

RF Capital Announces CEO & CFO Succession Plan & Reports Second Quarter 2024 Results

CEO & CFO Succession Plan

- Kish Kapoor to step down as President and Chief Executive Officer on October 1, 2024, having led the successful transformation of the Company and implemented a new growth strategy. Mr. Kapoor will be succeeded by Chief Operating Officer Dave Kelly
- Mr. Kelly is an accomplished leader in the financial services industry, whom Mr. Kapoor inspired to join the Company in January after a 25-year career in progressively senior roles in the industry (see the announcement of Mr. Kelly's hiring on the Company website <https://richardsonwealth.com/articles/industry-leader-dave-kelly-appointed-chief-operating-officer-of-richardson-wealth>)
- Mr. Kapoor will continue to serve on the board of RF Capital Group Inc and Richardson Financial Group Limited
- Chief Financial Officer Tim Wilson has decided to depart in Q3 to become Chief Financial Officer of a privately held bank and trust company. Commencement of a search for his successor is underway

Q2 2024 Financial Highlights (as compared to Q2 2023)

AUA^{1,2} and Revenue

- Ending AUA^{1,2} increased to \$37.1 billion, up 4% or \$1.3 billion, driven by strong equity markets and recruiting
- Total revenue increased 3% to \$91.2 million, led by a 5% increase in fee revenue

Profitability and Cash Flow

- Gross margin increased 4% to \$53.6 million, in line with the increase in revenue
- Net income from continuing operations was \$2.7 million compared to a \$1.4 million loss
- Adjusted EBITDA¹ of \$15.1 million was \$0.1 million higher
- Cash from operating activities was \$5.2 million as compared to \$25.7 million
- Free cash flow available for growth¹ declined 1% to \$8.6 million
- Free cash flow¹ was down by \$5.2 million to \$2.0 million, due to higher recruiting payments

Balance sheet

- Net working capital¹ was \$92.3 million, effectively unchanged

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 business. It represents the market value of client assets that we administer.

Toronto, July 31, 2024 - RF Capital Group Inc. (RF Capital or the Company) (TSX: RCG) today announced an executive succession plan that will see President and Chief Executive Officer Kish Kapoor step down as of October 1 after having overseen the Company's successful transformation and implementation of a new growth strategy. He will be succeeded by Chief Operating Officer Dave Kelly, a respected and experienced leader in the wealth management industry that Kish Kapoor attracted to the firm as part of his succession plan. The Company also announced Chief Financial Officer Tim Wilson's decision to depart for another opportunity in the financial services sector. Egon Zehnder is conducting the executive search for a new Chief Financial Officer and can be contacted through this email address - RFCapitalCFO@EgonZehnder.com.

The Company also reported strong results with revenue of \$91.2 million in the second quarter of 2024, up 3% as compared to the prior year. The increase in revenue was driven by 4% growth in AUA^{1,2}, as strong equity markets and recruiting over the past twelve months offset advisor attrition. In the most recent quarter, the Company recruited five advisor teams representing \$970 million of expected AUA. With this revenue growth and with a modest increase in adjusted operating expenses¹, Adjusted EBITDA¹ was up 1%.

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 June 30, 2024. For more information on the succession plan, please refer to the Message from Our President and CEO in the quarterly report to shareholders for the same period.

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Kish Kapoor, President and Chief Executive Officer, commented on the succession plan: “With the Company having completed its transformation, and with the strengthened foundations and strategy for growth now in place, the time has come to make way for a new leader who will take the business forward. When I hired Dave, I knew his deep understanding of our business, his focus on execution, and his strategic insight would make him perfectly suited to lead our firm toward our goals of being the leading independent wealth management firm in the country and the destination of choice for Canada’s top advisors and their clients.”

Mr. Kapoor continued, “I would also like to say thank you on behalf of everyone at the Company to Tim Wilson, whose leadership, sage advice and hard work have been a vital part of all we have accomplished in recent years. We all wish Tim the very best as he departs to take on an exciting new role in the financial services sector.”

Don Wright, Chairman of the RF Capital Board, commented: “On behalf of the Board, and everyone at our Company, I want to express our tremendous gratitude to Kish for his tireless work and dedication. He has led the transformation of our business to ready it for further growth, created a stronger and more entrepreneurial culture, brought unmatched enthusiasm and energy to the job, and recruited his successor. We also want to thank Tim for all he has done and wish him every success in his new role.”

Mr. Wright continued, “Dave is a talented and proven leader in the wealth management industry, and since Kish inspired him to join the Company earlier this year, he has demonstrated that he is the right choice to deliver on our growth strategy and unlock the intrinsic value of the Company.”

Hartley T. Richardson, Executive Chair, President & Chief Executive Officer of James Richardson & Sons, Limited commented: “I want to thank Kish for his contributions as President & CEO of RF Capital Group and his success at positioning Richardson Wealth as the leading independent investment wealth management firm in Canada, including inviting Dave Kelly to join Richardson Wealth earlier this year as part of his succession plan. As a member of both the board of RF Capital and the team at Richardson Financial Group, I am delighted that Kish will continue to support us as Dave Kelly leads Richardson Wealth to new levels of excellence and success.”

Dave Kelly, Chief Operating Officer, commented: “I’m honoured to have the opportunity to lead this outstanding organization forward, building on the tremendous hard work done by Kish and the team to transform the Company and ready it for even more success and growth. Since joining the Company in January, what I have seen has only served to drive home what I already knew – that this is a talented team and a great platform, and that we can accomplish incredible things as the leading independent wealth management firm in Canada.”

Mr. Kapoor added the following comments on the Company’s financial results: “We continue to build momentum in 2024, with AUA^{1,2} reaching \$37.1 billion at the end of Q2 and growing to \$38.0 billion at the time of the release. Our growth was supported by recruiting efforts, as we onboarded five new teams, the highest number since Q4 2021. On the shoulders of this AUA^{1,2} growth, we experienced a 5% increase in recurring fee-based revenue versus last year.”

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Outlook and Key Performance Drivers

Our view with respect to the drivers of our financial performance and profitability in 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 a high pace of recruiting over the coming quarters
- Interest revenue is likely to follow prime rate trends, which economists expect to continue declining from current levels throughout the year
- Transaction activity underlying our corporate finance revenue could rebound later this year but is more likely than not to remain subdued
- 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 growth¹ is expected to be deployed towards advisor recruitment

Preferred Share Dividend

On July 31, 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 September 27, 2024³, to preferred shareholders of record on September 13, 2024.

Q2 2024 Conference Call

A conference call and live audio webcast to discuss RF Capital's second quarter 2024 financial results will be held on Thursday, August 1st, 2024, at 10:00 a.m. (EST). Interested parties are invited to access the conference call on a listen-only basis by dialing 416-340-2217 or 1-800-806-5484 (toll-free) and entering participant passcode 3676882#, or via live audio webcast at <https://www.richardsonwealth.com/investor-relations/financial-information>. A recording of the conference call will be available until Wednesday, September 4, 2024, by dialing 905-694-9451 or 1-800-408-3053 and entering access code 8773599#. 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 Q2 2024, Q1 2024 and Q2 2023.

(\$000s, except as otherwise indicated)	As at or for the three months ended					As at or for the six months ended		
	June 30, 2024	March 31, 2024	Increase/ (decrease)	June 30, 2023	Increase/ (decrease)	June 30, 2024	June 30, 2023	Increase/ (decrease)
Key performance drivers^{1:}								
AUA - ending ² (\$ millions)	37,125	37,010	0%	35,788	4%	37,125	35,788	4%
AUA - average ² (\$ millions)	36,974	36,060	3%	35,880	3%	36,517	35,876	2%
Fee revenue	67,514	66,146	2%	64,581	5%	133,660	127,624	5%
Fee revenue ³ (%)	90	92	(235) bps	90	(8) bps	91	89	+184 bps
Adjusted operating expense ratio ⁴ (%)	71.9	74.3	(248) bps	70.9	+96 bps	73.1	72.8	+30 bps
Adjusted EBITDA margin ⁵ (%)	16.5	15.2	+137 bps	16.9	(36) bps	15.8	15.9	(5) bps
Asset yield ⁶ (%)	0.86	0.88	(2) bps	0.86	+0 bps	0.87	0.86	+1 bps
Advisory teams ⁷ (#)	154	153	1%	157	(2%)	154	157	1%
Operating Performance								
Reported results:								
Revenue	91,216	89,361	2%	88,832	3%	180,577	176,532	2%
Operating expenses ^{1,8}	38,496	39,229	(2%)	36,946	4%	77,725	79,593	(2%)
EBITDA ¹	15,070	13,539	11%	14,581	3%	28,609	23,539	22%
Income (loss) before income taxes	2,462	63	n/m	217	n/m	2,525	(5,430)	(146%)
Net income (loss) from continuing operations	2,714	(1,127)	n/m	(1,425)	n/m	1,587	(6,756)	n/m
Net income (loss) from discontinued operations ⁹	—	—	n/a	(2,064)	(100%)	—	(2,064)	(100%)
Net loss per common share from continuing operations - diluted	0.10	(0.14)	n/m	(0.20)	n/m	(0.04)	(0.71)	(95%)
Adjusted results^{1:}								
Operating expenses ⁸	38,496	39,229	(2%)	36,533	5%	77,725	75,079	4%
EBITDA	15,070	13,539	11%	14,994	1%	28,609	28,053	2%
Income (loss) before income taxes	5,726	3,326	72%	3,892	47%	9,050	5,607	61%
Net income (loss)	5,112	1,271	302%	1,279	300%	6,383	1,385	361%
Adjusted earnings (loss) per common share - diluted	0.26	0.01	n/m	0.01	n/m	0.27	(0.06)	n/m
Select balance sheet information:								
Total assets	1,424,915	1,414,804	1%	1,518,918	(6%)	1,424,915	1,518,918	(6%)
Debt	110,922	110,922	—	110,922	—	110,922	110,922	—
Shareholders' equity	330,326	328,515	1%	336,310	(2%)	330,326	336,310	(2%)
Net working capital ^{1,10}	92,268	88,282	5%	90,124	2%	92,268	90,124	2%
Common share information:								
Book value per common share (\$)	13.85	13.73	1%	14.20	(3%)	13.85	14.20	(3%)
Closing share price (\$)	7.81	7.23	8%	9.44	(17%)	7.81	9.44	(17%)
Common shares outstanding (millions)	15.7	15.8	(0%)	15.8	(0%)	15.7	15.8	(0%)
Common share market capitalization (\$ millions)	123	114	8%	149	(17%)	123	149	(17%)
Cash flow:								
Cash provided by (used in) operating activities	5,163	(11,826)	n/m	25,741	(80%)	(6,663)	(287,957)	(98%)
Free cash flow available for growth ¹	8,620	7,455	16%	8,746	(1%)	16,075	15,908	1%
Free cash flow ¹	2,011	3,888	(48%)	7,206	(72%)	5,899	897	n/m

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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 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 year has 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	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Key performance drivers¹:								
AUA - ending ² (\$ millions)	37,125	37,010	35,236	34,726	35,788	35,965	34,948	33,604
AUA - average ² (\$ millions)	36,974	36,060	34,926	35,630	35,880	35,872	34,788	34,679
Fee revenue	67,514	66,146	64,145	66,046	64,581	63,042	63,150	62,505
Fee revenue ³ (%)	90	92	89	92	90	88	90	93
Adjusted operating expense ratio ⁴ (%)	71.9	74.3	71.5	67.3	70.9	74.7	68.1	66.9
Adjusted EBITDA margin ⁵ (%)	16.5	15.2	16.7	19.3	16.9	14.9	19.2	19.8
Asset yield ⁶ (%)	0.86	0.88	0.87	0.87	0.86	0.87	0.87	0.87
Advisory teams ⁷ (#)	154	153	156	158	157	158	162	161
Operating Performance:								
Reported results:								
Revenue	91,216	89,361	86,752	87,836	88,832	87,700	88,531	85,928
Variable advisor compensation	37,650	36,593	35,866	36,012	37,305	36,095	35,276	34,555
Gross margin ⁸	53,566	52,768	50,886	51,824	51,527	51,605	53,255	51,373
Operating expenses ^{1,9}	38,496	39,229	36,368	34,892	36,946	42,647	38,868	36,435
EBITDA ¹	15,070	13,539	14,518	16,932	14,581	8,958	14,388	14,938
Interest	3,413	3,750	3,994	3,527	3,675	3,511	3,294	3,015
Depreciation and amortization	6,286	6,565	6,849	6,856	6,805	6,895	7,851	6,936
Advisor award and loan amortization	2,909	3,161	5,844	4,457	3,884	4,201	4,634	4,381
Income (loss) before income taxes	2,462	63	(2,169)	2,092	217	(5,649)	(1,391)	606
Net income (loss) from continuing operations	2,714	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)
Net income (loss) from discontinued operations ¹⁰	—	—	—	—	(2,064)	—	—	—
Adjusted results¹:								
Operating expenses ⁹	38,496	39,229	36,368	34,892	36,533	38,546	36,246	34,380
EBITDA	15,070	13,539	14,518	16,932	14,994	13,059	17,009	16,993
Income (loss) before income taxes	5,726	3,326	1,094	5,355	3,892	1,715	4,493	5,924
Net income (loss)	5,112	1,271	(483)	2,209	1,279	105	3,500	3,197
Cash flow:								
Cash provided by (used in) operating activities	5,163	(11,826)	2,834	16,624	25,741	(313,698)	(93,752)	(283,619)
Free cash flow available for growth ¹	8,620	7,455	8,312	11,180	8,746	7,162	10,761	12,357
Free cash flow ¹	2,011	3,888	(9,612)	6,151	7,206	(6,309)	(4,011)	(1,148)

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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 year has 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
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Adjusted EBITDA:								
Net income (loss) from continuing operations - reported	2,714	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)
Income tax expense (recovery)	(252)	1,190	713	2,281	1,642	(317)	(401)	1,330
Income (loss) before income taxes - reported	2,462	63	(2,169)	2,092	217	(5,649)	(1,391)	606
Interest	3,413	3,750	3,994	3,527	3,675	3,511	3,294	3,015
Advisor award and loan amortization	2,909	3,161	5,844	4,457	3,884	4,201	4,634	4,381
Depreciation and amortization	6,286	6,565	6,849	6,856	6,805	6,895	7,851	6,936
EBITDA	15,070	13,539	14,518	16,932	14,581	8,958	14,388	14,938
Transformation costs and other provisions	—	—	—	—	413	4,101	2,621	2,055
Adjusted EBITDA	15,070	13,539	14,518	16,932	14,994	13,059	17,009	16,993
Adjusted operating expenses:								
Total expenses - reported	51,104	52,705	53,055	49,732	51,310	57,254	54,646	50,767
Interest	3,413	3,750	3,994	3,527	3,675	3,511	3,294	3,015
Advisor award and loan amortization	2,909	3,161	5,844	4,457	3,884	4,201	4,634	4,381
Depreciation and amortization	6,286	6,565	6,849	6,856	6,805	6,895	7,851	6,936
Operating expenses	38,496	39,229	36,368	34,892	36,946	42,647	38,868	36,435
Transformation costs and other provisions	—	—	—	—	413	4,101	2,621	2,055
Adjusted operating expenses	38,496	39,229	36,368	34,892	36,533	38,546	36,246	34,380
Adjusted net income:								
Net income (loss) from continuing operations - reported	2,714	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)
After-tax adjusting items:								
Transformation costs and other provisions	—	—	—	—	306	3,039	2,093	1,522
Amortization of acquired intangibles	2,398	2,398	2,399	2,398	2,398	2,398	2,398	2,398
Adjusted net income (loss)	5,112	1,271	(483)	2,209	1,279	105	3,500	3,197
Earnings per common share from continuing operations:								
Basic	0.11	(0.14)	(0.26)	(0.10)	(0.20)	(0.51)	(0.21)	(0.19)
Diluted	0.10	(0.14)	(0.26)	(0.10)	(0.20)	(0.51)	(0.21)	(0.19)
Adjusted earnings per common share:								
Basic	0.26	0.01	(0.10)	0.09	0.02	(0.08)	0.25	0.22
Diluted	0.26	0.01	(0.10)	0.07	0.01	(0.08)	0.15	0.13
Cash flow:								
Cash provided by (used in) operating activities	5,163	(11,826)	2,834	16,624	25,741	(313,698)	(93,752)	(283,619)
Net change in non-cash operating items	6,616	21,966	8,315	(3,052)	(16,580)	319,577	105,331	296,031
Capital expenditures - maintenance	(902)	(419)	(797)	(348)	(619)	(555)	(1,247)	—
Lease payments	(2,257)	(2,266)	(2,040)	(2,044)	(2,273)	(2,263)	(2,192)	(2,110)
Net loss from discontinued operations	—	—	—	—	2,064	—	—	—
Transformation costs and other provisions (pre-tax)	—	—	—	—	413	4,101	2,621	2,055
Free cash flow available for growth	8,620	7,455	8,312	11,180	8,746	7,162	10,761	12,357
Advisor loans net of repayments	(7,088)	(2,249)	(13,224)	(557)	657	(2,961)	(3,519)	(956)
Capital expenditures - office build outs (net of lease inducements)	928	(82)	936	225	(854)	(3,175)	(8,737)	(9,514)
Net loss from discontinued operations	—	—	—	—	(2,064)	—	—	—
Transformation costs and other provisions (pre-tax)	—	—	—	—	(413)	(4,101)	(2,621)	(2,055)
Net change in provisions	(449)	(1,236)	(5,636)	(4,697)	1,134	(3,234)	105	(980)
Free cash flow	2,011	3,888	(9,612)	6,151	7,206	(6,309)	(4,011)	(1,148)

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 six months ended	
	June 30, 2024	June 30, 2023
Adjusted EBITDA:		
Net income (loss) from continuing operations - reported	1,587	(6,756)
Income tax expense (recovery)	938	1,324
Income (loss) before income taxes - reported	2,525	(5,430)
Interest	7,163	7,185
Advisor award and loan amortization	6,070	8,085
Depreciation and amortization	12,851	13,699
EBITDA	28,609	23,539
Transformation costs and other provisions	—	4,514
Adjusted EBITDA	28,609	28,053
Adjusted operating expenses:		
Total expenses - reported	103,809	108,563
Interest	7,163	7,185
Advisor award and loan amortization	6,070	8,085
Depreciation and amortization	12,851	13,699
Operating expenses	77,725	79,593
Transformation costs and other provisions	—	4,514
Adjusted operating expenses	77,725	75,079
Adjusted net income:		
Net income (loss) from continuing operations - reported	1,587	(6,756)
After-tax adjusting items:		
Transformation costs and other provisions	—	3,345
Amortization of acquired intangibles	4,796	4,796
Adjusted net income (loss)	6,383	1,385
Earnings per common share from continuing operations:		
Basic	(0.04)	(0.71)
Diluted	(0.04)	(0.71)
Adjusted earnings per common share:		
Basic	0.27	(0.06)
Diluted	0.27	(0.06)
Cash flow:		
Cash provided by (used in) operating activities	(6,663)	(287,957)
Net change in non-cash operating items	28,582	302,997
Capital expenditures - maintenance	(1,321)	(1,174)
Lease payments	(4,523)	(4,536)
Net loss from discontinued operations	—	2,064
Transformation costs and other provisions (pre-tax)	—	4,514
Free cash flow available for growth	16,075	15,908
Advisor loans net of repayments	(9,337)	(2,304)
Capital expenditures - office build outs (net of lease inducements)	846	(4,029)
Net loss from discontinued operations	—	(2,064)
Transformation costs and other provisions (pre-tax)	—	(4,514)
Net change in provisions	(1,685)	(2,100)
Free cash flow	5,899	897

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 \$37.1 billion in assets under administration (as of June 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. Richardson Wealth has also been recognized as a Great Place to Work®, 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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