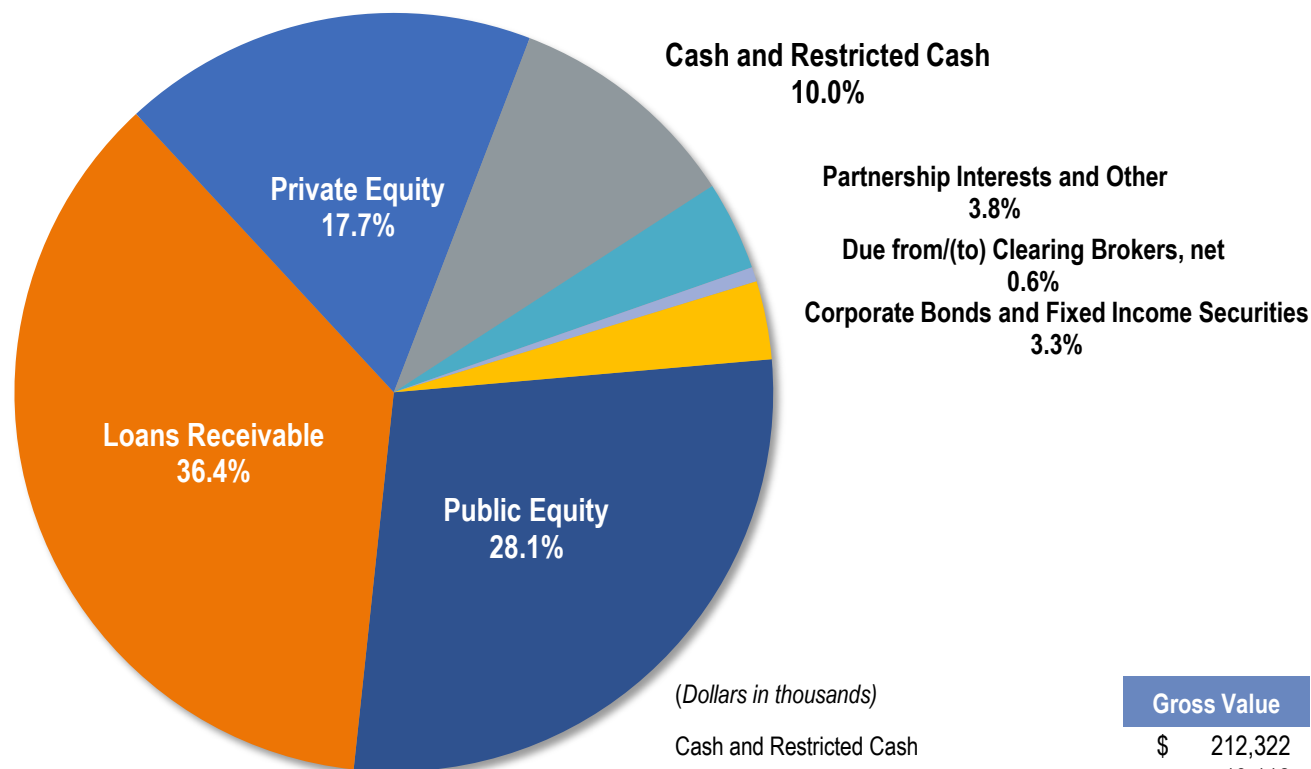
Debt Summary

<i>(Dollars in thousands)</i>	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023
Term Loans, net	\$ 342,851	\$ 367,815	\$ 558,035	\$ 572,079	\$ 626,613
Revolving Credit Facility	80,000	80,000	74,700	127,678	139,463
Notes Payable	22,891	23,186	25,075	25,263	19,882
Senior Notes Payable, net	1,627,649	1,644,778	1,661,191	1,721,751	1,722,977
Total Debt	<u>2,073,391</u>	<u>2,115,779</u>	<u>2,319,001</u>	<u>2,446,771</u>	<u>2,508,935</u>
Total Cash and Investments, Net of Debt	<u>\$ 405,921</u>	<u>\$ 61,521</u>	<u>\$ 13,598</u>	<u>\$ (298,697)</u>	<u>\$ (426,672)</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 – March 31, 2023



(Dollars in thousands)

	Gross Value	% of Total
Cash and Restricted Cash	\$ 212,322	10.0%
Due from/(to) Clearing Brokers, net	13,112	0.6%
Public Equity ⁽¹⁾⁽²⁾	595,232	28.1%
Private Equity ⁽¹⁾	375,635	17.7%
Loans Receivable	772,085	36.4%
Corporate Bonds and Fixed Income Securities	70,718	3.3%
Partnership Interests and Other ⁽¹⁾	80,750	3.8%
Total	\$ 2,119,854	100.0%

1. Includes investments reported in prepaid and other assets.

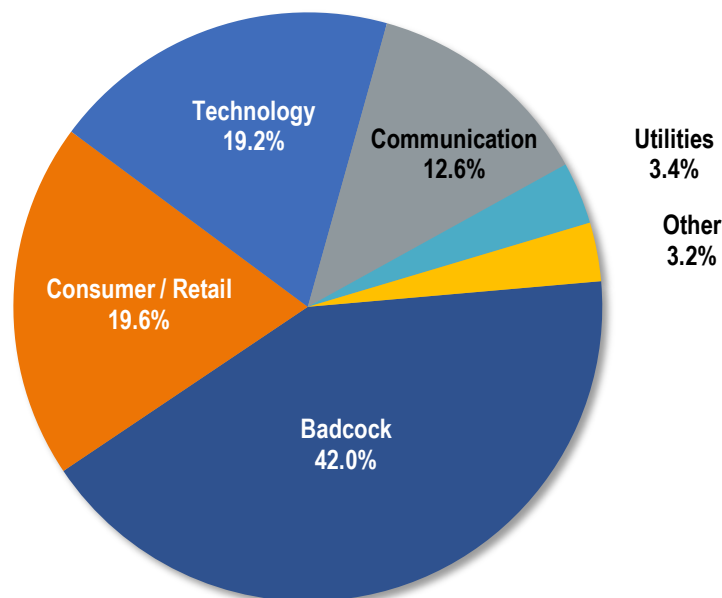
2. Includes \$59 million equity positions held by B. Riley in managed account with gains and losses for client benefit

Loans Receivables Summary

Loans Receivable Balance Roll Forward – March 31, 2023

<i>(Unaudited, dollars in thousands)</i>	December 31, 2022	Gross Loan Funding	Sales, Repayments, and Conversions	Fair Value Adjustments	Capitalized Interest and Other	March 31, 2023
Badcock Receivables, at Fair Value	\$ 318,109	\$ 145,278	\$ (138,877)	\$ (182)	\$ —	\$ 324,328
Other Loans Receivable, at Fair Value	383,543	111,883	(92,308)	43,458	1,181	447,757
Total Loans Receivable, at Fair Value	\$ 701,652	\$ 257,161	\$ (231,185)	\$ 43,276	\$ 1,181	\$ 772,085

Loans Receivable Balance by Sector – March 31, 2023



Summary Statistics of Other Loans Receivable¹

(Dollars in thousands)

	March 31, 2023
Total Fair Value	\$ 447,757
Total Principal	\$ 475,289
Number of Companies	14
Number of Loans	24
Average Principal per Name	\$ 33,949
Average Fair Value per Name	\$ 31,983
Interest Rate Range	7% - 18%
Average Duration	0.9 years

1. Excludes Badcock receivables.

Condensed Consolidated Balance Sheets

<i>(Dollars in thousands)</i>	March 31, 2023 (Unaudited)	December 31, 2022
Cash and cash equivalents	\$ 209,971	\$ 268,618
Restricted cash	2,351	2,308
Due from clearing brokers	19,145	48,737
Securities and other investments owned, at fair value	1,049,230	1,129,268
Securities borrowed	2,942,843	2,343,327
Accounts receivable, net	120,853	149,110
Due from related parties	372	1,081
Loans receivable, at fair value	772,085	701,652
Prepaid expenses and other assets	491,872	460,696
Operating lease right-of-use assets	88,989	88,593
Property and equipment, net	27,577	27,141
Goodwill	523,997	512,595
Other intangible assets, net	366,060	374,098
Deferred income taxes	2,845	3,978
Total assets	\$ 6,618,190	\$ 6,111,202
Accounts payable	\$ 59,969	\$ 81,384
Accrued expenses and other liabilities	263,335	322,974
Deferred revenue	84,019	85,441
Deferred income taxes	34,274	29,548
Due to related parties and partners	431	2,210
Due to clearing brokers	6,033	19,307
Securities sold not yet purchased	7,806	5,897
Securities loaned	2,937,982	2,334,031
Operating lease liabilities	100,075	99,124
Notes payable	19,882	25,263
Revolving credit facility	139,463	127,678
Term loans, net	626,613	572,079
Senior notes payable, net	1,722,977	1,721,751
Total liabilities	\$ 6,002,859	\$ 5,426,687
Redeemable noncontrolling interests in equity of subsidiaries	174,967	178,622
Total B. Riley Financial, Inc. stockholders' equity	381,185	446,514
Noncontrolling interests	59,179	59,379
Total equity	440,364	505,893
Total liabilities and equity	\$ 6,618,190	\$ 6,111,202

Consolidated Statements of Operations

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

	Three Months Ended March 31,	
	2023	2022 (As Restated)
Revenues:		
Services and fees	\$ 235,559	\$ 202,814
Trading income (loss) and fair value adjustments on loans	51,568	(19,278)
Interest income - Loans and securities lending	77,186	61,426
Sale of goods	67,777	1,878
Total revenues	432,090	246,840
Operating expenses:		
Direct cost of services	54,397	11,651
Cost of goods sold	47,626	2,251
Selling, general and administrative expenses	212,627	175,199
Restructuring charge	93	—
Interest expense - Securities lending and loan participations sold	32,424	11,766
Total operating expenses	347,167	200,867
Operating income	84,923	45,973
Other income (expense):		
Interest income	2,574	67
Dividend income	13,204	7,861
Realized and unrealized losses on investments	(28,442)	(49,112)
Change in fair value of financial instruments and other	(209)	5,981
(Loss) income from equity method investments	(10)	6,775
Interest expense	(47,561)	(30,436)
Income (loss) before income taxes	24,479	(12,891)
(Provision for) benefit from income taxes	(7,919)	3,695
Net income (loss)	16,560	(9,196)
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interests	(595)	866
Net income (loss) attributable to B. Riley Financial, Inc.	\$ 17,155	\$ (10,062)
Preferred stock dividends	2,012	2,002
Net income (loss) available to common shareholders	\$ 15,143	\$ (12,064)
Basic income (loss) per common share	\$ 0.53	\$ (0.43)
Diluted income (loss) per common share	\$ 0.51	\$ (0.43)
Weighted average basic common shares outstanding	28,585,337	27,855,033
Weighted average diluted common shares outstanding	29,513,435	27,855,033

Segment Financial Information

(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022 (As Restated)
Capital Markets segment:		
Revenues - Services and fees	\$ 57,929	\$ 61,223
Trading income (loss) and fair value adjustments on loans	50,296	(19,800)
Interest income - Loans and securities lending	77,186	61,426
Total revenues	185,411	102,849
Selling, general and administrative expenses	(65,711)	(34,117)
Interest expense - Securities lending and loan participations sold	(32,424)	(11,766)
Depreciation and amortization	(1,256)	(1,893)
Segment income	86,020	55,073
Wealth Management segment:		
Revenues - Services and fees	48,542	76,957
Trading income and fair value adjustments on loans	1,272	522
Total revenues	49,814	77,479
Selling, general and administrative expenses	(47,322)	(85,742)
Restructuring charge	(33)	—
Depreciation and amortization	(1,086)	(1,833)
Segment income (loss)	1,373	(10,096)
Auction and Liquidation segment:		
Revenues - Services and fees	5,444	3,355
Revenues - Sale of goods	216	—
Total revenues	5,660	3,355
Direct cost of services	(3,128)	(2,335)
Cost of goods sold	(52)	—
Selling, general and administrative expenses	(2,280)	(1,820)
Segment income (loss)	\$ 200	\$ (800)

	Three Months Ended March 31,	
	2023	2022 (As Restated)
Financial Consulting segment:		
Revenues - Services and fees	\$ 25,010	\$ 25,936
Selling, general and administrative expenses	(21,149)	(20,943)
Depreciation and amortization	(78)	(81)
Segment income	3,783	4,912
Communications segment:		
Revenues - Services and fees	85,052	30,087
Revenues - Sale of goods	1,867	1,878
Total revenues	86,919	31,965
Direct cost of services	(44,733)	(9,316)
Cost of goods sold	(2,168)	(2,251)
Selling, general and administrative expenses	(22,544)	(8,245)
Restructuring charge	(60)	—
Depreciation and amortization	(6,631)	(3,184)
Segment income	10,783	8,969
Consumer segment:		
Revenues - Services and fees ¹	4,309	4,557
Revenues - Sale of goods	65,694	—
Total revenues	70,003	4,557
Cost of goods sold	(45,406)	—
Selling, general and administrative expenses	(20,112)	(756)
Depreciation and amortization	(2,839)	(583)
Segment income	1,646	3,218
Consolidated operating income from reportable segments	\$ 103,805	\$ 61,276

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.