RICHARDSON Wealth

Built to Grow

the brand of choice for Canada's top advisors.

Report to Shareholders

RF Capital Group Inc. | For the quarter ended March 31, 2024

A Message from our President & CEO

2024 has started off strong with AUA[1] reaching $37.0 billion at the end of Q1, up $1.8 billion or 5% over the quarter. This growth was driven by strength in equity markets, our advisors bringing in a seven-quarter high $415 million of net new assets, and our recent recruits onboarding a two-year high $477 million of AUA[1]. And it occurred despite four advisors representing $609 million of AUA[1] choosing to leave in Q1. Over the long-term, the compounding of equity returns, along with net new assets from our existing advisor teams and recruiting, are powerful drivers of AUA[1] growth.

During Q1, AUA[1] growth drove a 5% increase in fee revenue, offsetting moderating interest revenue that we have experienced in the last two quarters and continued low levels of corporate finance revenue. Net loss was $1.1 million compared to $5.3 million in Q1 2023.

Other financial highlights for Q1 2024 include:

- Revenue was $89.4 million, up from $87.7 million in Q1 2023
- Adjusted EBITDA[1] was $13.5 million, up from $13.1 million in Q1 2023
- Free cash flow[1] for growth was $7.5 million, versus $7.2 million in Q1 2023
- Free cash[1] flow was $3.9 million, up $10.2 million over Q1 2023

While adjusted EBITDA[1] was up from the prior year, it was down by $1 million compared with last quarter. This trend was a function of a seasonal increase we experience in our statutory benefits costs in the first calendar quarter of each year. Q1 benefits costs are approximately $2 million higher than run-rate levels.

Deploying our free cash flow for growth[1] into recruitment is a key priority for us going forward. We added several teams in the last two quarters and plan to build on that momentum with more announcements in the coming months.

Experienced leaders are also migrating to Richardson Wealth, attracted to the opportunity in the independent wealth management space and our unique advisor-centric culture. After Dave Kelly joined us as COO, we welcomed his former colleague from both TD Bank and Gluskin Sheff & Associates, Kevin Shubley as VP, Business Strategy & Analysis. In his last role at TD, Kevin oversaw a line of business that managed over $37 billion in AUM for high net worth and institutional clients. Furthermore, before the end of the first quarter of 2024, Steve Hunter joined us as Branch Manager for Southwestern Ontario. He comes from TD and most recently led two branches that grew to over $7 billion in AUA[1] under his leadership. Today, more than ever, we feel we have the right people in place to grow revenue organically by doubling-down on advisor support.

With the recruits and the high-profile additions to our team, we are also garnering the attention of others in our industry including Investment Executive, Canada's news source for financial professionals. In a recent article (March 2024), they interviewed Dave Kelly on why he and others are excited about joining Richardson Wealth at this stage of our growth journey.

Looking ahead in 2024, we are laser-focused on our three strategic growth pillars. We are confident that this focus and the foundation we have *built to grow the brand of choice for Canada's top advisors* – which includes our exceptional advisors, scale, and technology platforms – will translate into accelerated growth for Richardson Wealth.

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[1]Considered to be non-GAAP or supplementary financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.

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About this Management's Discussion and Analysis

The purpose of this management's discussion and analysis (MD&A) is to help readers understand the consolidated financial condition and results of the consolidated operations of RF Capital Group Inc. (the Company) as at and for the three months ended March 31, 2024.

This MD&A, dated May 1, 2024, should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes as at and for the three months ended March 31, 2024 (First Quarter 2024 Financial Statements). This document as well as additional information relating to the Company, including our annual MD&A (2023 Annual MD&A), our audited consolidated financial statements and related notes as at and for the year ended December 31, 2023 (2023 Annual Financial Statements), and our latest annual information form (AIF), can be accessed at *www.rfcapgroup.com* and under our profile at *www.sedarplus.com*, and are incorporated by reference herein.

This MD&A refers to certain non-Generally Accepted Accounting Principles (GAAP) and supplementary financial measures (SFMs), including non-GAAP ratios, which we believe are useful in assessing our financial performance. Readers are cautioned that these measures do not have any standard meaning prescribed by GAAP under IFRS Accounting Standards (IFRS) and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information related to adjusted results and a reconciliation to their nearest IFRS measures, please read the "Non-GAAP and Supplementary Financial Measures" section at the end of this MD&A.

Unless otherwise specified herein, financial results contained in this MD&A, including related historical comparatives, are based on our First Quarter 2024 Financial Statements, which we have prepared in accordance with IFRS.

Certain prior period amounts have been reclassified to correspond to the current period presentation. All numbers and discussion in this MD&A relate to continuing operations unless otherwise specified.

Our Board of Directors (Board) has approved this document.

Forward-Looking Information

This MD&A contains forward-looking information as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements concerning objectives and strategies to achieve those objectives, as well as statements made with respect to management's beliefs, plans, estimates, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

The forward-looking statements included in this MD&A, including statements regarding our recruiting pipeline and the nature of our growth strategy and execution of any of our potential plans, are not guarantees of future results and involve numerous risks and uncertainties that may cause actual results to differ materially from the potential results discussed or anticipated in the forward-looking statements, including those described in this MD&A and our AIF. Such risks and uncertainties include, but are not limited to, strategic (including advisor retention and acquisitions), market, credit, liquidity, operational, legal and regulatory risks, and other risk factors, including variations in the market value of securities, dependence on key personnel, and sustainability of fees.

Our results can also be influenced by other factors, such as general economic conditions, including interest rate and exchange rate fluctuations, and natural disasters or other unanticipated events. For a description of additional risks that could cause actual results to differ materially from current expectations, see the "Risk Management" section of our 2023 Annual MD&A.

Although we attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws. The financial outlook may not be appropriate for purposes other than this MD&A.

Forward-looking information contained in this MD&A is:

- Based on assumptions we consider reasonable; however, there can be no assurance that such expectations will prove correct. As such, readers should not place undue reliance on the forward-looking statements and information contained in this MD&A. When relying on forward-looking statements to make decisions, readers should carefully consider the foregoing factors, the list of which is not exhaustive.
- Made as of the date of this MD&A and should not be relied upon as representing our view as of any date subsequent to the date of this MD&A. Except as required by applicable law, our management and Board undertake no obligation to update or revise any forward-looking information publicly, whether as a result of new information, future events or otherwise.
- Expressly qualified in its entirety by the foregoing cautionary statements.

Select Financial Information

	As at or for the three months ended				
($000s, except as otherwise indicated)	March 31 2024	December 31 2023	Increase/ (decrease)	March 31 2023	Increase/ (decrease)
Key performance drivers[1]:					
AUA - ending[2] ($ millions)	37,010	35,236	5%	35,965	3%
AUA - average[2] ($ millions)	36,060	34,926	3%	35,872	1%
Fee revenue	66,146	64,145	3%	63,042	5%
Fee revenue[3] (%)	92	89	+310 bps	88	+356 bps
Adjusted operating expense ratio[4] (%)	74.3	71.5	+287 bps	74.7	(35) bps
Adjusted EBITDA margin[5] (%)	15.2	16.7	(159) bps	14.9	+26 bps
Asset yield[6] (%)	0.88	0.87	+1 bps	0.87	+1 bps
Advisory teams[7] (#)	154	157	(2%)	159	(3%)
Operating Performance					
Reported results:					
Revenue	89,361	86,752	3%	87,700	2%
Operating expenses[1,8]	39,229	36,368	8%	42,647	(8%)
EBITDA[1]	13,539	14,518	(7%)	8,958	51%
Income (loss) before income taxes	63	(2,169)	n/m	(5,649)	n/m
Net income (loss) from continuing operations	(1,127)	(2,882)	(61%)	(5,332)	(79%)
Net loss per common share from continuing operations - diluted	(0.14)	(0.26)	(45%)	(0.51)	(72%)
Adjusted results[1]:					
Operating expenses[8]	39,229	36,368	8%	38,546	2%
EBITDA	13,539	14,518	(7%)	13,059	4%
Income (loss) before income taxes	3,326	1,094	204%	1,715	94%
Net income (loss)	1,271	(483)	n/m	105	n/m
Adjusted earnings (loss) per common share - diluted	0.01	(0.10)	n/m	(0.08)	n/m
Select balance sheet information:					
Total assets	1,414,804	1,379,983	3%	1,640,757	(14%)
Debt	110,922	110,922	—	110,922	—
Shareholders' equity	328,515	330,539	(1%)	340,443	(4%)
Net working capital[1,9]	88,282	81,208	9%	88,235	0%
Common share information:					
Book value per common share ($)	13.73	14.02	(2%)	14.45	(5%)
Closing share price ($)	7.23	7.52	(4%)	12.33	(41%)
Common shares outstanding (millions)	15.8	15.6	1%	15.8	(0%)
Common share market capitalization ($ millions)	114	117	(3%)	195	(42%)
Cash flow:					
Cash provided by (used in) operating activities	(11,826)	2,834	n/m	(313,698)	(96%)
Free cash flow available for growth[1]	7,455	8,312	(10%)	7,162	4%
Free cash flow[1]	3,888	(9,612)	n/m	(6,309)	n/m

1. Considered to be non-GAAP or supplementary financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.
2. AUA is a measure of client assets and is common in the wealth management business. It represents the market value of client assets managed and administered by us.
3. Calculated as fee revenue divided by commissionable revenue. Commissionable revenue includes fee revenue, trading commissions, and commissions earned in connection with the placement of new issues and the sale of insurance products.
4. Calculated as adjusted operating expenses divided by gross margin
5. Calculated as Adjusted EBITDA divided by revenue
6. Calculated as fee revenue, trading commissions, and interest on cash, divided by average AUA
7. Prior periods have been revised to reflect the internal consolidation of certain teams
8. Operating expenses include employee compensation and benefits, selling, general, and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
9. Calculated as current assets less current liabilities. For further information, please see the "Liquidity" section of this MD&A.

Quarterly Results

The following table presents select quarterly financial information for our eight most recently completed financial quarters.

	2024				2023			2022
($000s, except as otherwise indicated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Key performance drivers[1]:								
AUA - ending[2] ($ millions)	**37,010**	35,236	34,726	35,788	35,965	34,948	33,604	33,841
AUA - average[2] ($ millions)	**36,060**	34,926	35,630	35,880	35,872	34,788	34,679	35,607
Fee revenue	**66,146**	64,145	66,046	64,581	63,042	63,150	62,505	62,816
Fee revenue[3] (%)	**92**	89	92	90	88	90	93	82
Adjusted operating expense ratio[4] (%)	**74.3**	71.5	67.3	70.9	74.7	68.1	66.9	67.9
Adjusted EBITDA margin[5] (%)	**15.2**	16.7	19.3	16.9	14.9	19.2	19.8	18.3
Asset yield[6] (%)	**0.88**	0.87	0.87	0.86	0.87	0.87	0.87	0.82
Advisory teams[7] (#)	**154**	157	159	158	159	163	162	162
Operating Performance:								
Reported results:								
Revenue	**89,361**	86,752	87,836	88,832	87,700	88,531	85,928	90,753
Variable advisor compensation	**36,593**	35,866	36,012	37,305	36,095	35,276	34,555	39,078
Gross margin[8]	**52,768**	50,886	51,824	51,527	51,605	53,255	51,373	51,675
Operating expenses[1,9]	**39,229**	36,368	34,892	36,947	42,647	38,868	36,435	37,493
EBITDA[1]	**13,539**	14,518	16,932	14,580	8,958	14,388	14,938	14,182
Interest	**3,750**	3,994	3,527	3,675	3,511	3,294	3,015	2,348
Depreciation and amortization	**6,565**	6,849	6,856	6,805	6,895	7,851	6,936	6,743
Advisor award and loan amortization	**3,161**	5,844	4,457	3,884	4,201	4,634	4,381	4,240
Income (loss) before income taxes	**63**	(2,169)	2,092	217	(5,649)	(1,391)	606	851
Net income (loss) from continuing operations	**(1,127)**	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)	58
Net income (loss) from discontinued operations[10]	**—**	—	—	(2,064)	—	—	—	—
Adjusted results[1]:								
Operating expenses[9]	**39,229**	36,368	34,892	36,533	38,546	36,246	34,380	35,078
EBITDA	**13,539**	14,518	16,932	14,993	13,059	17,009	16,993	16,597
Income (loss) before income taxes	**3,326**	1,094	5,355	3,892	1,715	4,493	5,924	6,529
Net income (loss)	**1,271**	(483)	2,209	1,279	105	3,500	3,197	4,010
Cash flow:								
Cash provided by (used in) operating activities	**(11,826)**	2,834	16,624	25,741	(313,698)	(93,752)	(283,619)	213,248
Free cash flow available for growth[1]	**7,455**	8,312	11,180	8,746	7,162	10,761	12,357	11,511
Free cash flow[1]	**3,888**	(9,612)	6,151	7,206	(6,309)	(4,011)	(1,148)	(3,591)

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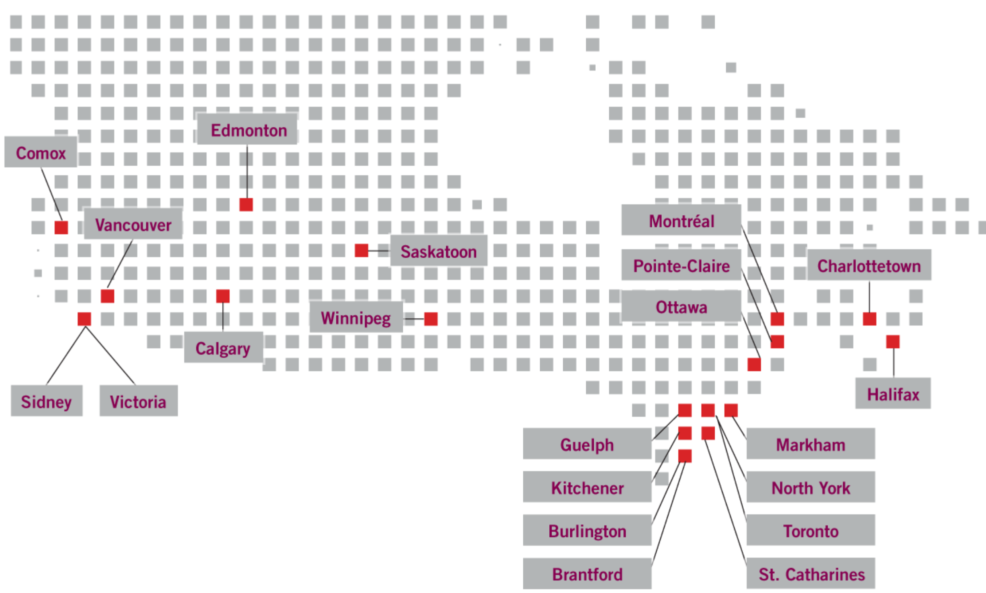
2. AUA is a measure of client assets and is common in the wealth management business. It represents the market value of client assets managed and administered by us.
3. Calculated as fee revenue divided by commissionable revenue. Commissionable revenue includes fee revenue, trading commissions, and commissions earned in connection with the placement of new issues and the sale of insurance products.
4. Calculated as adjusted operating expenses divided by gross margin
5. Calculated as Adjusted EBITDA divided by revenue
6. Calculated as fee revenue, trading commissions, and interest on cash, divided by average AUA
7. Prior periods have been revised to reflect the internal consolidation of certain teams
8. Calculated as revenue less advisor variable compensation. We use gross margin to measure operating profitability on the revenue that accrues to the Company after making advisor payments that are directly linked to revenue.
9. Operating expenses include employee compensation and benefits, selling, general, and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
10. In Q2 2023, we recorded a provision for a legacy employment litigation matter related to the 2019 sale of our capital markets business to Stifel Nicolaus Canada Inc. See Note 25 to the 2023 Annual Financial Statements.

Business Overview

Headquartered in Toronto, RF Capital is a public company listed on the Toronto Stock Exchange (TSX), and its common and preferred shares trade under the ticker symbols TSX: RCG and RCG.PR.B. Richardson Financial Group Limited owns 44% of the outstanding common shares of the Company, with advisors, other employees, and the public holding the remaining 56%. RF Capital's wholly owned subsidiary, Richardson Wealth, is one of the largest independent wealth management firms in Canada with 154 investment advisor teams serving almost 31,000 households out of 22 offices. It operates as Patrimoine Richardson in the francophone market. Richardson Wealth advisors collectively manage $37 billion in client assets and provide a comprehensive suite of wealth management services including investment, financial planning, insurance, and tax and estate planning services.

Richardson Wealth consistently ranks amongst the top firms in Canada in Investment Executive's Brokerage Report Card. In 2023, it ranked second among six banks and eight independents with a Net Promoter Score of 74, which is considered exceptional. For the fifth year in a row, Richardson Wealth was named on the 2023 list of Best Workplaces™ in Financial Services & Insurance by Great Place to Work®, a global authority on workplace culture.

To read more about the Company please visit the Company's website at www.RichardsonWealth.com.



Vision

To be the brand of choice for Canada's top advisors and their high net-worth clients

$37B	154	$240MM	92%	22
AUA	Number of advisory teams	Average AUA per team	Recurring fee-based revenue	Offices across Canada

Q1 2024 Financial Performance Summary

Our Q1 results reflected growing AUA, a continued shift towards higher yielding fee-based accounts, insurance revenue, and cost control. Rising equity markets provided a tailwind to our growth by driving both AUA and trading activity higher. We delivered these results even as market-wide corporate finance activity remained subdued. Results were also impacted by a seasonal increase in statutory benefits costs of approximately $2 million, which we experience in Q1 of every year.

vs Q1 2023

- AUA was up $1.0 billion with rising equity markets, recruiting, and net new asset gains being partly offset by losses from the departure of advisor teams
- Net loss improved by $4.2 million, primarily due to the absence of transformation costs this year
- Adjusted EBITDA was up $0.5 million or 4%, reflecting revenue growth and mark-to-market recoveries on restricted and deferred share units (RSUs and DSUs)
- Total revenue increased by $1.7 million, as higher fee and insurance revenues were partly offset by lower interest income (due to lower cash balances)
- Operating expenses were up $0.7 million or 2%, even in this inflationary environment, as costs were tightly managed and we recorded recoveries on RSUs and DSUs
- Free cash flow available for growth was $7.5 million, up $0.3 million or 4%. Free cash flow was $3.9 million, up $10.2 million primarily because of lower capital expenditures and transformation costs.

vs Q4 2023

- AUA was up $1.8 billion due to rising equity markets, recruited assets, the success that our advisors had bringing new assets into the firm, and despite advisor attrition
- Net loss improved by $1.8 million mainly due to lower advisor award and loan amortization
- Adjusted EBITDA was down $1.0 million as higher revenues and mark-to-market recoveries on RSUs and DSUs were offset by seasonally elevated operating expenses
- Total revenue rose $2.6 million due to higher AUA and increased trading activity in Q1
- Adjusted operating expenses increased $2.9 million mainly due to a seasonal increase in statutory benefits costs
- Free cash flow available for growth was down $0.9 million because of lower adjusted EBITDA. Free cash flow increased $13.5 million due to lower payments for advisor recruiting and legal settlements.

Outlook and Key Performance Drivers

Our view with respect to the drivers of our financial performance and profitability in 2024 is as follows:

- AUA is highly correlated with equity market movements but will also be supported by growth in our existing advisors' client assets and by recruiting. We expect recruiting to accelerate over the coming quarters.
- Interest revenue is likely to follow prime rate trends, which many economists expect to decline from current levels starting in the middle of the year
- Transaction activity underlying our corporate finance revenue could rebound but is likely to remain subdued through the first half of the year
- Although we expect inflation to continue at elevated rates, we are committed to finding operating cost savings and efficiencies in our business as a partial offset
- Free cash flow for growth is expected to be deployed towards advisor recruitment

Q1 2024 Financial Performance

	For the three months ended						
($000s)	March 31, 2024	December 31, 2023	Increase/(decrease) $	%	March 31, 2023	Increase/(decrease) $	%
Fee revenue	**66,146**	64,145	2,002	3%	63,042	3,104	5%
Trading commissions	**4,769**	4,109	660	16%	4,766	3	0%
Corporate finance	**1,392**	1,490	(98)	(7%)	981	411	42%
Interest	**10,914**	11,170	(256)	(2%)	13,400	(2,486)	(19%)
Insurance	**4,326**	4,853	(527)	(11%)	3,582	744	21%
Other	**1,814**	985	829	84%	1,929	(115)	(6%)
Revenue	**89,361**	86,752	2,609	3%	87,700	1,661	2%
Variable advisor compensation	**36,593**	35,866	727	2%	36,095	498	1%
Gross margin[1]	**52,768**	50,886	1,882	4%	51,605	1,163	2%
Employee compensation and benefits	**21,666**	20,005	1,661	8%	20,998	668	3%
Selling, general and administrative	**17,563**	16,364	1,200	7%	17,548	16	0%
Transformation costs and other provisions	**—**	—	—	n/a	4,101	(4,101)	(100%)
Operating expenses[2,3]	**39,229**	36,368	2,861	8%	42,647	(3,418)	(8%)
EBITDA[2]	**13,539**	14,518	(979)	(7%)	8,958	4,581	51%
Interest	**3,750**	3,994	(244)	(6%)	3,511	239	7%
Depreciation and amortization	**6,565**	6,849	(284)	(4%)	6,895	(330)	(5%)
Advisor award and loan amortization	**3,161**	5,844	(2,683)	(46%)	4,201	(1,040)	(25%)
Income (loss) before income taxes	**63**	(2,169)	2,232	n/m	(5,649)	5,712	n/m
Net income (loss) from continuing operations	**(1,127)**	(2,882)	1,755	(61%)	(5,332)	4,205	(79%)
Adjusted results[2]:							
Operating expenses[3]	**39,229**	36,368	2,861	8%	38,546	683	2%
EBITDA	**13,539**	14,518	(979)	(7%)	13,059	480	4%
Income (loss) before income taxes	**3,326**	1,094	2,231	204%	1,715	1,610	94%
Net income (loss)	**1,271**	(483)	1,754	n/m	105	1,166	n/m
Cash flow:							
Cash provided by (used in) operating activities	**(11,826)**	2,834	(14,660)	n/m	(313,698)	301,872	(96%)
Free cash flow available for growth[2]	**7,455**	8,312	(857)	(10%)	7,162	293	4%
Free cash flow[2]	**3,888**	(9,612)	13,500	n/m	(6,309)	10,197	n/m

1. Calculated as revenue less advisor variable compensation. We use gross margin to measure operating profitability on the revenue that accrues to the Company after making advisor payments that are directly linked to revenue.
2. Considered to be non-GAAP or supplementary financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.
3. Operating expenses include employee compensation and benefits, selling, general, and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.

Net income (loss) from continuing operations

Q1 2024 vs Q1 2023

Net loss from continuing operations was $4.2 million lower than last year. This metric improved due to lower transformation costs as we completed our transformation journey in the first half of 2023. Adjusted net income was $1.3 million, up from $0.1 million last year from lower advisor award and loan amortization.

Q1 2024 vs Q4 2023

Net loss from continuing operations was $1.8 million less than last quarter. Adjusted net income was $1.3 million, compared to an adjusted net loss of $0.5 million last quarter. Our results improved primarily because of lower advisor award and loan amortization.

Adjusted EBITDA

Adjusted EBITDA was up $0.5 million or 4% compared to last year and down $1.0 million or 7% compared to last quarter. The main drivers of the change in adjusted EBITDA are discussed below.

Revenue

Q1 2024 vs Q1 2023

Revenue was up $1.7 million or 2%, primarily due to the following factors:

(all figures in $millions)

Categories of Revenue	Change	Explanation
Fee revenue	3.1	Grew due to higher fee-based AUA and an extra day in February. AUA was up as strong market growth, recruiting, and asset gathering by existing advisors offset advisor attrition. Fee-based AUA growth also reflected a continued shift in our AUA mix.
Insurance income	0.7	Increased due to higher sales activity. Insurance commissions are often sizeable and, as a result, revenue can vary from quarter to quarter.
Corporate finance	0.4	Improved due to structured note-related fees
Interest	(2.5)	Declined due to lower cash balances and margin loans and despite an increase in the prime rate

Q1 2024 vs Q4 2023

Revenue was up $2.6 million or 3%, primarily due to the following factors:

(all figures in $millions)

Categories of Revenue	Change	Explanation
Fee revenue	2.0	Growth was driven by an increase in average fee-based AUA, which was up for the same reasons as described above in the Q1 2024 vs Q1 2023 commentary
Other revenue	0.8	Increased primarily due to higher foreign exchange revenues. This was driven by the spreads we earn on transaction activity as well as translation gains on our U.S. dollar cash balances.
Trading commissions	0.7	Grew because of higher trading activity in client accounts
Insurance	(0.5)	Fell due to lower sales activity. Insurance commissions are often sizeable and, as a result, revenue can vary from quarter to quarter.

Adjusted Operating Expenses

Q1 2024 vs Q1 2023

Adjusted operating expenses were up $0.7 million or 2%, primarily due to the following factors:

(all figures in $millions)

Categories of Expense	Change	Explanation
Compensation	0.7	Was up as annual inflationary salary increases and bonus accruals were offset by $0.8 million of incremental mark-to-market *recoveries* on RSUs
SG&A	—	Remained flat as carrying broker costs rose with trading activity while office costs were down. Office costs declined because Q1 2023 expenses were elevated by the move of our head office and a return to in-person work.

Q1 2024 vs Q4 2023

Adjusted operating expenses were up $2.9 million or 8%, primarily due to the following factors:

(all figures in $millions)

Categories of Expense	Change	Explanation
Compensation	1.7	Rose as a seasonal increase in our statutory benefit costs was partly offset by $0.8 million of incremental mark-to-market *recoveries* on RSUs this quarter
SG&A	1.2	Increased mainly due to the timing of office operating and research costs and costs for implementing a cloud-based platform to enable future data analytics and AI initiatives

Cash Flow

Q1 2024 vs Q1 2023

Free cash flow available for growth was up $0.3 million or 4%, driven by higher adjusted EBITDA. *Free cash flow* was up $10.2 million primarily because of reduced expenditure on office build outs and our transformation.

Q1 2024 vs Q4 2023

Free cash flow available for growth was down $0.9 million or 10% primarily due to lower adjusted EBITDA. *Free cash flow* was positive $3.9 million compared to negative $9.6 million in the prior quarter. This metric was $13.5 million better due to lower payments for advisor recruiting and legal settlements.

Financial Condition

Capital and balance sheet strength are key priorities for us. We had conservative levels of working capital and debt on our balance sheet at the end of Q1 2024.

			As at
($000s, except as otherwise indicated)	**March 31 2024**	December 31 2023	Increase/ (decrease)
Selected highlights:			
Total assets	**1,414,804**	1,379,983	3%
Shareholders' equity	**328,515**	330,539	(1%)
Debt	**110,922**	110,922	—
Net working capital[1]	**88,282**	81,208	9%
Debt:			
Revolving credit facility	**80,500**	80,500	—
Preferred share liability	**30,422**	30,422	—
	110,922	110,922	—
Ratios[1]:			
Total debt to Adjusted EBITDA	**2.0**	1.9	10%
Adjusted EBITDA to interest[2]	**4.7**	5.2	(11%)

1. Considered to be non-GAAP or supplementary financial measure, which does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.
2. Includes interest expense on debt, lease liabilities, and client accounts

Q1 2024 vs Q4 2023

Total assets were consistent with December 31, 2023.

Shareholders' equity decreased by 1% due to the $1.1 million net loss that we reported for the period ended March 31, 2024, and $1.1 million of preferred share dividends.

Revolving Credit Facility

We have a $200 million revolving credit facility with a syndicate of lenders. As of March 31, 2024, we had drawn $80.5 million against the facility, unchanged from the end of 2023. Combined with our strong current and expected future operating cash flows and our excess working capital, the facility provides us with funding and flexibility to accelerate our organic growth, recruiting and other strategic initiatives. For further information, see Note 21 to the 2023 Annual Financial Statements.

The facility contains clauses whereby we are required to meet four financial covenants. As at March 31, 2024 we complied with all four covenants.

Liquidity

Management and the Board continually assess the Company's dividend policy, expense structure, and capital spending plans in the context of our overall financial and liquidity positions. Our intent is to ensure that our business and financial strategies will not expose us to excessive financial risk.

Working Capital and Cash Flow

We require liquidity to fund our day-to-day operations, growth initiatives, and cash distributions, as well as to manage the financial risks inherent in our business. Management believes that our current working capital, positive cash flow, and the undrawn amounts under our credit facilities provide us with more than enough liquidity to manage through periods of financial stress. If equity markets or other business conditions deteriorate to a level that adversely impacts on our expected cash flow, we will take swift action to preserve our liquidity position.

As at March 31, 2024, we had working capital[1] of $88.3 million. Working capital increased $7.1 million as the reduction in current liabilities more than offset the decrease in liquid assets.

Liquid Assets

Liquid assets are comprised of cash, cash equivalents, and certain government securities. We hold our cash across several financial institutions, all of which have high credit ratings. We had $65.9 million of liquid assets[1] at March 31, 2024, down from $81.4 million at December 31, 2023. The decline in liquid assets is related to payments of annual bonuses and remittance of sales taxes partly offset by the increase in margin loan balances.

Capital Requirements of Subsidiaries

Our Richardson Wealth subsidiary is subject to regulatory capital requirements. These requirements are designed to assess the sufficiency of its liquidity position and to provide indications to the relevant regulatory authority of possible concerns. Richardson Wealth's capital levels complied with all regulatory requirements during Q1 2024.

[1] Considered to be non-GAAP or supplementary financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.

Share Information

At the date of this report, May 1, 2024, we had 15.8 million common shares issued and outstanding (Common Shares). In addition, there were 55,000 unexercised stock options outstanding, with a weighted average exercise price of $19.23 per share. We also had 4.6 million Series B non-cumulative 5-year rate reset preferred shares issued and outstanding.

Related-Party Transactions

Our related parties include the following persons and/or entities: (a) key management personnel, which are comprised of our directors and/or officers and entities that are controlled (directly or indirectly) by key management personnel; and (b) shareholders who can significantly influence our operations. For further information on Related-Party Transactions, please refer to Note 13 to the 2023 Annual Financial Statements.

Material Accounting Policies and Estimates

Our material accounting policies are essential to an understanding of our reported results of operations and financial position. The accounting policies applied by us as at and for the three months ended March 31, 2024 are the same as those applied by us as at and for the year ended December 31, 2023. Please refer to Note 3 to the 2023 Annual Financial Statements for further information.

The most significant areas for which we must make estimates and judgments include goodwill and intangible assets; income taxes and deferred tax assets and liabilities; provisions, including legal and restructuring charges; share-based compensation and financial instruments measured at fair value. We make judgments in assessing assets for impairment as well as assessing whether performance obligations have been fulfilled under revenue contracts. Please refer to Note 2 to the 2023 Annual Financial Statements for more information.

Risk Management

The Company is exposed to risks that are similar to those of other financial institutions, including the symptoms and effects of both domestic and global economic conditions and other factors that could adversely affect the business, financial condition, and operating results. For a complete description of risk factors, please see Note 20 to the 2023 Annual Financial Statements and the "Risk Management" section of our 2023 Annual MD&A dated February 29, 2024. Both documents can be found on our website at www.richardsonwealth.com/investor-relations.

Financial Instruments

A significant portion of our assets and liabilities are composed of financial instruments. There were no material changes in our use of financial instruments, or the types of financial instruments employed in our trading and non-trading activities during the three months ended March 31, 2024.

Please refer to Note 3 to the 2023 Annual Financial Statements for more information.

Future Changes in Accounting Policies or Estimates

We continuously monitor the changes proposed by the International Accounting Standards Board and analyze the effect that changes in the standards may have on the Company. For a summary of future changes in accounting policies or estimates refer to Note 3 to the 2023 Annual Financial Statements.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is accumulated and communicated to our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on a timely basis to enable appropriate decisions regarding required public disclosure. As of March 31, 2024, management evaluated the effectiveness of disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Non-GAAP and Supplementary Financial Measures

In addition to GAAP prescribed measures, we use a variety of non-GAAP financial measures, non-GAAP ratios and SFMs to assess our performance. We use these non-GAAP financial measures and SFMs because we believe that they provide useful information to investors regarding our performance and results of operations. Readers are cautioned that non-GAAP financial measures, including non-GAAP ratios, and SFMs often do not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers. Non-GAAP measures are reported in addition to, and should not be considered alternatives to, measures of performance according to IFRS.

Non-GAAP Financial Measures

A non-GAAP financial measure is a financial measure used to depict our historical or expected future financial performance, financial position or cash flow and, with respect to its composition, either excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in our 2023 Annual Financial Statements. A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation and that has a non-GAAP financial measure as one or more of its components.

The primary non-GAAP financial measures (including non-GAAP ratios) used in this MD&A are:

EBITDA

The use of EBITDA is common in the wealth management industry. We believe it provides a more accurate measure of our core operating results and is a commonly used basis for enterprise valuation. EBITDA is used to evaluate core operating performance by adjusting net income/(loss) to exclude:

- Interest expense, which we record primarily in connection with debt
- Income tax expense/(benefit)
- Depreciation and amortization expense, which we record primarily in connection with intangible assets, leases, equipment, and leasehold improvements
- Amortization in connection with investment advisor transition and loan programs. We view these loans as an effective recruiting and retention tool for advisors, the cost of which is assessed by management upfront when the loan is provided rather than over its term.

The table in the "Quarterly Non-GAAP Information" section below reconciles our reported net income/(loss) to adjusted EBITDA.

Operating Expenses

Operating expenses include:

- Employee compensation and benefits
- Selling, general, and administrative expenses
- Transformation costs and other provisions

These are the expense categories that factor into the EBITDA calculation discussed above.

Fee Revenue

Fee revenue represents the fees that our advisors generate for providing wealth management services and investment advice to their clients. The majority of fee revenue is fees charged to clients as a percentage of AUA. It is often referred to as *recurring* fee revenue because of the fact that the revenue tends to be less volatile than other types of revenue. Fee revenue also includes performance fees, which are charged by several of our advisors in the first quarter of each year based on performance in the prior calendar year and therefore experience more volatility.

Commissionable Revenue

Commissionable revenue includes fee revenue, trading commissions, commission revenue earned in connection with the placement of new issues, and revenue earned on the sale of insurance products. We use commissionable revenue to evaluate advisor compensation paid on that revenue.

Adjusted Results

In periods that we determine adjusting items have a significant impact on a user's assessment of ongoing business performance, we may present adjusted results in addition to reported results by removing these items from the reported results. Management considers the adjusting items to be outside of our core operating performance. We believe that adjusted results can enhance comparability across reporting periods and provide the reader with a better understanding of how management views core performance. Adjusted results are also intended to provide the user with results that have greater consistency and comparability to those of other issuers.

Adjusted EBITDA Margin

Adjusted EBITDA margin is a non-GAAP ratio defined as Adjusted EBITDA as a percentage of revenue.

Adjusting items in this MD&A include the following:

- **Transformation costs and other provisions:** charges in connection with the ongoing transformation of our business and other matters. These charges have encompassed a range of transformation initiatives, including refining our ongoing operating model, outsourcing our carrying broker operations, realigning parts of our real estate footprint, and rolling out our new strategy across the Company.
- **Amortization of acquired intangible assets:** amortization of intangible assets created on the acquisition of Richardson Wealth.

All adjusting items affect reported expenses.

Adjusted Operating Expenses

Adjusted operating expenses are defined as total reported expenses *less* interest, advisor award and loan amortization, depreciation and amortization, and transformation costs and other provisions.

The table in the "Quarterly Non-GAAP Information" section below reconciles our reported total expenses to adjusted operating expenses.

Adjusted Operating Expense Ratio

Adjusted operating expense ratio is a non-GAAP ratio defined as adjusted operating expenses divided by gross margin.

Adjusted Net Income

Adjusted net income is defined as net income (loss) from continuing operations less adjusting items.

The table in the "Quarterly Non-GAAP Information" section below reconciles our reported net income/(loss) to adjusted net income/(loss).

Free Cash Flow Available for Growth

Free cash flow available for growth is the cash flow that the Company generates from its continuing operations before any investments in growth or transformation initiatives. It is calculated as cash provided by (used in) operating activities per the Consolidated Statement of Cash Flows *before* any changes in non-cash operating items, *less* lease payments and maintenance capital expenditures. It does not consider transformation charges, the income (loss) from discontinued operations, or dividends.

Free Cash Flow

Free cash flow is the net cash flow that the Company generates from its operations after funding its growth and transformation initiatives, including building out new offices to accommodate its growth. It is calculated as free cash flow available for growth *plus* the income (loss) from discontinued operations and leasehold inducements *less* cash outlays to recruit new advisors to the firm, capital expenditures on growth initiatives, transformation costs, and the net change in balance sheet provisions.

The table in the "Quarterly Non-GAAP Information" section below reconciles our reported cash provided by (used in) operating activities to free cash flow for growth and free cash flow.

Quarterly Non-GAAP Information

The following table presents select quarterly non-GAAP financial information for our eight most recently completed financial quarters.

	2024				2023			2022
($000s, except as otherwise indicated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Adjusted EBITDA:								
Net income (loss) from continuing operations - reported	**(1,127)**	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)	58
Income tax expense (recovery)	**1,190**	713	2,281	1,642	(317)	(401)	1,330	793
Income (loss) before income taxes - reported	**63**	(2,169)	2,092	217	(5,649)	(1,391)	606	851
Interest	**3,750**	3,994	3,527	3,675	3,511	3,294	3,015	2,348
Advisor award and loan amortization	**3,161**	5,844	4,457	3,884	4,201	4,634	4,381	4,240
Depreciation and amortization	**6,565**	6,849	6,856	6,805	6,895	7,851	6,936	6,743
EBITDA	**13,539**	14,518	16,932	14,580	8,958	14,388	14,938	14,182
Transformation costs and other provisions	**—**	—	—	413	4,101	2,621	2,055	2,415
Adjusted EBITDA	**13,539**	14,518	16,932	14,993	13,059	17,009	16,993	16,597
Adjusted operating expenses:								
Total expenses - reported	**52,705**	53,055	49,732	51,310	57,254	54,646	50,767	50,823
Interest	**3,750**	3,994	3,527	3,675	3,511	3,294	3,015	2,348
Advisor award and loan amortization	**3,161**	5,844	4,457	3,884	4,201	4,634	4,381	4,240
Depreciation and amortization	**6,565**	6,849	6,856	6,805	6,895	7,851	6,936	6,743
Operating expenses	**39,229**	36,368	34,892	36,947	42,647	38,868	36,435	37,493
Transformation costs and other provisions	**—**	—	—	413	4,101	2,621	2,055	2,415
Adjusted operating expenses	**39,229**	36,368	34,892	36,533	38,546	36,246	34,380	35,078
Adjusted net income:								
Net income (loss) from continuing operations - reported	**(1,127)**	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)	58
After-tax adjusting items:								
Transformation costs and other provisions	**—**	—	—	306	3,039	2,093	1,522	1,554
Amortization of acquired intangibles	**2,398**	2,399	2,398	2,398	2,398	2,398	2,398	2,398
Adjusted net income (loss)	**1,271**	(483)	2,209	1,279	105	3,500	3,197	4,010
Earnings per common share from continuing operations:								
Basic	**(0.14)**	(0.26)	(0.10)	(0.20)	(0.51)	(0.21)	(0.19)	(0.11)
Diluted	**(0.14)**	(0.26)	(0.10)	(0.20)	(0.51)	(0.21)	(0.19)	(0.11)
Adjusted earnings per common share:								
Basic	**0.01**	(0.10)	0.09	0.02	(0.08)	0.25	0.22	0.31
Diluted	**0.01**	(0.10)	0.07	0.01	(0.08)	0.15	0.13	0.19
Cash flow:								
Cash provided by (used in) operating activities	**(11,826)**	2,834	16,624	25,741	(313,698)	(93,752)	(283,619)	213,248
Net change in non-cash operating items	**21,966**	8,315	(3,052)	(16,580)	319,577	105,331	296,031	(201,029)
Capital expenditures - maintenance	**(419)**	(797)	(348)	(619)	(555)	(1,247)	—	(891)
Lease payments	**(2,266)**	(2,040)	(2,044)	(2,273)	(2,263)	(2,192)	(2,110)	(2,232)
Net loss from discontinued operations	**—**	—	—	2,064	—	—	—	—
Transformation costs and other provisions (pre-tax)	**—**	—	—	412	4,101	2,621	2,055	2,415
Free cash flow available for growth	**7,455**	8,312	11,180	8,746	7,162	10,761	12,357	11,511
Advisor loans net of repayments	**(2,249)**	(13,224)	(557)	657	(2,961)	(3,519)	(956)	(6,194)
Capital expenditures - office build outs (net of lease inducements)	**(82)**	936	225	(854)	(3,175)	(8,737)	(9,514)	(6,146)
Net loss from discontinued operations	**—**	—	—	(2,064)	—	—	—	—
Transformation costs and other provisions (pre-tax)	**—**	—	—	(413)	(4,101)	(2,621)	(2,055)	(2,415)
Net change in provisions	**(1,236)**	(5,636)	(4,697)	1,134	(3,234)	105	(980)	(347)
Free cash flow	**3,888**	(9,612)	6,151	7,206	(6,309)	(4,011)	(1,148)	(3,591)

Supplementary Financial Measures

An SFM is a financial measure that is not reported in our Financial Statements, and is, or is intended to be, reported periodically to represent historical or expected future financial performance, financial position, or cash flows. The Company's key SFMs disclosed in this MD&A include AUA, working capital, recruiting pipeline, and net new and recruited assets. Management uses these measures to assess the operational performance of the Company. These measures do not have any definition prescribed under IFRS and do not meet the definition of a non-GAAP measure or non-GAAP ratio and may differ from the methods used by other companies and therefore these measures may not be comparable to other companies. The composition and explanation of an SFM is provided in this MD&A where the measure is first disclosed if the SFM's labeling is not sufficiently descriptive.

Consolidated Balance Sheets

($ thousands) As at	Note	March 31, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents		65,163	80,829
Securities owned		723	613
Receivable from:			
Clients		330,855	254,989
Brokers		540,292	560,387
Employee and other loans receivable		48,803	48,597
Equipment and leasehold improvements		33,518	34,801
Right-of-use assets		46,530	47,433
Other assets		16,339	15,092
Deferred tax assets		10,108	11,622
Goodwill and intangible assets	4	322,473	325,620
		1,414,804	1,379,983
LIABILITIES			
Payable to clients		813,405	764,592
Accounts payable and accrued liabilities	6	51,980	61,207
Provisions	9	11,065	12,301
Debt	10	110,922	110,922
Lease liabilities		59,035	59,675
Deferred tax liability		39,882	40,747
		1,086,289	1,049,444
EQUITY			
Common shares		461,523	461,523
Preferred shares	5	112,263	112,263
Contributed surplus		46,902	46,726
Accumulated other comprehensive income		20,293	20,293
Accumulated deficit		(312,466)	(310,266)
Shareholders' equity		328,515	330,539
		1,414,804	1,379,983

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

"Kishore Kapoor"
Kishore Kapoor
President and Chief Executive Officer

"Donald Wright"
Donald Wright
Chair of the Board

Consolidated Statement of Income (Loss)

($ thousands) Three months ended March 31,	Note	2024	2023
REVENUE			
Wealth management		70,915	67,808
Corporate finance		1,392	981
Interest		10,914	13,400
Other		6,140	5,511
Total Revenue	3	89,361	87,700
Variable advisor compensation		36,593	36,095
Gross Margin		52,768	51,605
EXPENSES			
Employee compensation and benefits		21,666	21,703
Selling, general and administrative		17,563	20,944
Advisor award and loan amortization		3,161	4,201
Interest		3,750	3,511
Depreciation and amortization		6,565	6,895
		52,705	57,254
Income/(loss) before income taxes		63	(5,649)
Income tax expense/(recovery)			
Current		540	502
Deferred		650	(819)
		1,190	(317)
Net income/(loss)		(1,127)	(5,332)
Weighted-average number of common shares outstanding: (in thousands)			
Basic	7	15,414	12,461
Diluted		15,750	15,788
Net loss per common share (dollars):			
Basic	7	(0.14)	(0.51)
Diluted		(0.14)	(0.51)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statement of Comprehensive Income (Loss)

($ thousands) Three months ended March 31,	2024	2023
Net income/(loss)	**(1,127)**	(5,332)
Total other comprehensive income/(loss)	—	—
Total comprehensive income/(loss) attributable to shareholders	**(1,127)**	(5,332)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

($ thousands)	Note	Preferred shares #	Preferred shares $	Common shares #	Common shares $	Contributed surplus $	Accumulated other comprehensive income $	Accumulated deficit $	Shareholders' equity $
As at December 31, 2022		4,600	112,263	15,570	462,935	46,151	19,652	(294,080)	346,921
Common shares purchased, cancelled and forfeited		—	—	(27)	(1,063)	—	641	—	(422)
Share-based compensation		—	—	—	—	349	—	—	349
Preferred share dividends		—	—	—	—	—	—	(1,073)	(1,073)
Net loss		—	—	—	—	—	—	(5,332)	(5,332)
As at and for the period ended March 31, 2023		4,600	112,263	15,543	461,872	46,500	20,293	(300,485)	340,443
As at December 31, 2023		4,600	112,263	15,566	461,523	46,726	20,293	(310,266)	330,539
Share-based compensation		—	—	—	—	176	—	—	176
Preferred share dividends	5	—	—	—	—	—	—	(1,073)	(1,073)
Net loss		—	—	—	—	—	—	(1,127)	(1,127)
As at and for the period ended March 31, 2024		4,600	112,263	15,566	461,523	46,902	20,293	(312,466)	328,515

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statement of Cash Flows

($ thousands) Three months ended March 31,	Note	2024	2023
OPERATING ACTIVITIES			
Net income/(loss)		(1,127)	(5,332)
Add/(deduct) items not involving cash:			
Depreciation and amortization		6,565	6,895
Advisor loan amortization		3,161	4,201
Accretion of lease liability expense		891	934
Deferred income taxes		650	(819)
		10,140	5,879
Net change in non-cash operating items	11	(21,966)	(319,577)
Cash provided by (used in) operating activities		(11,826)	(313,698)
FINANCING ACTIVITIES			
Dividends paid on preferred shares	5	(1,073)	(1,073)
Purchase of shares for cancellation		—	(422)
Lease payments		(2,266)	(2,263)
Cash provided by (used in) financing activities		(3,339)	(3,758)
INVESTING ACTIVITIES			
Intangibles		(370)	(255)
Equipment and leasehold improvements, net of inducements		(131)	(3,475)
Cash provided by (used in) investing activities		(501)	(3,730)
Net change in cash and cash equivalents		(15,666)	(321,186)
Cash and cash equivalents, beginning of period		80,829	367,848
Cash and cash equivalents, end of period		65,163	46,662
Supplemental cash flow information relating to operating activities			
Interest paid		2,911	2,438
Interest received		11,190	13,667
Taxes paid		429	—

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Note 1 – Corporate Information

RF Capital Group Inc. (RF Capital or the Company), is incorporated under the laws of the Province of Ontario, Canada and has its registered office and principal place of business located at 100 Queens Quay East, Suite 2500, Toronto, Ontario, M5E 1Y3. The Company's common shares and Series B preferred shares are listed on the Toronto Stock Exchange (TSX) under the symbols RCG and RCG.PR.B respectively. The Company is the parent company of its wholly owned operating subsidiary Richardson Wealth Limited (Richardson Wealth). Richardson Wealth is a member of the Canadian Investment Regulatory Organization (CIRO) and a member of the Canadian Investor Protection Fund.

Note 2 – Basis of Preparation

Basis of Presentation

These interim condensed consolidated financial statements (Interim Financial Statements) of the Company, have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) using the same accounting policies as disclosed in the notes to the Company's audited annual consolidated financial statements for the year ended December 31, 2023 (Annual Financial Statements).

These Interim Financial Statements should be read in conjunction with the notes to the Company's Annual Financial Statements. Unless otherwise indicated, all amounts are expressed in thousands of Canadian dollars and rounded to the nearest thousands except share and per share amounts. The Interim Financial Statements include the assets, liabilities, and results of operations of our wholly owned subsidiaries, after the elimination of intercompany transactions and balances.

These Interim Financial Statements were authorized for issuance by the Company's Board of Directors on May 1, 2024.

Critical Accounting Estimates and Use of Judgment

The preparation of these Interim Financial Statements in accordance with IFRS Accounting Standards (IFRS) requires management to make estimates and exercise judgment that affect reported amounts of certain assets and liabilities, certain revenue and expenses and other related disclosures. The areas of significant judgment, estimates and assumptions are revenue recognition, impairment of goodwill and intangible assets, income taxes and valuation of deferred taxes, share-based compensation, provisions and the fair value of financial instruments as detailed in Note 3 of the Annual Financial Statements.

($ Thousands, except share and per share amounts)

Note 3 – Revenue

The following table presents disaggregated revenue information for the Company for the three months ended March 31, 2024 and 2023.

	2024	2023
Commissions	4,769	4,765
Fee revenue	66,146	63,043
Corporate finance	1,392	981
Other customer revenue	4,405	3,762
Revenue - contracts with customers	76,712	72,551
Interest revenue	10,914	13,400
Other revenue	1,735	1,749
Total revenue	89,361	87,700
Timing of revenue recognition		
Point in time	6,161	5,746
Over time	70,551	66,805
Revenue - contracts with customers	76,712	72,551
Interest revenue	10,914	13,400
Other revenue	1,735	1,749
Total revenue	89,361	87,700

Other Revenue

The following table presents a breakdown of the Company's other revenue for the three months ended March 31, 2024 and 2023.

	2024	2023
Insurance commissions	4,326	3,581
Foreign exchange	1,728	1,052
Other	86	878
	6,140	5,511

($ Thousands, except share and per share amounts)

Note 4 – Goodwill and Intangible Assets

The following table presents a breakdown of the Company's goodwill and finite life intangible assets as at March 31, 2024 and December 31, 2023.

		Intangible Assets		
Cost	Goodwill	Customer relationships	Other intangible assets[1]	Total
As at January 1, 2023	164,957	197,132	4,321	366,410
Additions	—	371	1,359	1,730
As at December 31, 2023	164,957	197,503	5,680	368,140
Additions	—	—	370	370
As at March 31, 2024	164,957	197,503	6,050	368,510
Accumulated amortization				
As at January 1, 2023	—	28,704	125	28,829
Amortization	—	13,107	584	13,691
As at December 31, 2023	—	41,811	709	42,520
Amortization	—	3,265	252	3,517
As at March 31, 2024	—	45,076	961	46,037
Net book value				
As at December 31, 2023	164,957	155,692	4,971	325,620
As at March 31, 2024	164,957	152,427	5,089	322,473

As at March 31, 2024, there were no indicators of impairment relating to the Company's goodwill or finite life intangible assets.

[1]Other intangible assets is comprised of the portfolio management platform, brand, and other.

Note 5 – Share Capital

Preferred Share Dividends

On May 1, 2024, the Board of Directors approved a cash dividend of $0.233313 per Series B Preferred Share for a total of $1,073, payable on June 28, 2024, to preferred shareholders of record on June 14, 2024.

Note 6 – Share Based Compensation

Share Incentive Plan

On March 7, 2024, the Company granted 881,684 Restricted Share Units (RSUs) and 165,390 Performance Share Units (PSUs) to employees that entitle them to cash payments on December 1, 2026 and March 7, 2027, respectively. The RSUs and PSUs were granted at a price of $8.25 based on the weighted average closing price of the Company's common shares on the TSX for the 30 consecutive trading days immediately prior to the grant date. The fair value of the RSUs and PSUs granted in March 2024 was $7,650 at the end of the reporting period and is included in Accounts payable and accrued liabilities.

Deferred Share Unit Plan (DSUs)

On March 7, 2024, the Company granted 36,618 DSUs to directors that entitle them to cash payments when they leave the Company or its Board. The DSUs were issued at a grant price of $8.10, based on the weighted average closing price of the Company's common shares on the TSX for the five consecutive trading days immediately prior to the grant date and had a value of $297. The fair value of the DSUs at the end of the reporting period is $268 and is included in Accounts payable and accrued liabilities.

Note 7 – Net Income (Loss) Per Common Share

Net income (loss) per common share consists of the following:

Three months ended March 31,	2024	2023
Net income/(loss)	(1,127)	(5,332)
Less: dividends on preferred shares	(1,073)	(1,073)
Net income/(loss) attributable to common shareholders	(2,200)	(6,405)
Weighted-average number of common shares outstanding (in thousands):		
Basic		
Common shares	15,750	15,788
Common shares held by the SIP Trust[1]	(184)	(231)
Contingently returnable common shares held in escrow	(152)	(3,096)
	15,414	12,461
Diluted		
Dilutive effect of shares held by the SIP Trust[1]	184	231
Dilutive effect of contingently returnable common shares held in escrow	152	3,096
	15,750	15,788
Net income/(loss) per common share - Basic	(0.14)	(0.51)
Net income/(loss) per common share - Diluted[2]	(0.14)	(0.51)

[1]The Company has a Share Incentive Plan Trust (SIP Trust) for the purposes of purchasing the Company's common shares in the open market and delivering the common shares to the eligible participants upon vesting, for RSUs that were granted before 2022.

[2]In the case of a net loss, the impact of the shares pledged and other common shares subject to vesting conditions under share-based compensation programs on diluted net loss per common share will not be dilutive, therefore basic and diluted net loss per common share are the same.

Note 8 – Fair Value of Financial Instruments

The Company records assets and liabilities held for trading, assets and liabilities designated at fair value, derivatives, certain equity and debt securities and securities sold short but not yet purchased at fair value. Non-trading assets and liabilities are carried at amortized cost less allowances or write-downs for impairment.

For traded securities, quoted market value is considered to be fair value. Securities for which no active market exists are valued using all reasonably available market information.

The carrying value of certain financial assets and liabilities, such as receivables and payables due from or to clients and brokers, employee and other loans receivable, other assets and liabilities, debt and provisions, is a reasonable estimate of fair value due to their short-term nature or because they are frequently repriced to current market rates.

($ Thousands, except share and per share amounts)

Financial Instruments – Measurement

The categories of measurement of financial instruments, excluding cash and cash equivalents held by the Company at March 31, 2024 and December 31, 2023 are as follows:

As at March 31, 2024	FVTPL	FVOCI	Amortized cost	Total
Financial assets				
Securities owned	723	—	—	723
Receivable from clients	—	—	330,855	330,855
Receivable from brokers	—	—	540,292	540,292
Employee and other loans receivable	—	—	9,460	9,460
Other assets	—	—	16,339	16,339
Total financial assets	723	—	896,946	897,669
Financial liabilities				
Payable to clients	—	—	813,405	813,405
Accounts payable and accrual liabilities	—	—	51,980	51,980
Debt	—	—	110,922	110,922
Total financial liabilities	—	—	976,307	976,307

As at December 31, 2023	FVTPL	FVOCI	Amortized cost	Total
Financial assets				
Securities owned	613	—	—	613
Receivable from clients	—	—	254,989	254,989
Receivable from brokers	—	—	560,387	560,387
Employee and other loans receivable	—	—	9,281	9,281
Other assets	—	—	15,092	15,092
Total financial assets	613	—	839,749	840,362
Financial liabilities				
Payable to clients	—	—	764,592	764,592
Accounts payable and accrual liabilities	—	—	61,207	61,207
Debt	—	—	110,922	110,922
Total financial liabilities	—	—	936,721	936,721

($ Thousands, except share and per share amounts)

Financial Instruments – Fair Value Hierarchy

IFRS 13, Fair Value Measurement, as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs into the valuation of a financial asset or financial liability as of the measurement date.

The fair value hierarchy has the following levels:

Level 1. The Company's Level 1 assets and liabilities generally include debt and equity securities that are traded on an active exchange. They are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. The Company's Level 2 assets and liabilities include equity and debt securities that are not listed on an active exchange. They also include debt and money market securities that are priced using aggregated trade data or reference prices based on yield, maturity and risk rating. The fair value is based on inputs that are observable for the asset or liability, either directly or indirectly, other than quoted prices.

Level 3. The Company's Level 3 assets are broker warrants that are valued based on observable data of the underlying security. Some inputs used in the model for valuing the asset or liability are based on unobservable market data associated with the broker warrants themselves.

The objective of these valuation techniques is to arrive at a fair value determination that reflects the value of the financial instrument at the reporting date that would have been determined by arm's length market participants.

The following tables present the fair value hierarchy of the Company's financial assets that are carried at fair value:

As at March 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets				
Securities owned				
Equity securities	**468**	**—**	**—**	**468**
Derivative financial assets	**—**	**—**	**255**	**255**
Financial assets carried at fair value	**468**	**—**	**255**	**723**

As at December 31, 2023	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Equity securities	450	—	—	450
Derivative financial assets	—	—	163	163
Financial assets carried at fair value	450	—	163	613

($ Thousands, except share and per share amounts)

The following table presents the changes in fair value measurements of financial assets included in Level 3 of the fair value hierarchy.

	Level 3 fair value
As at December 31, 2022	24
Net unrealized gain (loss) before income taxes	127
Additions	39
Disposals/expiries	(27)
As at December 31, 2023	163
Net unrealized gain (loss) before income taxes	**86**
Additions	**15**
Disposals/expiries	**(9)**
As at March 31, 2024	**255**

Note 9 – Provisions

The following table presents a breakdown of the Company's provisions as at March 31, 2024 and December 31, 2023.

Balance, December 31, 2022	24,734
Additions	3,319
Payments[1]	(15,352)
Recoveries	(400)
As at December 31, 2023	12,301
Additions	**200**
Payments	**(1,377)**
Recoveries	**(59)**
As at March 31, 2024	**11,065**

[1]Includes $400 relating to key management personnel.

($ Thousands, except share and per share amounts)

Note 10 – Debt

The following table presents a breakdown of the Company's debt obligations as at March 31, 2024 and December 31, 2023.

	2024	2023
Revolving credit facility	80,500	80,500
Preferred shares	30,422	30,422
	110,922	110,922

Revolving Credit Facility

The facility contains clauses whereby the Company is required to meet certain financial covenants. As at March 31, 2024 and December 31, 2023, the Company was compliant with the covenants associated with the facility.

Note 11 – Net Change in Non-Cash Operating Items

The following table presents a breakdown of the change in the Company's non-cash operating items for the three month period ending March 31, 2024 and 2023.

	2024	2023
Securities owned	(110)	(672)
Receivable from clients and brokers	(55,771)	(635,771)
Client funds held in trust	—	367,316
Employee and other loans receivable	(3,367)	(2,847)
Other assets	(1,247)	3,446
Payable to clients	48,813	(50,475)
Accounts payable and accrued liabilities	(9,048)	2,660
Provisions	(1,236)	(3,234)
	(21,966)	(319,577)

Note 12 – Cessation of CDOR

On May 16, 2022, Refinitiv Benchmark Services Limited (RBSL) published a Canadian Dollar Offered Rate (CDOR) cessation notice stating that the calculation and publication for all tenors of CDOR will cease following a final publication on June 28, 2024. Canadian Alternative Reference Rate Working Group (CARR) has recommended that CDOR-based contracts be transitioned to the Canadian Overnight Repo Rate Average (CORRA). The Company has determined that the impact of this change is immaterial to our financial statements.

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Regulatory filings

Canadian Securities Administrators
sedarplus.com

Independent auditors

KPMG LLP

Independent legal counsel

Goodmans LLP

Fiscal year-end

December 31

Stock exchange listings

Stock	Listing	Ticker	CUSIP
Common shares	Toronto Stock Exchange	RCG	74971G401
Preferred shares	Toronto Stock Exchange	RCG.PR.B	74971G203

Q1 2024 Conference Call

A conference call and live audio webcast to discuss RF Capital's first quarter 2024 financial results will be held on Thursday, May 2, 2024, at 10:00 a.m. (EST). Interested parties are invited to access the conference call on a listen-only basis by dialing 416-406-0743 or 1-800-898-3989 (toll-free) and entering participant passcode 8739205#, or via live audio webcast at https://www.richardsonwealth.com/investor-relations/financial-information. A recording of the conference call will be available until Tuesday, June 4, 2024, by dialing 905-694-9451 or 1-800-408-3053 and entering access code 2453497#. The audio webcast will be archived at https://www.richardsonwealth.com/investor-relations/financial-information

Annual Meeting

When: Tuesday, June 4, 2024, 1:30 p.m. EST

Where: Toronto Region Board of Trade
100 Queens Quay East
3rd Floor, the Quay
Toronto, ON M5E 1Y3