B. RILEY ADVISORY SERVICES: TRANSACTION SUPPORT

B | RILEY® *Advisory Services*

Member of BTG Global Advisory

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7/8/2021

DELIVERING UNPARALLELED VALUE FOR EVERY FINANCIAL NEED

B. Riley Financial, Inc. ("B. Riley") provides collaborative solutions tailored to fit the capital raising and business advisory needs of its clients and partners. B. Riley operates through several subsidiaries that offer a diverse range of complementary end-to-end capabilities spanning investment banking and institutional brokerage, private wealth and investment management, financial consulting, corporate restructuring, operations management, risk and compliance, due diligence, forensic accounting, litigation support, appraisal and valuation, auction and liquidation services. B. Riley is headquartered in Los Angeles with offices across the U.S. as well as an international presence.

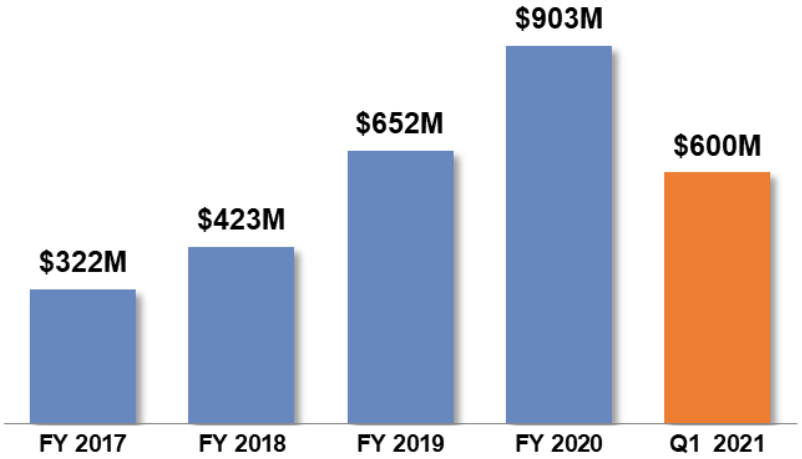
B. RILEY CAPABILITIES:

- Advisory Services
- Investment Banking & Capital Markets
- Principal Investments
- Real Estate Solutions
- Retail Solutions
- Venture Capital
- Wealth Management

OVERVIEW

- Founded in 1997 and headquartered in Los Angeles, CA
- Long-standing executive management and leadership team
- Strong investment acumen
- Steady businesses provide recurring cash flow while episodic, higher margin businesses offer upside
- Over 20 years of continued growth

ANNUAL CONSOLIDATED REVENUES



B. RILEY ADVISORY SERVICES OVERVIEW

B. Riley Advisory Services provides specialty financial advisory services and solutions to complex business problems and board-level agenda items. Our advisory platform is comprised of an unprecedented assemblage of capabilities and an experienced team with the deep industry knowledge and specialization to serve as a trusted partner at any stage of a company's business life cycle.

SOLUTIONS

Restructuring & Turnaround Management

- Chapter 11 & 7 Trustee
- Chief Restructuring Officer
- Fiduciary Services
- Financial Advisor to Creditors Committees
- Financial Advisor to Debtors
- Financial & Operational Restructuring
- Lender Representation
- Liquidating Agent/Plan Administrator
- Out-of-Court Debt Restructurings
- Receiverships/Assignment for the Benefit of Creditors
- Turnaround & Interim Management

Forensic Accounting & Litigation Support

- Bankruptcy Litigation & Avoidance Actions
- Complex Commercial Litigation
- Contract Disputes
- Data Analytics
- Expert Witness Testimony
- Franchise Disputes
- Fraud & Forensic Investigations
- IP Litigation
- Lost Profits & Financial Damages

Appraisal & Valuation Services

- Business Securities
- Fixed Asset Advisory Services
- Intangible Assets
- Inventory
- Machinery & Equipment
- Real Estate
- Tax

Operations Management Services

- Operational Due Diligence for Acquisitions
- Organizational Development
- Operational Turnaround & Interim Management
- Supply Chain Development & Consolidation
- Manufacturing Efficiency, Improvement, & Cost Reduction Implementation
- Product Launches

Compliance, Risk & Resilience

- Cybersecurity Compliance and Risk Management
- Cybersecurity Maturity Model Certification (CMMC) & Defense Federal Acquisition Regulation Supplement (DFARS)
- Enterprise Risk Management (ERM)
- Operational Continuity & Resilience

Transaction Support

- Due Diligence
- Quality of Earnings and Cash Flow
- Fairness Opinions
- Solvency Opinions
- Purchase Price Allocations

RECENTLY RECOGNIZED

Global M&A Network's Turnaround Atlas Awards

The Turnaround Atlas Awards exclusively honor excellence from the restructuring, distressed investing, insolvency, special situations M&A transactions, and turnaround communities.

- Middle Market Turnaround Consulting Firm of the Year (2020)
- Cross-Border Special Situation M&A Deal of the Year (Mid-Market) - Gold's Gym up (2021)
- e-Commerce M&A Deal of the Year - RTW Retailwinds' (2021)
- Complex Liquidation of the Year - Rochester Drug Cooperative (2021)
- Corporate Turnaround of the Year (Mid-Market) - Carbo Ceramics' (2021)
- Corporate Turnaround of the Year (Small Mid-Market) - Rubio's Restaurants'' (2021)
- Special Situation M&A Deal of the Year (Large) - JC Penney (2021)

The Daily Report — "Best of 2021" Issue

The Daily Report's annual "Best Of" edition showcases businesses providing excellence for today's legal market. Winners are voted by licensed attorneys and firm administrators in metro Atlanta. In addition to being named to the top of the following categories, 2021 marks the firm's sixth consecutive year ranking in the "Best Of" edition, earning B. Riley (previously GlassRatner) its prestigious Hall of Fame recognition.

- Overall Expert Witness Services (WINNER)
- Forensic Accounting Firm (WINNER)
- Litigation Value (WINNER)
- Individual Expert Witness – Economic: Ian Ratner (WINNER)

The M&A Advisor's 13th Annual Turnaround Awards

M&A Advisor's Annual Turnaround Awards represents a benchmark for restructuring excellence and recognizes the leading distressed merger and acquisition transactions, restructuring, refinancing, firms and professionals.

- Consumer Staples Deal of The Year (Under $500 million) for advisory work involving Alliance Healthcare

The National Law Journal — "Best of 2018" Issue

The National Law Journal's annual "Best Of" edition recognizes the country's best providers of services and goods to the legal profession. Nearly 7,500 readers cast their votes to determine the winners.

- Forensic Accounting Provider (RANKED #1) Litigation
- Valuation Provider (RANKED #1) End to End Litigation
- Consulting (RANKED #2) Expert Witness Provider
- Litigation Dispute Advisory Services Consultant (RANKED #2)

Corporate Counsel Magazine — "Best of 2018" Issue

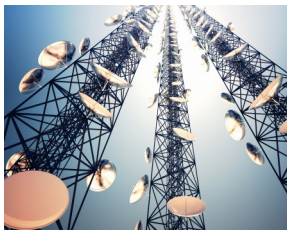
Corporate Counsel Magazine's annual "Best Of" edition recognizes the vendors that lawyers and firm administrators turn to first to keep their lives on track, inside and outside of the office.

- Forensic Accounting Provider (RANKED #1)
- Litigation Valuation Provider (RANKED #1)
- End to End Litigation Consulting Firm (RANKED #1)
- Expert Witness Provider (RANKED #1)
- Litigation Dispute Advisory Services Consultant (RANKED #2)

INDUSTRIES

B. Riley Advisory Services has been involved in matters spanning every type of business and industry, including:

- Aerospace
- Automotive
- Building Products & Construction
- Chemicals & Plastics
- Consumer Products
- Energy & Oilfield Services
- Financial Institutions
- Food, Beverage & Agribusiness
- Healthcare & Biotechnology
- Heavy Mobile Equipment
- Government Services
- Hotels & Resorts
- International
- Logistics & Wholesale
- Manufacturing & Fabrication
- Media
- Metals& Mining
- Real Estate
- Retail & Restaurants
- Telecom & Technology
- Textiles
- Transportation
- Wine & Spirits



INTERNATIONAL REACH

Member of BTG Global Advisory

B. Riley Advisory Services is a founding member of BTG Global Advisory (BTG GA), which is one of the world's largest, specialist independent financial advisory alliances.

BTG GA covers all continents, as well as multiple offshore centres, and is a trusted advisor to many leading banks, law firms, private equity and other funds, bankruptcy debtors and creditor committees, operating companies, and other parties affected by distress.

BTG GA is multidisciplinary, offering a broad range of professional services necessary to provide solutions to business problems. Its members include restructuring advisors and insolvency specialists; turnaround directors, workout and profit improvement consultants; forensics investigators and other litigation support professionals; and investment banking/M&A transaction advisors, amongst other specialists.

CORE MEMBERS

Our specialists work seamlessly to provide clients with true multidisciplinary advice across multiple geographies. The expertise of our alliance members, combined with their detailed knowledge of local legislation, business practices and cultures provides our clients with access to relevant advice tailored to local market conditions.

Our core members who manage key assignments include:

- B. Riley Financial - United States, Mexico
- Begbies Traynor Group - UK, Ireland
- Farber Financial Group - Canada
- Integrated Capital Services Limited - India
- Matuson & Associates - South Africa
- PLUTA Rechtsanwalts GmbH - Germany, Italy, Poland, Spain
- Rodgers Reidy - Australia, Hong Kong, Malaysia, Singapore, New Zealand
- Zalis SAS - France
- FTT Partners - Russia
- TCP Latam - Brazil

WHY WORK WITH BTG GA?

- Genuine partner led advice
- A focus on Insolvency & Restructuring advisory
- In-depth sector knowledge
- Global coverage combined with local knowledge
- Trusted and approved by the World's leading financial institutions and law firms
- Many of our alliance firms are market leaders within their regions

TRANSACTION SUPPORT AT A GLANCE

Transactions can include a multitude of accounting, financial and legal considerations. In many cases it is helpful to have a trusted partner who can analyze and validate data and assumptions relied upon in clients' strategic plans. Such collaboration can oftentimes expose unseen risks and uncover overlooked opportunities. Our team has decades of experience specializing in the financial aspects of a transaction and we have the expertise needed to identify key issues and offer creative solutions to help clients successfully close a transaction. Our organizational structure allows us to provide high-quality services at a surprisingly affordable price.

OUR SERVICES INCLUDE

- Due Diligence
- Quality of Earnings
- Solvency & Fairness Opinions
- Purchase Price Allocation
- Anti-Fraud & Anti-Corruption Due Diligence
- Post-Acquisition Integration

B. RILEY PROVIDES SERVICES TO:

Private Equity, Portfolio Companies, and Publicly-Owned Businesses

Acquisition

- Buy-Side Due Diligence
- Quality of Earnings Reviews
- Working Capital Assessments

Integration

- Post-Acquisition Integration
- Financial Reporting Assistance

Operations

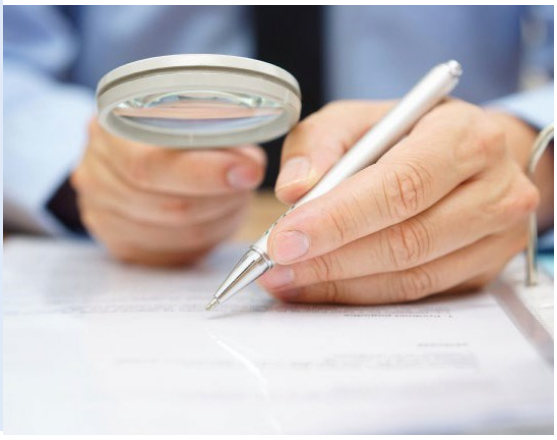
- Financial Accounting & Reporting
- Strategic Planning & Analysis
- Performance & Process Improvement

Divestiture

- Transaction Preparedness
- Sell-Side Due Diligence
- Public Filings & IPO
- Solvency & Fairness Opinions

Asset-Based and Cash Flow Lenders

- Quality of Earnings Reviews
- Balance Sheet Account Analyses
- Liability and Risk Evaluations
- Trend Analysis
- Cash Flow Assessments
- Forecast and Model Review
  - Model Assumptions Review
  - Scenario Testing
  - Forecast Risk Assessment



TRANSACTION SUPPORT SERVICES

DUE DILIGENCE

Due diligence is a precautionary process that reduces transaction risk by collecting and analyzing the material facts of the target company in a business transaction. We provide "Buy-Side Due Diligence" to those investing capital, as well as "Sell-Side Due Diligence" prepared to increase confidence in the financial condition of those seeking invested capital. This enables buyers, investors, lenders, partners and other potential stakeholders in a transaction to more fully assess the risk of a transaction. Our services in this area include financial anti-fraud and anti-corruption due diligence and can include the preparation of operating budgets, credible forecasts, business integration recommendations and business assessments. Areas analyzed by our team include:

- Quality of earnings and cash flow reporting
- EBITDA bridge analysis
- Working capital analyses
- Quality of financial, inventory, billing, and accounting systems
- Appropriateness of accounting policies and procedures
- History of and likelihood of audit adjustments to interim financial results
- Quality of collateral to secure the transaction in coordination with our Appraisals division
- Potential for off book assets & liabilities and other contingencies
- Quality of internal controls, management routines and oversight
- Assessment of past accuracy and future reasonableness of projections of future financial performance
- Proof of cash
- Strength of financial staff
- Customer and vendor concentration risk assessments
- IT and systems infrastructure review
- Foreign Corrupt Practice Act risk assessment

We are uniquely qualified to analyze commercial and financial information with a high standard of care and attention to potential risk. Our due diligence services group is led by former CEOs and CFOs who have experience in the transactional process and approach each engagement from a unique, operational perspective. We have developed our expertise through actual transaction experience and by providing forensic accounting services related to countless disputes over failed transactions. We have converted this experience from the back-end to a front-end due diligence practice that is national in scope. We approach every assignment with an investigative mentality and we communicate our findings in detailed, concise reports.

SOLVENCY OPINIONS

A solvency opinion provides a level of assurance or reassurance to stakeholders in a transaction as to whether or not an entity is solvent before and/or after the consummation of the transaction. In addition to mitigating legal and financial risks, solvency opinions provide an additional layer of due diligence related to a leveraged transaction, providing evidence of good faith on the part of the company and helping to establish trust between lender and borrower.

FAIRNESS OPINIONS

Boards of companies, shareholder groups, bondholders, lenders and other parties may desire a fairness opinion in order to help protect their investments and thwart legal liability. The advisors assess the fairness of a proposed merger, acquisition, buyback, spin-off, privatization or other major transaction from a financial perspective. While there is no legal requirement to obtain a fairness opinion when pursuing a transaction, a company's board has a fiduciary duty to the shareholders and therefore, is advised to seek a fairness opinion as part of discharging its fiduciary duties by acting on an informed basis.

Fairness opinions enhance decision making by providing context and highlighting potential implications that incentivized participants in the transaction may overlook. A fairness opinion demonstrates to shareholders and other stakeholders that board members are exercising prudence and care when contemplating a transaction, thereby mitigating certain risks of a shareholder lawsuit.

We have years of experience helping companies in transition understand and realize the maximum value of their assets. Our fairness opinions offer judgment beyond a calculation. We develop a unique and objective analysis for each transaction that assists boards in fulfilling their fiduciary duties and allowing for all parties to proceed with confidence.

QUALITY OF EARNINGS & CASH FLOW

A quality of earnings report is a critical step part of the due diligence process because it assesses the sustainability and accuracy of historical earnings, as well as the probability of future projections. We analyze a target company's historical financial statements and comparable data on similar companies to accurately generate a benchmark and forecast earnings potential.

A full scope quality of earnings report (not always requested in a due diligence) documents risks in a company targeted for an acquisition and assesses three distinct items in a report, including: cash versus non-cash, recurring versus non-recurring and core business versus external factors. This type of reporting provides an independent review of the target company and can often uncover risks or liabilities missed in the buyer's initial assessment. Additionally, it can be used at the board level to provide reassurance that an acquisition is predicated upon sound data. We deliver comprehensive, accurate reports to ensure clients receive information that might impact a potential acquisition.

PURCHASE PRICE ALLOCATION

A purchase price allocation (PPA) allocates the purchase price to assets and liabilities acquired in the transaction. Potential assets include working capital, personal and real property, and intangible assets. Our team has helped businesses conduct over a thousand PPAs for them to report the opening balance sheet at fair value and satisfy generally accepted accounting principles (GAAP) requirements.

We collect historical and projected financial statements, fixed-asset listings, quality-of-earnings analyses and other data to create a complete picture of a company's value that satisfies auditors, lenders and investors. Where necessary, our inventory, machinery and equipment appraisers can provide market value. GAAP requires a timely PPA. Understanding the correct opening fair value is crucial not only for compliance purposes, but also affects all future financial accounting, including earnings and balance sheets.

ANTI-FRAUD & ANTI-CORRUPTION DUE DILIGENCE

In addition to traditional "due diligence" in financial transactions, we perform complex due diligence projects to identify potential fraud and corruption risks from third parties, which relate to vendor and agency relationships. The depth of such due diligence is tailored to match the potential risks and exposure presented. This type of "enhanced" due diligence requires independent investigation and corroboration of third-party information. Along with offshore affiliates, we can provide comprehensive due diligence to comply with DOJ and SEC requirements on Foreign Corrupt Practices Act (FCPA) policies and procedures.

POST-ACQUISITION INTEGRATION

Sophisticated acquirers may find that the target acquired may need assistance with the financial and other reporting required. We can assist in the initial months after the transaction or later with the integration into the acquirer's systems. Occasionally, we are called in to explore and explain disappointing results or missing assets that the target revealed shortly after closing.

TRANSACTION SUPPORT LEADERS

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