

RF Capital Reports Record Third Quarter 2022 Results

- AUA declined 2% year-over-year, as the S&P/TSX Composite and the S&P 500 indices were down 8.1% and 16.8% over that same period
- Record quarterly Consolidated Adjusted EBITDA despite challenging markets, driven largely by significant growth in year-over-year growth in interest and insurance revenues
- Subsequent to quarter end, three million shares released from escrow, increasing public float to 44%

Q3 2022 Highlights**Record Wealth Management Adjusted EBITDA¹**

- \$19.3 million, up 30% y/y
- Adjusted EBITDA margin¹ rose to 22.5%

Revenue Growth

- \$85.9 million, up 8% y/y
- Interest revenue up 201% y/y as a result of rising benchmark rates
- Insurance revenue up 70% y/y; growing pipeline of insurance deals
- Corporate finance revenue down 46% y/y

AUA² of \$33.6 billion

- Down 2% y/y and less than 1% from Q2

Advancing Digital Transformation

- Continued to roll out the Envestnet portfolio management platform
- Fidelity conversion remains on track for end of year

Normal Course Issuer Bid

- Purchased 18,024 common shares for cancellation

Recruiting Momentum

- \$1 billion in AUA² added to recruiting pipeline³ in Q3
- Two advisor teams joined and one departed

Toronto, November 3, 2022 - RF Capital Group Inc. (RF Capital or the Company) (TSX: RCG) today reported quarterly revenue of \$85.9 million; up 8% from Q3 a year ago. The increase in revenue was driven largely by higher interest income and improved insurance revenue. Consolidated Adjusted EBITDA¹ was \$17.0 million this quarter compared with \$13.0 million a year ago. Reported net loss was \$0.7 million, a \$7.7 million improvement from the same period last year. Wealth Management Adjusted EBITDA¹ was \$19.3 million, up 30% from \$14.8 million last year.

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 at the end of this press release.

2. Assets under administration (AUA) is a measure of client assets and is common to the wealth management business. AUA represents the market value of client assets managed and administered by Richardson Wealth from which it earns commissions and fee revenue.

3. Represents conversations with advisors that have advanced beyond a certain probability threshold, with AUA measured as of the date the advisor was added to the recruiting pipeline and is not adjusted for market volatility. This measure is used by management to assess outside advisors' interest in Richardson Wealth. The Company expects to convert only a portion of this pipeline.

Kish Kapoor, President and Chief Executive Officer, commented, “The strong performance this quarter, in an otherwise difficult market, is largely due to interest and insurance revenues being up 201 and 70 percent, respectively, over the same period last year, and fee-based revenues remaining flat over Q3 2021. As we expect these challenging markets to continue into the new year, we are focusing all our efforts to help our advisors and their clients through these difficult times including helping them adapt to the new portfolio management platform we introduced earlier this year and prepare them for the migration of our carrying broker operations to Fidelity at the end of the year. We believe this focus on investing in our advisors and their clients, the solid results even in turbulent markets, and the continued growth of our recruiting pipeline will generate both organic and inorganic growth opportunities in 2023 and beyond.”

Q3 2022 – Consolidated Financial Performance

The following table presents the Company’s consolidated financial results for Q3 and first nine months 2022 and 2021.

(\$000's, except as otherwise indicated)	Three months ended September 30,		Increase/(decrease)		Nine months ended September 30,		Increase/(decrease)	
	2022	2021	\$	%	2022	2021	\$	%
Key Performance Drivers - Wealth Management								
AUA - ending (\$ millions) ¹	33,604	34,360	(756)	(2)	33,604	34,360	(756)	(2)
Fee revenue	61,974	61,957	17	—	192,176	178,502	13,674	8
Fee based revenue (%) ²	91	90	1	1	87	86	1	1
Adjusted EBITDA ³	19,293	14,829	4,464	30	50,645	44,841	5,804	13
Adjusted EBITDA margin (%) ³	22.5	18.6	+390 bps		19.1	18.5	+60 bps	
Asset yield (%) ⁴	0.86	0.79	+7 bps		0.79	0.80	(1) bps	
Operating Performance - Consolidated								
Reported Results:								
Revenue	85,928	79,682	6,246	8	265,441	242,408	23,033	10
Variable advisor compensation	34,555	34,714	(159)	—	114,472	104,326	10,146	10
Gross margin ⁵	51,373	44,968	6,405	14	150,969	138,082	12,887	9
Operating expenses ^{3,6}	36,435	41,483	(5,048)	(12)	112,340	119,280	(6,940)	(6)
EBITDA ³	14,938	3,485	11,453	329	38,629	18,802	19,827	105
Income (loss) before income taxes	606	(8,441)	9,047	107	(1,720)	(18,261)	16,541	91
Net income (loss)	(724)	(8,462)	7,738	91	(3,813)	(17,795)	13,982	79
Adjusting Items⁷:								
Transformation costs and other provisions, and amortization of acquired intangibles (pre-tax)	5,318	12,780	(7,462)	(58)	15,802	29,449	(13,647)	(46)
Transformation costs and other provisions, and amortization of acquired intangibles (after-tax)	3,920	10,953	(7,033)	(64)	11,413	23,756	(12,343)	(52)
Adjusted Results:								
Operating expenses ^{3,6}	34,380	31,966	2,414	8	106,327	99,619	6,708	7
EBITDA ³	16,993	13,003	3,990	31	44,642	38,462	6,180	16
Income (loss) before income taxes ³	5,924	4,339	1,585	37	14,082	11,188	2,894	26
Net income (loss) ³	3,197	2,491	706	28	7,600	5,962	1,638	27

- AUA is a measure of client assets and is common to the wealth management business. It represents the market value of client assets managed and administered by us on which we earn commissions and fee revenue.
- Calculated as fee revenue divided by commissionable revenue in our Wealth Management segment. Commissionable revenue includes Wealth management revenue and commissions earned in connection with the placement of new issues and the sale of insurance products.
- 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 at the end of this press release.
- Calculated as Wealth management revenue plus interest on cash divided by average AUA
- 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, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
- For further information, please see “Q3 2022 – Items of Note” in this press release

New Flagship Corporate Headquarters in Toronto

The Company is scheduled to open its brand-new Platinum-LEED certified corporate headquarters on Toronto's waterfront at 100 Queens Quay East later this month. Featuring cutting-edge design and state-of-the-art technology, this office reflects the Company's esteemed past and promising future. To welcome and engage its growing client and advisor base, as well as attract top talent, the Company will host a variety of events and gatherings at the office in the coming months. The Company is also excited about hosting investors and analysts who want to learn more about the Company. In a vertical city that has a busy skyline, Richardson Wealth will have its own well-defined presence.

Release of Escrowed Shares

On October 20, 2022, we celebrated Richardson Wealth's second anniversary. In accordance with the terms of the Richardson Wealth share purchase agreement and related escrow agreement, 30% of the RF Capital common shares subject to the original escrow will be released and delivered to the vendor shareholders no later than November 10, 2022. Of the released escrowed shares, 1.5 million will be delivered to Richardson Financial Group Limited and its wholly owned affiliate, and 1.5 million will be released to Richardson Wealth advisors and employees and other shareholders. The remaining 30% will be released from escrow in October 2023. With this release, the Company's public float now represents 44% of its total common shares outstanding.

Preferred Share Dividend

On November 3, 2022, the board of directors approved a quarterly cash dividend of \$0.233313 per Cumulative 5-Year Rate Reset Preferred Share, Series B, payable on January 3, 2023, to preferred shareholders of record on December 15, 2022.

Q3 2022 Conference Call

A conference call and *live* audio webcast to discuss RF Capital's third quarter 2022 results will be held Friday, November 4, 2022 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 3138502#, or via live audio webcast at <https://www.richardsonwealth.com/investor-relations/financial-information>. A recording of the conference call will be available until Monday, December 5, 2022, by dialing 905-694-9451 or 1-800-408-3053 and entering access code 9560445#. The audio webcast will be archived at <https://www.richardsonwealth.com/investor-relations/financial-information>.

Q3 2022 – Items of Note

Pre-Tax Adjustments

The adjusted financial results presented in this press release exclude the impact of transformation program expenses and the amortization of acquired intangibles.

Q3 2022 included the following \$5.3 million in adjusting items:

- \$2.1 million of pre-tax charges related to our ongoing transformation (\$1.5 million after-tax), reported in our Wealth Management segment. These charges relate largely to developing our growth strategy and outsourcing our carrying broker operations.
- \$3.3 million of pre-tax amortization of intangible assets (\$2.4 million after-tax), reported in our Corporate segment. The amortization arises from intangible assets created on the acquisition of Richardson Wealth. It will continue through 2035.

Q3 2021 included the following \$12.8 million in adjusting items:

- \$6.3 million in pre-tax transformation costs (\$6.1 million after-tax), reported in our Wealth Management segment. These charges relate to the outsourcing of our carrying broker operations.
- \$3.2 million of pre-tax charges (\$2.4 million after-tax), reported in our Wealth Management segment. These charges encompass a range of transformation-related initiatives.
- \$3.3 million of pre-tax amortization of acquired intangible assets (\$2.4 million after-tax), reported in our Corporate segment.

Non-GAAP and Supplemental Financial Measures

The Company uses a variety of measures to assess its performance. In addition to GAAP prescribed measures, the Company uses certain non-GAAP and supplementary financial measures (SFM) that it believes provides useful information to investors regarding its performance and results of operations. Readers are cautioned that non-GAAP financial measures, including non-GAAP ratios, and supplemental 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 Measures

The primary non-GAAP financial measures (including non-GAAP ratios) used in this press release are:

EBITDA

The use of EBITDA is common in the wealth management industry. The Company believes it provides a more accurate measure of its core operating results, is a proxy for operating cash flow, and is a facilitator for enterprise valuation. EBITDA is used to evaluate core operating performance by adjusting net income/(loss) to exclude:

- Interest expense, which the Company records primarily in connection with term debt;
- Income tax expense/(benefit);
- Depreciation and amortization expense, which it records primarily in connection with intangible assets, leases, equipment, and leasehold improvements; and
- Amortization in connection with investment advisor transition and loan programs. The Company views 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.

Operating Expenses

Operating expenses include:

- Employee compensation and benefits; and
- Selling, general, and administrative expenses.

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

Commissionable Revenue

Commissionable revenue includes Wealth management revenue, commission revenue in connection with the placement of new issues and revenue earned on the sale of insurance products. The Company uses commissionable revenue to evaluate advisor compensation paid on that revenue.

Adjusted Results

In periods that the Company determines specified items have a significant impact on a user's assessment of ongoing business performance, it 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 its core operating performance. The Company believes that adjusted results can to some extent enhance comparability between reporting periods or 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 calculated as Adjusted EBITDA as a percentage of revenue.

Adjusting items in this press release include the following, by reporting segment:

Wealth Management:

- **Transformation costs and other provisions:** charges in connection with the ongoing transformation of the Company's business and other matters. These charges have encompassed a range of transformation initiatives, including refining its ongoing operating model, outsourcing its carrying broker operations, realigning parts of its real estate footprint, and rolling out its new strategy across the Company.

Corporate:

- **Transformation costs:** incremental professional and advisory fees in connection with the acquisition of Richardson Wealth and the development of its go-forward strategy; and
- **Amortization of acquired intangible assets:** amortization of intangible assets created on the acquisition of Richardson Wealth.

All adjusting items affect reported expenses. The following table itemizes these adjustments and reconciles reported operating expenses to adjusted operating expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Total consolidated expenses - reported	50,767	53,409	152,689	156,343
Interest	3,015	1,687	7,503	5,088
Advisor loan amortization	4,381	4,257	12,633	13,680
Depreciation and amortization	6,936	5,982	20,213	18,295
Operating expenses	36,435	41,483	112,340	119,280
Transformation costs and other provisions ¹	2,055	9,517	6,013	19,660
Adjusted operating expenses	34,380	31,966	106,327	99,619

1. Excludes \$3.3 million of amortization of acquired intangibles, which are categorized as transformation costs

The following table provides a reconciliation of the Company's reported net income/(loss) to adjusted net income/(loss):

(\$000's)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income (loss) - reported	(724)	(8,462)	(3,813)	(17,795)
After-tax adjusting items:				
Transformation costs and other provisions	1,522	8,555	4,219	16,561
Amortization of acquired intangibles	2,398	2,398	7,195	7,195
Adjusted net income (loss)	3,197	2,491	7,600	5,962

Supplemental Financial Measures (SFMs)

A supplementary financial measure is a financial measure that is not reported in our unaudited interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2022, 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 press release include AUA, recruiting pipeline, and net new and recruited assets. Management uses these measures to assess the operational performance of the Company's

Wealth Management business segment. These measures do not have any definition prescribed under International Financial Reporting Standards 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 this press release where the measure is first disclosed if the SFM's labelling is not sufficiently descriptive.

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 our normal course issuer bid (NCIB), the project to outsource our carrying broker operations to Fidelity Clearing Canada (Fidelity), our recruiting pipeline, 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, our 2021 Annual MD&A, and our latest Annual Information Form (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, and natural disasters, or other unanticipated events (including the novel coronavirus and variants thereof (COVID-19) pandemic) 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 2021 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 press release 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 press release.

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. As such, 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. 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 \$34.6 billion in assets under administration (as of October 31, 2022) and 20 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 Ontario, a Best Workplace for Mental Wellness, for Financial Services and Insurance, and for Hybrid Work. For further information, please visit www.rfcapgroup.com and www.RichardsonWealth.com.

For Further Information Please Contact:

RF Capital Group Inc.

Rocco Colella, Managing Director, Investor Relations

Tel: (416) 941-0894; e-mail rcolella@rfcapgroup.com