

B. Riley Leads Financing for Management Buyout of Franchise Group

LOS ANGELES, Aug. 28, 2023 /[PRNewswire](#)/ -- B. Riley Financial, Inc. (Nasdaq: RILY) ("B. Riley" or the "Company"), a diversified financial services platform, announced it led the equity financing to facilitate the \$2.8 billion management-led acquisition of Franchise Group, Inc. ("FRG") which was completed on August 21, 2023.

B. Riley invested \$216.5 million of new capital in the transaction. Other institutional, financial and strategic investors invested approximately \$280 million of additional equity capital in the new FRG alongside significant rollover equity contributions from FRG management. As result of the completed transaction, the management-led consortium has acquired all the outstanding and issued common and preferred stock of FRG.

Bryant Riley, Chairman and Co-Chief Executive Officer of B. Riley Financial, commented: "We are pleased that our committed equity backstop played a role in the ability to structure and successfully close this transaction. We are also pleased to have the opportunity to invest alongside FRG management and other co-investors in addition to a select group of institutions and strategic partners."

"This is our second time taking a meaningful position in FRG. B. Riley was an investor in Liberty Tax which ultimately became FRG in 2018. That initial investment generated a total IRR of over 30% for our shareholders. Our ability to support our clients as a strategic partner is a core strategy of our business and one we believe serves as a key differentiator for our platform. We are also thankful for our relationship with our lenders which has provided us additional flexibility to serve our clients and shareholders with approximately \$300 million of cash and near-term liquidity," added Riley.

New Credit Facility

B. Riley entered into a new credit agreement with certain of its existing lenders, providing for a \$600 million secured credit facility, of which a portion of proceeds were used to finance the Company's equity investment in FRG and retire its previous \$380 million credit facility.

Brian Kahn, Chief Executive Officer of Franchise Group, added: "B. Riley has been instrumental in contributing to Franchise Group's growth dating back to its predecessor, Liberty Tax. Over the last five years, B. Riley has consistently supported us with creative capital solutions through the series of value-creating acquisitions that generated significant total returns for our public stockholders. We are thrilled to continue our partnership with the B. Riley team, now as our largest minority shareholder."

The FRG portfolio of businesses includes Pet Supplies Plus, American Freight, The Vitamin Shoppe, Badcock Home Furniture & more, Buddy's Home Furnishings, Sylvan Learning and Wag N Wash. On a combined basis, FRG currently operates over 3,000 locations predominantly located in the U.S. that are either operated by FRG or operated pursuant to franchising and dealer agreements.

Advisors

Sullivan & Cromwell LLP served as legal counsel to B. Riley in connection with its investment in FRG and the credit facility.

About B. Riley Financial

B. Riley Financial is a diversified financial services platform that delivers tailored solutions to meet the strategic, operational, and capital needs of its clients and partners. B. Riley leverages cross-platform expertise to provide clients with full service, collaborative solutions at every stage of the business life cycle. Through its affiliated subsidiaries, B. Riley provides end-to-end financial services across investment banking, 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 opportunistically invests to benefit its shareholders, and certain affiliates originate and underwrite senior secured loans for asset-rich companies. B. Riley refers to B. Riley Financial, Inc. and/or one or more of its subsidiaries or affiliates. For more information, please visit www.brileyfin.com.

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