



DUE DILIGENCE SERVICES

ASSESS RISK. IDENTIFY OPPORTUNITIES. MAXIMIZE RETURNS.

THE B. RILEY ADVANTAGE

- We are not just financial consultants, we are experienced operators
- 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 a thriving forensic investigative and litigation practice with professionals experienced at critically examining a broad swath of industries at a detailed level
- With deep experience in acquisition and lending opportunities, we are able to help investors make smart decisions
- Our skillsets provide for a more complete perspective than a traditional accounting firm's diligence reports
- Our organizational structure allows us to provide high-quality services at a surprisingly affordable price

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

- Sell-Side Due Diligence
- Public Filings & IPO



Asset-Based and Cash Flow Lenders

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



Quality of Earnings (QoE):

- Quality of Earnings (QoE) assessment is a subset of the larger Financial Due Diligence process. QoE assessment is largely focused on financial statements and related support documents of the target entity, both from a historical prospective and with respect to projections. QoE also seeks to identify any shortcomings or errors in accounting, like revenue recognition issues. Below are a few questions to ask when reviewing the company's financial documents:
- Do the historical earnings of the company accurately and completely represent the financial performance of the business, or are normalizing adjustments required for such items as nonrecurring, extraordinary, non-operating, contingent, and off-statement items and issues?
- Is the business as healthy as its balance sheet might suggest, or are there issues related to bad accounts, deferred expenditures, obsolescence, and unfavorable terms with suppliers, landlords, and creditors?
- What do the items NOT on the balance sheet reveal, like lease payments, debt service requirements, guaranties, related party entanglements, undisclosed and unaccrued liabilities?
- What do auditors, vendors, and customers have to say about dealing with the company and the integrity of its management?
- Do projections make sense relative to historical results, industry competition and trends, capabilities of the business, intellectual property rights, the economy, financial capacity, and timeframes?

Our team is frequently called upon to provide analyses, including:

- Quality of reported earnings and cash flow
- Proof of cash, especially when financial statement reliability is unknown
- Quality of record keeping and accounting systems
- Quality of internal controls and management routines
- Strength of financial staff
- Quality of collateral to secure the transaction
- Appropriateness of accounting policies and procedures
- Potential for off-balance sheet assets and liabilities
- Future financial performance projections
- Customer and vendor concentration risk assessments
- IT and systems infrastructure review

Representative Clients:

- Private Equity Firms
- Venture Capital & Angel Investors
- Family Offices
- Law Firms
- Government Entities
- Community/Regional/National Banks
- Asset-Based Lenders
- Specialty Lenders
- Mezzanine Lenders

Representative List of Industries:*

- Agriculture
- Automotive
- Energy
- Financial Services & Banking
- Food Service
- Healthcare & Life Sciences
- Industrial & Manufacturing
- Real Estate & Construction
- Retail & Distribution
- Technology & Telecommunications

** This is only a representative list of industries we have served. For a complete list, please contact Sam Hewitt (shewitt@brileyfin.com) or Mark Shapiro (mshapiro@brileyfin.com).*