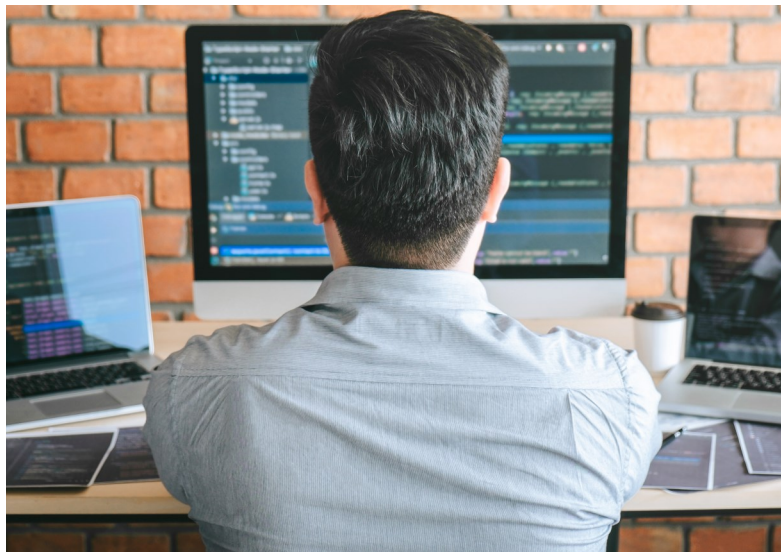


COMPLIANCE, RISK & RESILIENCE: CYBERSECURITY DUE DILIGENCE

Cybersecurity risk assessments and due diligence should be as important to mergers and acquisitions (M&A) as financial due diligence. Buyers should have reasonable visibility into the target's information security program, capabilities and risk factors before the deal closes. This can potentially eliminate costly findings, lurking regulatory enforcement and post-close remediation. Investors should want more than the limited set of data points typically gathered during routine information technology (IT) due diligence activities.

B. Riley's Compliance, Risk & Resilience practice believes good due diligence should provide adequate detail for the acquirer to identify risks, develop remediation actions, and fully understand the associated legal, regulatory and financial impacts of the transaction.



We support investors, private equity firms and portfolio companies throughout the M&A transaction by considering and selecting the most appropriate framework(s) for assessing the acquisition's cybersecurity posture, risk and maturity. High priority transactions may be satisfied with a Center for Internet Security (CIS) Top 20 Critical Security Controls assessment. Deals with a longer cycle might use the National Institute of Standards and Technology (NIST) Cybersecurity Framework and transactions in specialty sectors like financial services or defense might utilize 23 New York State's Part 500 regulation (NYCRR Part 500) or Defense Federal Acquisition Regulation Supplement (DFARS)/ Cybersecurity Maturity Model Certification (CMMC) respectively. All these approaches consider people, process, and technology elements of cybersecurity programs.

SERVICES

Our assessments are performed through a combination of:

- Document, break review and assessment/audit reviews
- Interviews
- Technical testing and analysis

The process typically takes two to six weeks to complete, based on urgency. We provide:

- High-level executive summary
- Detailed risk assessment and analysis
- Remediation suggestions and roadmap with order of magnitude expenditures summarized



REPRESENTATIVE ENGAGEMENTS

Post-Purchase Assessments for a Highly Acquisitive Insurance Brokerage:

We were engaged to conduct CIS Top 20 cybersecurity assessments on a series of recent acquisitions, ranging from small operations with poor cyber capabilities to well-run companies with rather mature programs.

Pre-Deal Assessment for a Private Equity (PE) Firm:

We were engaged to run an accelerated meaningful use assessment on behalf of a leading PE firm of a target electronic health record (EHR) system.

We are developing a pre-deal cyber arrestment strategy for a publicly held mid-market financial receiver company for its planned acquisition.

THE B. RILEY DIFFERENCE

Our M&A-related security and compliance assessments are executed by senior, highly experienced experts who know where to look for indicators of maturity, from the perspective of acquisition risk, cultural risk, and technical risk. Any of these can be a negative value indicator or a signal to accelerate integration of the acquisition into the acquirer's network. We focus on key elements of risk to the buyer and the regulatory, financial, operational and reputational impact a poorly-vetted acquisition can have on the acquirer.

PRACTICE LEADER

Duane Lohn
dlohn@brileyfin.com
(602) 321-9818

Corey Gooch
cgooch@brileyfin.com
(312) 925-8550

ABOUT THE FIRM

ABOUT B. RILEY ADVISORY SERVICES

B. Riley Advisory Services provides specialty advisory services and solutions to complex business problems and board-level agenda items. Our team applies a unique mix of skill sets to address top-level, non-typical business challenges, such as developing compliance and risk systems for organizations, planning and executing a major acquisition or divestiture, pursuing a fraud investigation or corporate litigation, or managing through a business crisis or bankruptcy. In addition, we are a leading provider of valuation and appraisal services for asset-based lending applications.

Our team works with lenders, law firms, government entities, private equity sponsors and companies of all types. Our Advisory Services are a unique mix of Compliance, Risk & Resilience Services, Valuation and Appraisal Services, Restructuring and Turnaround Management, Operations Management Services, Forensic Accounting and Litigation Support and Transaction Support Services including Due Diligence and Quality of Earnings Reviews. B. Riley Advisory Services is a combination of the firms formerly known as GlassRatner Advisory & Capital Group and Great American Group.

ABOUT B. RILEY FINANCIAL (“B. RILEY”)

B. Riley Financial, Inc. (NASDAQ: RILY) companies provide tailored financial solutions to meet the strategic, operational, financial advisory and capital needs of its clients through a diverse range of collaborative and complementary business capabilities.

B. Riley's diverse suite of business capabilities goes beyond traditional financial service offerings. By leveraging cross-platform expertise and assets, our business units are uniquely positioned to provide full service, collaborative solutions at every stage of the business life cycle and in all market conditions.