

B. Riley Financial Launches Review of Strategic Alternatives for Appraisal and Retail, Wholesale & Industrial Solutions Businesses

Company Believes Businesses Not Appropriately Valued by Market, Could Provide Greater Value to Potential Acquirer

LOS ANGELES, Feb. 29, 2024 /[PRNewswire](#)/ -- B. Riley Financial, Inc. (Nasdaq: RILY) ("B. Riley" or the "Company") today announced that it has retained Moelis & Company LLC as an independent financial advisor to assist in its review of strategic alternatives for the Company's Appraisal and Valuation Services, and Retail, Wholesale & Industrial Solutions businesses (collectively formerly known as "Great American Group"), which could include a potential sale or other transaction.

B. Riley acquired Great American Group ("Great American") through a strategic combination in 2014. Since that time, B. Riley has substantially grown Great American's appraisal and retail liquidation business, which together, generated approximately \$153 million in revenue⁽¹⁾ and approximately \$35 million in operating income⁽²⁾ for fiscal year 2023, a year over year increase of 35% and 69%, respectively. This business is currently carried on the Company's balance sheet at a book value of approximately \$35 million.

Bryant Riley, Chairman and Co-Chief Executive Officer of B. Riley Financial, commented: "Great American is a tremendous business with a strong management team that has successfully executed on a number of organic growth initiatives over the last 10 years. Our appraisal unit has delivered strong and steady recurring EBITDA year after year, and we believe this business is poised for meaningful growth. Strategic and financial buyers are looking to acquire specialized financial services that deliver robust free cash flow at attractive margins. As we've stated since the beginning, we use our balance sheet to acquire quality businesses that we can build over the long term. This is one example of many such businesses where significantly increased valuation is not reflected on our balance sheet, and we have the ability to unlock this value when it best serves our shareholders."

Proceeds from a potential transaction, if one were to be consummated, may be used in a variety of ways including de-levering B. Riley Financial's balance sheet, repurchasing shares and bonds in the open market, and investing in the platform and in particular, B. Riley Securities, the cornerstone of the Company's diversified platform.

Michael Marchlik, Co-Chief Executive Officer of B. Riley Advisory Services, and Scott Carpenter, Chief Executive Officer of B. Riley Retail, Wholesale & Industrial Solutions, added, "Since joining Great American Group in the late 1990s and becoming part of B. Riley in 2014, we have built an industry-leading set of offerings across asset appraisal, valuation, and disposition services. We're incredibly proud of the work we do on behalf of our clients and we believe there's no firm today that offers the combination of experience and expertise that we do. Our business has the ability to expand into several new verticals and will continue to be a proprietary sourcing mechanism for high quality lending and investment opportunities. We remain committed to delivering for our clients and continuing to provide the high quality service they have come to expect from us."

B. Riley has not set a deadline or definitive timetable for the completion of the strategic alternatives review process, and there can be no assurance that this process will result in any particular outcome. The Company does not intend to comment further regarding the review until it determines disclosure is necessary or advisable.

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.

Footnotes

(1) The \$153 million of revenue for the Great American businesses in FY 2023 includes \$103 million attributable

to the Retail segment and \$50 million attributable to Appraisal business within the total \$133 million of Financial Consulting segment revenue. These financial results are preliminary and unaudited, subject to completion of the ongoing audit of the Company's annual financial statements.

(2) The \$35 million of operating income for the Great American businesses in FY 2023 includes \$21 million attributable to the Retail segment and \$14 million attributable to Appraisal business within the total \$30 million of Financial Consulting segment income. These financial results are preliminary and unaudited, subject to completion of the ongoing audit of the Company's annual financial statements.

Forward-Looking Statements

Statements made 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 today's date. Such forward-looking statements include, but are not limited to, statements regarding a transaction related to the Company's Appraisal and Valuation Services, and Retail, Wholesale & Industrial Solutions businesses, and potential use of proceeds. 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 Annual Report on Form 10-K for the year ended December 31, 2022 and in our Quarterly Report on Form 10-Q for the quarters ended March 31, 2023; June 30, 2023, and September 30, 2023 under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (as applicable). Additional information will be set forth in B. Riley Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023. These factors should be considered carefully, and you are cautioned not to place undue reliance on such forward-looking statements. All information is current as of today's date, and B. Riley Financial undertakes no duty to update this information.

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