

RF Capital Reports Third Quarter 2024 Results

Q3 2024 Financial Highlights (as compared to Q3 2023)

AUA^{1,2} and Revenue

- Ending AUA^{1,2} increased to \$39.0 billion, up 12% or \$4.3 billion, primarily driven by strong equity markets and recruiting
- Total revenue increased 5% to \$91.9 million, led by a 7% increase in fee revenue

Profitability and Cash Flow

- Net loss from continuing operations was \$2.3 million compared to \$0.2 million
- Adjusted EBITDA¹ of \$12.5 million down \$4.4 million, as revenue growth was offset by higher adjusted operating expenses
- Cash from operating activities was \$16.0 million, down 4%
- Free cash flow available for growth¹ declined 44% to \$6.2 million
- Free cash flow¹ was down by \$2.3 million to \$3.9 million, primarily due to higher advisor recruiting payments

Balance sheet

- Net working capital¹ was \$94.9 million, effectively unchanged

Toronto, November 7, 2024 - RF Capital Group Inc. (RF Capital or the Company) (TSX: RCG) today reported revenue of \$91.9 million in the third quarter of 2024, up 5% as compared to the prior year. The increase in revenue was driven by 12% growth in AUA^{1,2}, as strong equity markets and recruiting over the past 12 months offset advisor attrition. In the most recent quarter, the Company recruited three advisor teams representing \$590 million of expected AUA^{1,2}. Adjusted EBITDA¹ was down \$4.4 million, as revenue growth was offset by higher adjusted operating expenses driven by costs related to our leadership transition.

For more detail on the Company's results, please refer to its MD&A and unaudited interim condensed consolidated financial statements for the period ending September 30, 2024.

1. Considered to be non-GAAP or supplemental 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 Supplemental Financial Measures" section of this release.
2. AUA is a measure of client assets and is common in the wealth management industry. It represents the market value of client assets that we administer.

Dave Kelly, President and Chief Executive Officer, commented, “We experienced another record this quarter with our AUA^{1,2} reaching \$39.0 billion.”

Mr. Kelly continued, “As the Company’s newly appointed CEO, I am confident we will continue to build on this momentum through the steadfast efforts of our dedicated advisory teams, our talented corporate team and our strong platform, leading us to become the best independent choice in Canada”

Outlook and Key Performance Drivers

Our current view on the drivers of our financial performance and profitability for the remainder of 2024 is as follows:

- AUA^{1,2} 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 to maintain recruiting momentum over the coming quarters.
- Interest revenue is impacted by prime rate trends, which economists expect to continue declining from current levels throughout the rest of this year
- Transaction activity underlying our corporate finance revenue could rebound later this year but is more likely to remain subdued
- We expect inflation to remain in the target range for the rest of the year, and we remain committed to finding operating cost savings and efficiencies in our business
- Free cash flow available for growth¹ is expected to be deployed towards advisor recruitment

Preferred Share Dividend

On November 7, 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 December 30, 2024³, to preferred shareholders of record on December 13, 2024.

Q3 2024 Conference Call

A conference call and live audio webcast to discuss RF Capital’s third quarter 2024 financial results will be held on Friday, November 8, 2024, at 10:00 a.m. (EST). Interested parties are invited to access the earnings conference call on a listen-only basis by dialing 416-340-2217 or 1-800-806-5484 (toll free) and entering participant passcode: 7715540#, or via live audio webcast at <https://www.richardsonwealth.com/investor-relations/financial-information>. A recording of the conference call will be available until Sunday, December 8, 2024, by dialing 905-694-9451 or 1-800-408-3053 (toll free) and entering access code 2618170#. The audio webcast will be archived at <https://www.richardsonwealth.com/investor-relations/financial-information>.

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3. In the event that the payment date is not a business day, such dividend shall be paid on the next succeeding day that is a business day.

Select Financial Information

The following table presents the Company's financial results for Q3 2024, Q2 2024 and Q3 2023.

(\$000s, except as otherwise indicated)	As at or for the three months ended					As at or for the nine months ended		
	September 30, 2024	June 30, 2024	Increase/ (decrease)	September 30, 2023	Increase/ (decrease)	September 30, 2024	September 30, 2023	Increase/ (decrease)
Key performance drivers¹:								
AUA - ending ² (\$ millions)	39,004	37,125	5%	34,726	12%	39,004	34,726	12%
AUA - average ² (\$ millions)	38,065	36,974	3%	35,630	7%	37,037	35,793	3%
Fee revenue	70,906	67,514	5%	66,046	7%	204,566	193,670	6%
Fee revenue ³ (%)	91	90	+120 bps	92	(160) bps	91	90	+50 bps
Adjusted operating expense ratio ⁴ (%)	75.8	71.9	+396 bps	67.3	+850 bps	74.0	71.0	+302 bps
Adjusted EBITDA margin ⁵ (%)	13.6	16.5	(292) bps	19.3	(568) bps	15.1	17.0	(193) bps
Asset yield ⁶ (%)	0.85	0.86	(1) bps	0.87	(2) bps	0.86	0.86	—
Advisory teams ⁷ (#)	155	154	1%	157	(1%)	155	157	(1%)
Operating Performance								
Reported results:								
Revenue	91,871	91,216	1%	87,836	5%	272,448	264,366	3%
Operating expenses ^{1,8}	39,195	38,496	2%	34,892	12%	116,920	114,486	2%
EBITDA ¹	12,493	15,070	(17%)	16,932	(26%)	41,102	40,468	2%
Income (loss) before income taxes	(558)	2,462	n/m	2,092	n/m	1,967	(3,341)	n/m
Net income (loss) from continuing operations	(2,309)	2,714	n/m	(189)	n/m	(722)	(6,946)	(90%)
Net income (loss) from discontinued operations ⁹	—	—	n/a	—	n/a	—	(2,064)	(100%)
Net loss per common share from continuing operations - diluted	(0.22)	0.10	n/m	(0.10)	120%	(0.26)	(0.82)	(68%)
Adjusted results¹:								
Operating expenses ⁸	39,195	38,496	2%	34,892	12%	116,920	109,972	6%
EBITDA	12,493	15,070	(17%)	16,932	(26%)	41,102	44,982	(9%)
Income (loss) before income taxes	2,705	5,725	(53%)	5,355	(49%)	11,756	10,961	7%
Net income (loss)	89	5,112	(98%)	2,209	(96%)	6,472	3,592	80%
Adjusted earnings (loss) per common share - diluted	(0.06)	0.26	n/m	0.07	n/m	0.21	0.02	950%
Select balance sheet information:								
Total assets	1,402,410	1,424,915	(2%)	1,390,770	1%	1,402,410	1,390,770	1%
Debt	110,922	110,922	—	110,922	—	110,922	110,922	—
Shareholders' equity	327,087	330,326	(1%)	335,513	(3%)	327,087	335,513	(3%)
Net working capital ^{1,10}	94,941	92,268	3%	90,949	4%	94,941	90,949	4%
Common share information:								
Book value per common share (\$)	13.65	13.85	(1%)	14.15	(4%)	13.65	14.15	(4%)
Closing share price (\$)	7.34	7.81	(6%)	5.13	43%	7.34	5.13	43%
Common shares outstanding (millions)	15.7	15.8	(0%)	15.8	(0%)	15.7	15.8	(0%)
Common share market capitalization (\$ millions)	115	123	(7%)	81	42%	115	81	42%
Cash flow:								
Cash provided by (used in) operating activities	15,977	5,163	209%	16,624	(4%)	9,314	(271,333)	n/m
Free cash flow available for growth ¹	6,242	8,620	(28%)	11,180	(44%)	22,318	27,087	(18%)
Free cash flow ¹	3,857	2,011	92%	6,151	(37%)	9,756	7,047	38%

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 release.
2. AUA is a measure of client assets and is common in the wealth management industry. It represents the market value of client assets that we administer.
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. 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.
10. Calculated as current assets less current liabilities. For further information, please see the "Liquidity" section of the MD&A.

Quarterly Results

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

(\$000s, except as otherwise indicated)	2024				2023			2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Key performance drivers^{1:}								
AUA - ending ² (\$ millions)	39,004	37,125	37,010	35,236	34,726	35,788	35,965	34,948
AUA - average ² (\$ millions)	38,065	36,974	36,060	34,926	35,630	35,880	35,872	34,788
Fee revenue	70,906	67,514	66,146	64,145	66,046	64,581	63,042	63,150
Fee revenue ³ (%)	91	90	92	89	92	90	88	90
Adjusted operating expense ratio ⁴ (%)	75.8	71.9	74.3	71.5	67.3	70.9	74.7	68.1
Adjusted EBITDA margin ⁵ (%)	13.6	16.5	15.2	16.7	19.3	16.9	14.9	19.2
Asset yield ⁶ (%)	0.85	0.86	0.88	0.87	0.87	0.86	0.87	0.87
Advisory teams ⁷ (#)	155	154	153	155	157	156	158	162
Operating Performance:								
Reported results:								
Revenue	91,871	91,216	89,361	86,752	87,836	88,832	87,700	88,531
Variable advisor compensation	40,183	37,650	36,593	35,866	36,012	37,305	36,095	35,276
Gross margin ⁸	51,688	53,566	52,768	50,886	51,824	51,527	51,605	53,255
Operating expenses ^{1,9}	39,195	38,496	39,229	36,368	34,892	36,946	42,647	38,867
EBITDA ¹	12,493	15,070	13,539	14,518	16,932	14,581	8,958	14,388
Interest	3,725	3,413	3,750	3,994	3,527	3,675	3,511	3,294
Depreciation and amortization	6,223	6,286	6,565	6,849	6,856	6,805	6,895	7,851
Advisor award and loan amortization	3,103	2,909	3,161	5,844	4,457	3,884	4,201	4,634
Income (loss) before income taxes	(558)	2,462	63	(2,169)	2,092	217	(5,649)	(1,391)
Net income (loss) from continuing operations	(2,309)	2,714	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)
Net income (loss) from discontinued operations ¹⁰	—	—	—	—	—	(2,064)	—	—
Adjusted results^{1:}								
Operating expenses ⁹	39,195	38,496	39,229	36,368	34,892	36,533	38,546	36,246
EBITDA	12,493	15,070	13,539	14,518	16,932	14,994	13,059	17,009
Income (loss) before income taxes	2,705	5,725	3,326	1,094	5,355	3,893	1,715	4,493
Net income (loss)	89	5,112	1,271	(483)	2,209	1,279	105	3,501
Cash flow:								
Cash provided by (used in) operating activities	15,977	5,163	(11,826)	2,834	16,624	25,741	(313,698)	(93,752)
Free cash flow available for growth ¹	6,242	8,620	7,455	8,312	11,180	8,746	7,162	10,761
Free cash flow ¹	3,857	2,011	3,888	(9,612)	6,151	7,206	(6,309)	(4,011)

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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.

Non-GAAP and Supplemental Financial Measures

In addition to GAAP prescribed measures, we use a variety of non-GAAP financial measures, non-GAAP ratios and supplemental financial measures 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 supplemental financial measures 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 document 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, is a proxy for operating cash flow, 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 term debt and preferred share liability;
- Income tax expense/(benefit);
- Depreciation and amortization expense, which we record primarily in connection with intangible assets, leases, equipment, and leasehold improvements; and
- 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 document 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 *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.

(\$000s, except as otherwise indicated)	2024				2023			2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Adjusted EBITDA:								
Net income (loss) from continuing operations - reported	(2,309)	2,714	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)
Income tax expense (recovery)	1,751	(252)	1,190	713	2,281	1,642	(317)	(401)
Income (loss) before income taxes - reported	(558)	2,462	63	(2,169)	2,092	217	(5,649)	(1,391)
Interest	3,725	3,413	3,750	3,994	3,527	3,675	3,511	3,294
Advisor award and loan amortization	3,103	2,909	3,161	5,844	4,457	3,884	4,201	4,634
Depreciation and amortization	6,223	6,286	6,565	6,849	6,856	6,805	6,895	7,851
EBITDA	12,493	15,070	13,539	14,518	16,932	14,581	8,958	14,388
Transformation costs and other provisions	—	—	—	—	—	413	4,101	2,621
Adjusted EBITDA	12,493	15,070	13,539	14,518	16,932	14,994	13,059	17,009
Adjusted operating expenses:								
Total expenses - reported	52,246	51,104	52,705	53,055	49,732	51,310	57,254	54,646
Interest	3,725	3,413	3,750	3,994	3,527	3,675	3,511	3,294
Advisor award and loan amortization	3,103	2,909	3,161	5,844	4,457	3,884	4,201	4,634
Depreciation and amortization	6,223	6,286	6,565	6,849	6,856	6,805	6,895	7,851
Operating expenses	39,195	38,496	39,229	36,368	34,892	36,946	42,647	38,867
Transformation costs and other provisions	—	—	—	—	—	413	4,101	2,621
Adjusted operating expenses	39,195	38,496	39,229	36,368	34,892	36,533	38,546	36,246
Adjusted net income:								
Net income (loss) from continuing operations - reported	(2,309)	2,714	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)
After-tax adjusting items:								
Transformation costs and other provisions	—	—	—	—	—	306	3,039	2,093
Amortization of acquired intangibles	2,398	2,398	2,398	2,399	2,398	2,398	2,398	2,398
Adjusted net income (loss)	89	5,112	1,271	(483)	2,209	1,279	105	3,501
Earnings per common share from continuing operations:								
Basic	(0.22)	0.11	(0.14)	(0.26)	(0.10)	(0.20)	(0.51)	(0.21)
Diluted	(0.22)	0.10	(0.14)	(0.26)	(0.10)	(0.20)	(0.51)	(0.21)
Adjusted earnings per common share:								
Basic	(0.06)	0.26	0.01	(0.10)	0.09	0.02	(0.08)	0.25
Diluted	(0.06)	0.26	0.01	(0.10)	0.07	0.01	(0.08)	0.15
Cash flow:								
Cash provided by (used in) operating activities	15,977	5,163	(11,826)	2,834	16,624	25,741	(313,698)	(93,752)
Net change in non-cash operating items	(6,749)	6,616	21,966	8,315	(3,052)	(16,580)	319,577	105,331
Capital expenditures - maintenance	(790)	(902)	(419)	(797)	(348)	(619)	(555)	(1,247)
Lease payments	(2,196)	(2,257)	(2,266)	(2,040)	(2,044)	(2,273)	(2,263)	(2,192)
Net loss from discontinued operations	—	—	—	—	—	2,064	—	—
Transformation costs and other provisions (pre-tax)	—	—	—	—	—	413	4,101	2,621
Free cash flow available for growth	6,242	8,620	7,455	8,312	11,180	8,746	7,162	10,761
Advisor loans net of repayments	(6,290)	(7,088)	(2,249)	(13,224)	(557)	657	(2,961)	(3,519)
Capital expenditures - office build outs (net of lease inducements)	(113)	928	(82)	936	225	(854)	(3,175)	(8,737)
Net loss from discontinued operations	—	—	—	—	—	(2,064)	—	—
Transformation costs and other provisions (pre-tax)	—	—	—	—	—	(413)	(4,101)	(2,621)
Net change in provisions	4,018	(449)	(1,236)	(5,636)	(4,697)	1,134	(3,234)	105
Free cash flow	3,857	2,011	3,888	(9,612)	6,151	7,206	(6,309)	(4,011)

YTD Non-GAAP Information

The following table presents select year-to-date non-GAAP financial information for the current and prior fiscal years.

(\$000s, except as otherwise indicated)	For the nine months ended	
	September 30, 2024	September 30, 2023
Adjusted EBITDA:		
Net income (loss) from continuing operations - reported	(722)	(6,946)
Income tax expense (recovery)	2,689	3,605
Income (loss) before income taxes - reported	1,967	(3,341)
Interest	10,888	10,712
Advisor award and loan amortization	9,173	12,542
Depreciation and amortization	19,074	20,555
EBITDA	41,102	40,468
Transformation costs and other provisions	—	4,514
Adjusted EBITDA	41,102	44,982
Adjusted operating expenses:		
Total expenses - reported	156,055	158,295
Interest	10,888	10,712
Advisor award and loan amortization	9,173	12,542
Depreciation and amortization	19,074	20,555
Operating expenses	116,920	114,486
Transformation costs and other provisions	—	4,514
Adjusted operating expenses	116,920	109,972
Adjusted net income:		
Net income (loss) from continuing operations - reported	(722)	(6,946)
After-tax adjusting items:		
Transformation costs and other provisions	—	3,344
Amortization of acquired intangibles	7,194	7,194
Adjusted net income (loss)	6,472	3,592
Earnings per common share from continuing operations:		
Basic	(0.26)	(0.82)
Diluted	(0.26)	(0.82)
Adjusted earnings per common share:		
Basic	0.21	0.03
Diluted	0.21	0.02
Cash flow:		
Cash provided by (used in) operating activities	9,314	(271,333)
Net change in non-cash operating items	21,833	299,944
Capital expenditures - maintenance	(2,110)	(1,522)
Lease payments	(6,719)	(6,580)
Net loss from discontinued operations	—	2,064
Transformation costs and other provisions (pre-tax)	—	4,514
Free cash flow available for growth	22,318	27,087
Advisor loans net of repayments	(15,627)	(2,861)
Capital expenditures - office build outs (net of lease inducements)	732	(3,804)
Net loss from discontinued operations	—	(2,064)
Transformation costs and other provisions (pre-tax)	—	(4,514)
Net change in provisions	2,333	(6,797)
Free cash flow	9,756	7,047

Supplementary Financial Measures

A supplementary financial measure (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 the MD&A include AUA, recruiting pipeline, net new and recruited assets, and working capital. 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 a SFM is provided in the MD&A where the measure is first disclosed if the SFM's labelling is not sufficiently descriptive.

About RF Capital Group Inc.

RF Capital Group Inc. is a TSX-listed (TSX: RCG) wealth management-focused company. Operating under the Richardson Wealth brand, the Company is one of the largest independent wealth management firms in Canada with \$39.0 billion in assets under administration (as of September 30, 2024) and 22 offices across the country. The firm's Advisor teams are focused exclusively on providing strategic wealth advice and innovative investment solutions customized for high net worth or ultra-high net worth families and entrepreneurs. The Company is committed to maintaining exceptional fiduciary standards and has earned certification – determined annually – from the Centre for Fiduciary Excellence for its Separately Managed and Portfolio Management Account platforms. For the seventh year in a row, Richardson Wealth has been certified as a “great place to work” by Great Place to Work®, a global authority on workplace culture. For further information, please visit www.rfcapgroup.com and www.RichardsonWealth.com.

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