

**RF CAPITAL REPORTS SECOND QUARTER RESULTS****Richardson Wealth<sup>1</sup>:****Highest AUA Ever**

- \$34 billion; up \$5.7 billion from June 30, 2020
- 97% advisors increased their AUA in 2021

**Record Quarterly Fee-Income**

- \$58.9 million compared to \$48.6 in Q2 2020

**Second Highest Ever Adjusted EBITDA<sup>2</sup>**

- \$15.1 million largely due to record AUA levels
- 12 percentage point improvement in expense ratio<sup>2</sup> compared with Q2 2020

**Improving Adjusted EBITDA Margin**

- 19.8% compared with 13.2% last year

**Strongest Recruiting Pipeline Ever**

- Engaged in discussions with advisors representing approximately **\$10 billion** of AUA

**Partnering with Investnet**

- Access to state-of-the-art portfolio management tool and Unified Managed Account Platform
- Investnet currently supports 106,000 investment advisors across 5,100 companies, including 47 of the 50 largest U.S. wealth management and brokerage firms

**Migrated Insurance Operations In-House**

- Capture more of the economics, realize greater penetration rates, and meaningfully increase revenues on our insurance business

**Toronto, July 30, 2021** - RF Capital Group Inc. (RF Capital or the Company) (TSX: RCG) today reported quarterly revenue of \$79.1 million, record assets under administration (AUA) of \$34 billion and adjusted consolidated EBITDA of \$13.3 million for the quarter ended June 30, 2021.

“We continue to break records month-after-month, ending Q2 with record AUA of \$34 billion, record fee-based revenue, and a record recruiting pipeline. Adjusted EBITDA at Richardson Wealth nearly doubled to \$15.1 million in Q2 2021 from \$8.2 million in Q2 of last year, and increased 7% from the \$14.1 million recorded in Q1 2021. These strong results reflect the tremendous collaborative effort at every level of our organization to make us the brand of choice for Canada’s top advisors and their clients”, said Kish Kapoor, President and CEO.

Commenting further, Mr. Kapoor said, “Our bold and audacious growth strategy is gaining momentum. As a result of the many organic growth initiatives underway, we have elevated the advisor experience and enhanced the recruiting value proposition for Canada’s top advisors. All of this will have long-lasting and positive implications on value creation for all stakeholders.”

<sup>1</sup> Richardson Wealth’s operating results pre-October 20, 2020 are for reference purposes and were not fully consolidated into RF Capital’s financial statements.

<sup>2</sup> Adjusted results are considered to be a non-GAAP financial measure. Such measures 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 read the “Presentation of Financial Information and Non-GAAP Measures” at the end of this press release.

## Second Quarter 2021 - Select Financial Highlights

(\$000's, except as otherwise indicated)	Three months ended June 30,		Increase/ (decrease)		Six months ended June 30,		Increase/ (decrease)	
	2021	2020	\$	%	2021	2020	\$	%
<b>Operating Performance - Consolidated Reported Results:</b>								
Revenue	79,064	7,070	71,994	n.m.	162,726	15,898	146,828	n.m.
Variable advisor compensation	34,138	—	34,138	n.m.	69,612	—	69,612	n.m.
Gross margin <sup>1</sup>	44,926	7,070	37,856	n.m.	93,114	15,898	77,216	n.m.
Operating expenses <sup>2</sup>	34,096	8,178	25,918	n.m.	77,796	19,164	58,632	n.m.
EBITDA - Consolidated	10,829	(1,581)	12,410	n.m.	15,317	(3,625)	18,942	n.m.
Net loss	(1,858)	(2,351)	493	n.m.	(9,333)	(5,269)	(4,064)	n.m.
<b>Adjusted Results<sup>3</sup>:</b>								
Adjusted operating expenses <sup>2</sup>	31,583	8,069	23,514	n.m.	67,653	17,773	49,880	n.m.
Adjusted EBITDA - Consolidated	13,342	(1,472)	14,814	n.m.	25,460	(2,234)	27,694	n.m.
Adjusted net income (loss)	2,403	(2,242)	4,645	n.m.	3,470	(3,878)	7,348	n.m.
<b>Operating Performance - Richardson Wealth</b>								
Revenue	76,298	61,680	14,618	24	156,863	131,832	25,031	19
Gross Margin	42,160	34,191	7,969	23	87,251	74,289	12,962	17
Adjusted operating expenses	27,072	26,040	1,032	4	58,095	54,676	3,419	6
Adjusted EBITDA <sup>3</sup> - Richardson Wealth	15,088	8,151	6,937	85	29,156	19,613	9,543	49
AUA (\$millions) - ending balance	33,991	28,266	5,725	20	33,991	28,266	5,725	20
Asset Yield <sup>4</sup> (%)	0.82	0.79	0.03	4	0.85	0.84	0.01	1
Adjusted EBITDA margin (%) <sup>3</sup>	19.8	13.2	+660 bps		18.6	14.9	+370 bps	
Recurring fee-based revenue as a % of total revenue <sup>5</sup> (%)	77	79	-160 bps		74	77	-300 bps	
Adjusted operating expense ratio (%) <sup>3</sup>	64	76	-1200 bps		67	74	-700 bps	

- Gross margin is 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.
- Operating expenses include employee compensation and benefits, selling, general and administrative expenses, interest expense in connection with our stock borrowing and lending business and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
- Considered to be a non-GAAP financial measure. Such measures 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 read the "Presentation of Financial Information and Non-GAAP Measures" at the end of this press release. Q2 2021 included \$2.5 million of pre-tax (\$1.9 million after-tax) transformation costs and other provisions, reported in our Wealth Management segment. For further information please read the "Presentation of Financial Information and Non-GAAP Measures" at the end of this press release.
- Calculated as annualized commission and fee income divided by average AUA.
- Calculated as fee income divided by revenues at Richardson Wealth.

## Second Quarter 2021 – Other Operating Highlights

- Record AUA per advisory team at \$217 million, an increase of 25% compared with the \$174 million at end of Q2 2020
- Average household AUA grew to a record \$1.1 million and the number of households with assets in excess of \$1 million grew by 10% compared with the same period a year ago
- Transaction deal flow was up almost 200% in Q2 2021 compared with the same period last year, partly due to strategic partnerships with Cormark and Bloom Burton
- Achieved a better score than all the Canadian Banks and most of our other competitors on the 2021 Investment Executive Brokerage Report Card, as measured by net promoter score and IE rating
- Recognized by a Great Place to Work™, the global authority on workplace culture, as:
  - A Best Workplace in Ontario
  - A Best Workplace for Women
  - A Best Workplace for Mental Wellness

- Attracted additional top talent to our leadership team, including in the areas of:
  - Full-time recruitment
  - Digital transformation
  - Program management
  - Strategic communication
  - Tax and estate planning
  - Digital marketing

## Impact of Consolidation of Richardson Wealth on Operating Results

### Consolidation of Richardson Wealth

Q1 and Q2 2021 are the first full quarters in which Richardson Wealth's financial results were consolidated for a full reporting period. This change reflects the fact that we acquired 100% ownership of Richardson Wealth on October 20, 2020. Prior to this acquisition, we accounted for Richardson Wealth's results using the equity method and included our proportionate share of its net income in our income statement under the line item "Share of net income of associate". As a result, the comparability of results across periods is limited.

Further, prior to the transaction, RF Capital owned just 34% of Richardson Wealth, thus reported only that proportion of its earnings. After the transaction, we began to consolidate a full 100% of its financial results.

To assist readers in understanding the performance of our underlying business over time, we have included supplemental financial information for Richardson Wealth below.

### Supplemental Financial Information – Richardson Wealth

The following table sets forth an overview of the consolidated financial results of Richardson Wealth for the periods indicated, on a 100% basis.

(\$'000, except as otherwise indicated)	Three months ended June 30,		Increase/ (decrease)		Six months ended June 30,		Increase/ (decrease)	
	2021	2020	\$	%	2021	2020	\$	%
Commissions	10,131	6,558	3,573	54	23,149	15,771	7,378	47
Investment management and fee income	58,911	48,618	10,293	21	116,545	101,919	14,626	14
Interest	3,348	2,741	607	22	6,646	8,583	(1,937)	(23)
Other	3,908	3,763	145	4	10,523	5,559	4,964	89
Revenue	76,298	61,680	14,618	24	156,863	131,832	25,031	19
Variable advisor compensation	34,138	27,489	6,649	24	69,612	57,543	12,069	21
Gross margin	42,160	34,191	7,969	23	87,251	74,289	12,962	17
Employee compensation and benefits	14,890	15,220	(330)	(2)	32,713	32,437	276	1
Non-compensation expenses	16,313	16,338	(25)	(0)	33,480	34,298	(818)	(2)
Transformation costs and other provisions	2,513	—	2,513	100	8,263	—	8,263	100
Advisor loan amortization	4,485	2,614	1,871	72	9,423	4,984	4,439	89
Expenses	38,201	34,172	4,029	12	83,879	71,719	12,160	17
Income before income tax	3,959	19	3,940	n.m.	3,372	2,570	802	31
Net income (loss) - reported	2,779	(387)	3,166	(818)	2,133	1,073	1,060	99
Interest	1,490	1,278	212	17	2,971	3,257	(286)	(9)
Income tax	1,180	406	774	191	1,239	1,497	(258)	(17)
Depreciation and amortization	2,641	2,922	(281)	(10)	5,127	6,238	(1,111)	(18)
Advisor loan amortization	4,485	2,614	1,871	72	9,423	4,984	4,439	89
EBITDA	12,575	6,833	5,742	84	20,893	17,049	3,844	23
Adjusting items:								
Transformation costs and other provisions	2,513	—	2,513	100	8,263	—	8,263	100
Share-based compensation	—	1,318	(1,318)	(100)	—	2,564	(2,564)	(100)
Adjusted EBITDA - Richardson Wealth	15,088	8,151	6,937	85	29,156	19,613	9,543	49
Number of advisory teams	157	165	(8)	(5)				
AUA <sup>1</sup> at period-end (\$ millions)	33,991	28,266	5,725	20				

## Update on Growth Strategy

At our annual shareholders' meeting held on May 26, 2021, we unveiled the details of our **bold and audacious growth strategy**. We aspire to grow AUA to \$100 billion and grow Adjusted EBITDA to between \$200 - \$300 million. We believe this plan will make Richardson Wealth and Patrimoine Richardson the brand of choice for Canada's top advisors and their high net worth clients.

To access a replay of the audio webcast and investor presentation from our most recent shareholders' meeting, please click [here](#).

For further information, including an update of our three key strategic growth pillars and the considerable progress made during Q2 2021, please see the "Update on Growth Strategy" section to our Q2 2021 MD&A.

## Preferred Share Dividend

On July 29, 2021, the board of directors approved a quarterly cash dividend of \$0.233313 per Cumulative 5-Year Rate Reset Preferred Share, Series B, payable on September 30, 2021, to preferred shareholders of record on September 15, 2021.

## Second Quarter Conference Call

A conference call and live audio webcast to discuss RF Capital's second quarter 2021 results will be held today at 10:00 a.m. (EST). Interested parties are invited to access the quarterly conference call on a listen-only basis by dialing 416-406-0743 or 1-800-898-3989 (toll free) and entering participant passcode 5808679#, or via live audio webcast at <https://rfcapgroup.com/Investor-Relations/Quarterly-Information>.

A recording of the conference call will be available until Monday, August 30, 2021, by dialing 905-694-9451 or 1-800-408-3053 (toll free) and entering access code 2087125#. The webcast will be archived at <https://rfcapgroup.com/Investor-Relations/Quarterly-Information>

## Presentation of Financial Information and Non-GAAP Measures

Unless otherwise specified herein, financial results, including related historical comparatives, contained in this MD&A are based on our Second Quarter 2021 Financial Statements, which Management has prepared in accordance with International Financial Reporting Standards (IFRS). The Canadian dollar is our functional and reporting currency for the purposes of preparing our consolidated financial statements.

### Non-GAAP Measures

We use a variety of measures to assess our performance. In addition to GAAP prescribed measures, we use certain non-GAAP measures that we believe provide useful information to investors regarding our performance and results of operations. Readers are cautioned that non-GAAP 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 net income or comparable metrics determined according to IFRS as indicators of our performance, liquidity, cash flows, and profitability.

Additional information about Non-GAAP measures, including a reconciliation to its nearest IFRS measure, can be found under the "Presentation of Financial Information and Non-GAAP Measures" section of our Q2 2021 MD&A.

## Forward-Looking Information

This press release 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 press release, including statements regarding the nature of our growth strategy going forward 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 press release and our AIF. Such risks and uncertainties include, but are not limited to, market, credit, liquidity, operational and legal and regulatory risks, and other risk factors, including variations in the market value of securities, dependence on key personnel and sustainability of fees. In addition, other factors, such as general economic conditions, including interest rate and exchange rate fluctuations, may also influence our results of operations. For a description of additional risks that could cause actual results to differ materially from current expectations, see the "Risk Management" and "Risk Factors" sections in our 2020 MD&A and the "Risk Factors" section our latest AIF.

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.

Forward-looking information contained in this press release is:

- based on Management's reliance on certain assumptions it considers reasonable; however, there can be no assurance that such expectations will prove correct. Certain statements included in this press release may be considered a "financial outlook" for purposes of applicable Canadian securities laws. As such, the financial outlook may not be appropriate for purposes other than this press release. Readers should not place undue reliance on the forward-looking statements and information contained in this press release. 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 press release and should not be relied upon as representing our view as of any date subsequent to the date of this press release. 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; and
- expressly qualified in its entirety by the foregoing cautionary statements.

## About RF Capital Group Inc.

RF Capital Group Inc. (RF Capital) 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 \$34 billion in assets under administration (as at June 30, 2021) and 19 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 Center for Fiduciary Excellence for its Separately Managed and Portfolio Management Account platforms. Richardson Wealth has also been recognized as a Great Place to Work™ for the past three years, a Best Workplace for Women, a Best Workplace in Canada and a Best Workplace for Mental Wellness. For further information, please visit our corporate website at [www.rfcapgroup.com](http://www.rfcapgroup.com) and [www.RichardsonWealth.com](http://www.RichardsonWealth.com).

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