

B. Riley Financial Increases Investment in bebe

B. Riley to purchase 3.7 million shares of bebe stores, inc. from founder Manny Mashouf

B. Riley will own approximately 76% of the outstanding shares of bebe common stock

LOS ANGELES, Sept. 25, 2023 /PRNewswire/ -- **B. Riley Financial, Inc.** (Nasdaq: RILY) ("B. Riley" or the "Company"), a diversified financial services platform, today announced it has signed an agreement to purchase 3.7 million shares of common stock of bebe stores, inc. (OTCQB: BEBE) ("bebe") from trusts formed by bebe founder, Manny Mashouf, at \$5.00 per share for a total purchase price of \$18.5 million. The closing date of the transaction is expected to occur on September 30, subject to the satisfaction of certain closing conditions.

Upon the closing of the transaction, B. Riley's total ownership of bebe will be approximately 76% of the shares of common stock outstanding. Mashouf, who plans to step down from his roles at bebe in the near future, will continue to own approximately 4% of bebe's outstanding shares of common stock.

"Manny is a fashion innovator and the vision behind bebe during his 45-plus year tenure as Chairman and CEO. We greatly appreciate his continued leadership since our involvement with the company in 2018," said Bryant Riley, Chairman and Co-CEO of B. Riley Financial. "This is an opportune time to increase our investment in bebe, and we expect that our expanded involvement in bebe's operations will add value based on our extensive experience in brand licensing and deep understanding of the rent-to-own industry. We expect this transaction to be accretive to B. Riley's EBITDA."

Riley added: "bebe's brand licensing investments have generated approximately \$11 million per year in cash flow before corporate expenses to bebe over the past three years. We highly value this business model because royalties are historically stable and yield contractually obligated minimum payments from licensees. In addition to the licensing business, we believe that the Buddy's rent-to-own segment, which contributed \$8 million of EBITDA in 2021 but suffered from ensuing inflationary pressures in 2022 and 2023, will revert back to normalized operating profit of approximately \$6 million, before corporate expenses, over time."

bebe was B. Riley's first brand licensing investment that led to the formation of its expanded brand portfolio with equity interests in Hurley, Justice, and Scotch and Soda, as well as controlling interests in six other brands – Catherine Malandrino, English Laundry, Joan Vass, Nanette Lepore, Limited Too, and Kensie.

Founded in 1976 by Manny Mashouf, the bebe brand is best known for its contemporary women's clothing and fashion accessories. In 2018, B. Riley assisted bebe in connection with the fashion brand's strategic shift away from brick-and-mortar retail to focus on e-commerce and brand licensing. bebe also owns a joint venture interest in the Brookstone brand and certain Buddy's Home Furnishings Rent-to-Own stores.

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.

Forward-Looking Statements

Statements in this press release that are not descriptions of historical facts are forward-looking statements that are based on management's current expectations and assumptions and are subject to risks and uncertainties. If such risks or uncertainties materialize or such assumptions prove incorrect, our business, operating results, financial condition, and stock price could be materially negatively affected. You should not place undue reliance on such forward-looking statements, which are based on the information currently available to us and speak only as of the date of this press release. Such forward-looking statements include, but are not limited to, statements regarding bebe's cash flows, royalties and expected earnings. Factors that could cause such actual results to differ materially from those contemplated or implied by such forward-looking statements include, without limitation, the risks described from time to time in B. Riley Financial, Inc.'s periodic filings with the SEC, including, without limitation, the risks described in B. Riley Financial, Inc.'s 2022 Annual Report on Form 10-K

under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (as applicable) and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023 and June 30, 2023. These factors should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements. All information is current as of the date this press release is issued, and B. Riley Financial undertakes no duty to update this information.

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