RF CAPITAL GROUP

EARNINGS RELEASE

RF Capital Demonstrates Resilience with Record Revenue and Adjusted EBITDA in 2022

- Record annual revenue of $354 million, an increase of 8%, highlighting stability in fee-based revenue and diversity in revenue streams
- Record annual Adjusted EBITDA[1] of $62 million, an increase of 21% over 2021, reflecting operating leverage
- Increased recruiting pipeline to almost $23 billion, up $8 billion year-over-year

2022 Financial Highlights

Revenue Growth

- Fee revenue increased 5% to $255 million, consistent with the 4% increase in Average AUA
- Interest revenue up 137% due to increasing benchmark rates
- Insurance revenue up 232% due to strategic focus on revenue opportunities
- Corporate finance revenue down 60%, attributable to capital markets volatility

Adjusted EBITDA[1]

- Increased 21% to $62 million
- Adjusted EBITDA margin[1] of 17.4%
- Adjusted operating expenses[1] increased 5%, partly due to return to office and travel

AUA[1,2] of $34.9 billion

- Year-end AUA down 5% due to capital markets volatility
- Annual average AUA up 4% largely because of recruiting efforts and new assets brought in by advisors
- S&P/TSX Composite and the S&P 500 indices were down 8.7% and 19.5%

Balance sheet

- Working capital[1] of $95 million
- $200 million revolving credit facility, $81 million drawn which is consistent with year-end 2021

Normal Course Issuer Bid

- Purchased 61,102 common shares for a total investment of $844k in the buyback program

Toronto, March 2, 2023 - RF Capital Group Inc. (RF Capital or the Company) (TSX: RCG) today reported record annual revenue of $354 million and record Adjusted EBITDA[1] of $62 million in fiscal year 2022. The 8% increase in revenue relative to 2021 was achieved by a 4% increase in average AUA[1,2] resulting from new client assets and recruiting efforts, in addition to significant growth in both interest and insurance revenue. The 21% increase in Adjusted EBITDA[1] was aided by operating leverage; Adjusted operating expenses[1] increased 5%, reflecting the economies of scale in the business.

Fourth quarter revenue of $89 million was up 3% and Adjusted EBITDA[1] of $17 million increased 38% relative to the prior year, with the Company now achieving three consecutive quarters of record Adjusted EBITDA[1]. The drivers of fourth quarter performance are consistent with those for the full 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.

Kish Kapoor, President and Chief Executive Officer, commented, "Our financial results demonstrate resilience and profitable growth in a period characterized by volatility in the capital markets. Fee revenue grew in-line with average AUA, and we benefited from revenue diversification through interest and insurance revenues. These results were achieved because of the progress we have made against our three-pillar strategy and the commitment from our entire team to making Richardson Wealth the brand of choice among financial advisors and their clients. Despite the early challenges in transitioning our 162 advisor teams to Fidelity's carrying broker platform in 2023, challenges that are normal with a conversion of this size, we remain steadfast in our belief that our arrangement with a global player like Fidelity (together with our shared commitment to continuous improvement) gives us access to the scale, expertise, and technology required to serve our advisors and their clients – and to achieve our ambitious goal of unlocking significant long-term shareholder value."

Fiscal 2022 – Consolidated Financial Performance

The following table presents the Company's consolidated financial results for fiscal 2022 and the two preceding periods.

($000s, except as otherwise indicated)	2022	2021	2020	2022 vs. 2021 % Increase/(decrease)	2021 vs. 2020 % Increase/(decrease)
Key Performance Drivers[1,2]:					
AUA - ending ($ millions)[3]	**34,948**	36,847	30,846	(5)	19
Fee revenue	**254,802**	242,916	n/a	5	n/a
Fee based revenue (%)[4]	**88**	86	n/a	+162 bps	n/a
Adjusted operating expense ratio[5] (%)	**69.8**	72.7	n/a	(289) bps	n/a
Adjusted EBITDA margin (%)	**17.4**	15.4	n/a	+197 bps	n/a
Asset yield (%)[6]	**0.84**	0.82	n/a	+3 bps	n/a
Operating Performance[1]					
Reported Results:					
Revenue	**353,972**	328,519	84,119	8	n.m.
Variable advisor compensation	**149,748**	142,611	23,726	5	n.m.
Gross margin[7]	**204,224**	185,908	60,393	10	n.m.
Operating expenses[2,8]	**151,207**	156,543	60,553	(3)	n.m.
Share of loss of associate	**—**	—	(2,365)	n.m.	n.m.
Gain on investment in associate	**—**	—	45,734	n.m.	n.m.
EBITDA[2]	**53,017**	29,365	43,209	81	n.m.
Income (loss) before income taxes	**(3,111)**	(19,805)	33,533	(84)	n.m.
Net income (loss)	**(4,803)**	(20,152)	28,747	(76)	n.m.
Earnings per common share - diluted	**(0.95)**	(3.33)	2.65	n.m.	n.m.
Adjusting Items[9]:					
Transformation costs and other provisions (pre-tax)	**8,634**	21,390	n/a	(60)	n.m.
Amortization of acquired intangibles (pre-tax)	**13,052**	13,052	n/a	0	n.m.
Transformation costs and other provisions (after-tax)	**6,309**	17,835	n/a	(65)	n.m.
Amortization of acquired intangibles (after-tax)	**9,594**	9,673	n/a	(1)	n.m.
Adjusted Results[2]:					
Operating expenses[8]	**142,573**	135,153	53,889	5	n.m.
EBITDA	**61,651**	50,755	4,139	21	n.m.
Income (loss) before income taxes	**18,575**	14,637	(529)	27	n.m.
Net income (loss)	**11,100**	7,356	(6,001)	51	n.m.
Adjusted earnings per common share - diluted	**0.43**	0.20	(1.39)	n.m.	n.m.

1. Operating results pre-October 20, 2020 are shown for reference purposes only as Richardson Wealth was not fully consolidated into RF Capital's financial statements.
2. 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 document.
3. 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
4. Calculated as fee revenue divided by commissionable revenue. Commissionable revenue includes Wealth management revenue and commissions earned in connection with the placement of new issues and the sale of insurance products.
5. Calculated as adjusted operating expenses divided by gross margin
6. Calculated as Wealth management revenue plus interest on cash divided by average AUA
7. Gross margin is calculated as revenue less advisor variable compensation.
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. For further information, please see "2022 – Items of Note" in this press release.

Strategic Milestones

- Launched Envestnet Portfolio Management tool
- Converted to Fidelity Clearing Canada's carrying broker platform
- Launched a new succession planning framework aimed at cultivating the firm's 'next generation' of advisors
- Launched a renewed website that has already received five Platinum AVA Digital Awards
- Hosted a 'Back to the Future' themed best practices conference with outstanding reviews from advisors
- Completed the rollout of our Richardson Wealth Masterclass practice management and training series
- Completed the build out of our flagship Toronto office and renovated our Calgary office
- Consolidated our previous locations in Mississauga and Oakville into a new Burlington office
- David Porter elected by our people as the new advisor representative to our Board of Directors
- Increased recruiting pipeline to almost $23 billion, from $15 billion last year
- Recruited four new advisor teams to our platform, before pausing our recruiting activities in late spring ahead of our Fidelity conversion
- Were rated by 93% of our advisors as a great place to work, up from 86% last year

Release of Escrowed Shares

On October 20, 2022, in accordance with the terms of the Richardson Wealth share purchase agreement and related escrow agreement, 30% of Common Shares subject to escrow were released and delivered to the vendor shareholders. This release increased the public float to 44% of total common shares outstanding. The final 30% of Common Shares subject to escrow will be released in October 2023.

Preferred Share Dividend

On March 2, 2023, the board of directors approved a quarterly cash dividend of $0.233313 per Cumulative 5-Year Rate Reset Preferred Share, Series B, payable on March 31, 2023, to preferred shareholders of record on March 15, 2023.

Q4 2022 Conference Call

A conference call and *live* audio webcast to discuss RF Capital's fourth quarter and fiscal 2022 financial results will be held on Friday, March 3, 2023 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 2802125#, 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, April 3, 2023, by dialing 905-694-9451 or 1-800-408-3053 and entering access code 3725330#. The audio webcast will be archived at https://www.richardsonwealth.com/investor-relations/financial-information.

2022 - Items of Note

Pre-Tax Adjustments

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

2022 included the following $21.7 million in pre-tax adjusting items ($15.9 million after-tax), and were down by $12.7 million or 37% compared with 2021:

- $8.6 million of pre-tax charges related to our ongoing transformation ($6.3 million after-tax). These charges relate largely to outsourcing our carrying broker operations, revitalizing our real estate footprint, and realigning our workforce.

- $13.1 million of pre-tax amortization of intangible assets ($9.6 million after-tax). The amortization arises from intangible assets created on the acquisition of Richardson Wealth. It will continue through 2035.

2021 included the following $34.4 million in pre-tax adjusting items ($27.5 million after-tax):

- $14.9 million in pre-tax charges related to our ongoing transformation ($11.6 million after-tax). This amount includes charges in connection with refining our organizational structure, developing and implementing our new strategy, and realigning parts of our real estate footprint.

- $6.4 million of pre-tax charges in connection with outsourcing our carrying broker operations ($6.2 million after-tax). These charges relate realigning our workforce and exiting certain technology provider relationships early.

- $13.1 million of pre-tax amortization of acquired intangible assets ($9.7 million after-tax)

Revenue Categorization

In 2022, we recategorized certain revenue lines during the year, for example those associated with securities lending activity, to provide more relevant disclosure to the readers of this document. Comparative periods were realigned to conform to the current period presentation. Total revenue is unchanged in all periods.

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 supplementary financial measures (SFM) 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 2022 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;
- 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.

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.

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. 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

The following table reconciles our reported operating expenses to adjusted operating expenses:

($000s)	2022	2021
Total expenses - reported	207,335	205,713
Interest	10,797	6,631
Advisor loan amortization	17,267	17,734
Depreciation and amortization	28,064	24,805
Operating expenses	151,207	156,543
Transformation costs and other provisions[1]	8,634	21,390
Adjusted operating expenses	142,573	135,153

1. Excludes $13.2 million of amortization of acquired intangibles, which are categorized as transformation costs but do not factor into our definition of 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

The following table provides a reconciliation of our reported net income/(loss) to adjusted net income/(loss):

($000s)	2022	2021
Net income (loss) - reported	(4,803)	(20,152)
After-tax adjusting items:		
Transformation costs and other provisions	6,309	17,835
Amortization of acquired intangibles	9,594	9,673
Adjusted net income (loss)	11,100	7,356
Earnings per common share:		
Basic	(0.95)	(3.33)
Diluted	(0.95)	(3.33)
Adjusted earnings per common share:		
Basic	0.71	0.43
Diluted	0.43	0.20

Supplemental Financial Measures

A supplementary financial measure (SFM) is a financial measure that is not reported in our 2022 Annual 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 document include AUA, 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 a SFM is provided in this document 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 $36.0 billion in assets under administration (as of February 28, 2023) 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*.

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