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Company: B. Riley Financial, Inc.
Ticker: RILY US
Industry: Financial Services
Stock Price (USD): $44.10
Market Cap (USD, Millions): $1,260.5

WOLFPACK RESEARCH

RILY: A Bottom-Feeder Investment Bank That Is Crumbling Before Our Eyes

We are short B. Riley Financial, Inc. (Nasdaq: RILY) because our research shows it 1) overleveraged to buy speculative assets during the financial mania of 2020-2021 and 2) lent money to companies that have degenerated into zombies. RILY's total cash and investments, net of debt, fell by $950 million to **-$350** million during 2022. Further, we believe RILY will record investment losses of up to ~$700 million in 2023, putting its dividend at risk, and potentially triggering a collapse of the firm.

Calling RILY a second-tier investment bank would be the highest compliment RILY ever received; we see it as a lender of last resort for the dregs of the public market. As financial conditions have contracted, RILY has not sobered up and cut its losses on failing investments, instead it has extended its distressed clients more capital so that it can pretend that better times are just around the corner.

We see RILY's strategy to extend and pretend in many of its investments, but it is most evident in its treatment of Core Scientific, Inc. (CORZQ). The market reacted negatively in December when RILY's offer to rescue CORZQ failed and it filed for bankruptcy, leaving RILY holding the bag on a $42 million loan.[1][1] RILY released Q4 and FY 2023 guidance early, in part to reassure investors that this was an isolated event and its exposure to crypto was minimal.[2] RILY couldn't help itself and reversed course on January 31, more than doubling its exposure to crypto by offering CORZQ another $70 million in bankruptcy financing.[3] Our analysis indicates that this new loan to CORZQ will work out just as badly as the last and end in default (again) before June 2023.[4]

CORZQ is not an isolated incident. We were able to reconstruct much of RILY's corporate loan book, even though it is not directly disclosed by RILY,[5] and found that many of the borrowers are in severe distress. We also noticed a pattern; RILY apparently does not admit mistakes or cut its losses but will throw good money after bad again and again to save face.

Below are just a few examples of what we found in RILY's loan portfolio:

- As of Q3 2022, XELA had $75 million in outstanding loans from RILY.[6] XELA trades at $0.06 cents and has a delisting hearing on March 2. XELA failed to make interest payments on a loan to another creditor on January 17 and has 30 days grace to raise money to pay what it owes.[7] Failure could trigger cross-default and acceleration, rapidly pushing the company into bankruptcy.
- RILY has an $11 million loan with Greenidge Generation Holdings (GREE) that it restructured at the end of January after GREE missed two payments. As part of the deal, RILY will purchase $1 million worth of GREE shares at $0.75 per share in an offering underwritten by … RILY where it takes 15% of the offering proceeds.[8] This could backfire, as just a month ago GREE was trading at only $0.30 cents. To us, GREE looks like it is in a slow-motion bankruptcy; its largest creditor took possession of most of its equipment to pay off a portion of its debt, and GREE needs to partition off and sell real property to partially repay RILY before the loan matures in June.[9]

[1] Citations are located in Appendix B as endnotes. Double-click on endnote to jump to note. Appendix A contains our discussion and analysis of CORZQ's proposed budget for its DIP financing.

- Another near-term negative catalyst for RILY is the loss of $175 million that will be wiped off RILY's balance sheet if its SPAC BRPM 250 (BRIV) liquidates on May 11th, its deadline to identify a target.[10] RILY is probably better off liquidating this SPAC than finding a target given its history with FAZE. RILY brought FAZE public in Q3 2022 via its own SPAC (it also provided a bridge loan and PIPE financing),[11] and then watched as the company imploded, falling to $0.75 cents by the end of January 2023, driving down the value of RILY's 12 million shares in this company to less than $10 million, a loss of over 90%.[12]

The losses from GREE, XELA, and BRIV are the most imminent problems facing RILY, however we see plenty more trouble ahead for RILY:

- RILY disclosed that it has assumed a massive risk and guaranteed up to $110 million in debt for a related party, Babcock & Wilcox (BW), which appears to be hurtling towards bankruptcy itself.[13] BW has a cash ratio of 0.15, a quick ratio of 0.61, negative equity, negative cash flow and an Altman Z-Score of -0.93, which is indicative of severe financial distress.[14] Its long-term debt stands at $334 million and at the start of Q4 it adjusted its EBITDA guidance for FY 2022 down from $110-$120 million to $70-$80 million.[15]

- RILY has another $98 million in loans with Arena Group Holdings Company (AREN).[16] In Q3 2022, AREN had just $13 million in cash and had trailing twelve-month net operating losses of over $21 million. AREN has been consistently unprofitable for years, and it does not appear it will be able to repay $98 million to RILY by the loan's maturity date of 12/31/2023 without a large source of additional credit or massive dilution.[17]

In addition to these substantial risks, RILY's equity portfolio appears to be full of duds. Nearly 40% of the operating companies in B. Riley Financial, Inc's 13-F either issued going concern warnings or discussed going concerns in their respective Q3 2022 10-Qs. Our research indicates that these zombie companies were still worth ~$34 million at the end of Q4, and we expect them to decline further.[18]

If RILY's tangible assets weren't bad enough, we believe more than $200 million of its goodwill and intangible assets should be written off because they are tied to RILY's disastrous rollup of (near obsolete) dialup internet companies over the past five years. RILY itself has admitted that its telecommunications segment's profitability will likely continue to decline[19] (unless you think magicJack is about to stage an epic comeback) – yet, RILY has avoided substantially impairing these intangible assets or goodwill.[20]

RILY began leaning into a hybrid security known as "baby bonds" to raise $1.227 billion of additional capital in 2021. Baby bonds are Senior Unsecured Preferred Stock, generally with a par value of $25.00. A salesman from a Wall Street bank would tell you this security was designed to expand the investment options available to retail investors by making what is effectively corporate debt accessible to them for purchase in their brokerage and retirement accounts. These securities trade on public exchanges the market for them is easier to see than typical corporate bonds, which are often traded in opaque OTC markets.

What the salesman likely won't tell you is that RILY's Baby Bonds have almost none of the protections afforded to the company's other creditors. They're unsecured, extremely "cov-lite," (lacking the same covenant protections that most bondholders have) and essentially sit right on top of the equity at the bottom of the capital structure.[21]

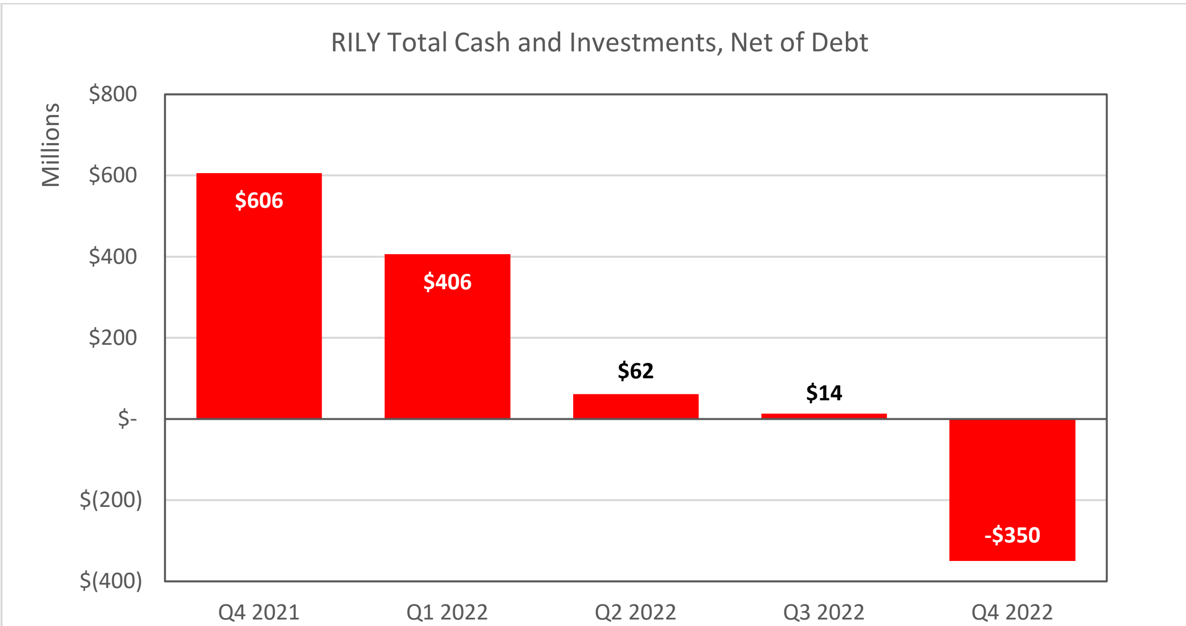
The coupon rate on RILY's seven issues of baby bonds ranges from 5% to 6.75%, which we believe to be far too low to compensate investors for the existential risk that accompanies these securities. According to Bloomberg, only 25.52% of these bonds are owned by institutional investors, implying the remaining 74.48% of this debt is owned by retail investors who are highly unlikely to understand the risk they are taking when investing in these securities.

RILY Baby Bonds	Maturity	Rate	Amt. Outstanding	Institutional Ownership %
RILYO	5/31/2024	6.750%	$ 87,000,000	24.26%
RILYM	2/28/2025	6.375%	$ 115,000,000	25.05%
RILYK	3/31/2026	5.500%	$ 150,000,000	32.13%
RILYN	9/30/2026	6.500%	$ 100,000,000	33.97%
RILYG	12/31/2026	5.000%	$ 300,000,000	27.15%
RILYT	1/31/2028	6.000%	$ 200,000,000	19.74%
RILYZ	8/31/2028	5.250%	$ 275,000,000	21.92%
Total			**$ 1,227,000,000**	**25.53%**

We can't help but wonder how many of these baby bonds are owned by clients of B. Riley's wealth management and financial advisory divisions on the advice of RILY's own financial advisers.

RILY's speculative investment strategy outperformed in 2020-2021, leading to additional special dividends and increased interest in the stock. In 2022, RILY's speculative strategy has imploded, pushing its equity and loan portfolios into dire straits:

- Our research shows that RILY's equity portfolios lost nearly $400 million in 2022 (-38.2%).[22] The losses in its equity portfolio are a key reason why RILY's total cash and investments, net of debt, will come in at -$350 million for Q4 2022, a $950 million drop in just a year since Q4 2021.



- According to our analysis, 4 of RILY's largest 7 corporate borrowers with outstanding loan balances of $295.3 million are at a high risk of default, or in the case of CORZQ, is already in default. While RILY doesn't normally disclose the companies it makes loans to, or the amounts and terms of those loans, we were able to track these companies down by searching the entire SEC EDGAR database for the names of RILY's loan making subsidiaries. [23,24,25]

Table 1 – RILY Identifiable Loans Outstanding

Company	Ticker	Amt. Outstanding	Maturity Date	Security	1-Yr Default Risk (BBG)[26]
Harrow Health Inc	HROW	$ 100,000,000	12/14/2025	Secured	N/A
Harrow Health Inc	HROW	$ 40,250,000	12/31/2027	Unsecured	N/A
Exela Technologies Inc	XELA	$ 55,800,000	6/10/2023	Secured	35.90%
Exela Technologies Inc	XELA	$ 20,000,000	6/10/2023	Secured	35.90%
Greenidge Generation Holdings Inc	GREE	$ 9,000,000	6/1/2023	Secured	24.51%
Sorrento Therapeutics Inc	SRNE	$ 41,670,000	1/31/2023	Secured	7.00%
Core Scientific Inc	CORZQ	$ 41,800,000	12/7/2022	Unsecured	100.00%
Core Scientific Inc	CORZQ	$ 70,000,000	DIP	Secured	100.00%
Cadiz Inc	CDZI	$ 50,000,000	7/2/2024	Secured	5.30%
The Arena Group Holdings Inc	AREN	$ 98,690,753	12/31/2023	Secured	8.27%
Total		**$ 527,210,753**			

While a 35.9% risk of default within the next year may not seem *too* alarming to some investors and an 8.27% estimated risk of default within one year likely seems low to most investors, in Bloomberg's Default Risk Model, these are extremely alarming numbers.

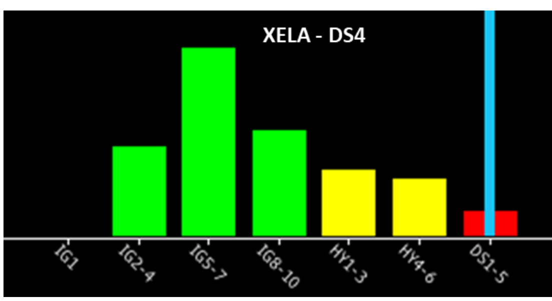
Bloomberg provides a 1-year default risk distribution and grade scale which should put these numbers in perspective. Within the default risk distribution, Bloomberg has three categories – Investment Grade (IG), High Yield (HY) and Distressed (DS). Within those categories, they rank companies from IG1 (default probability 0.000% to 0.0020%) to IG10 (default probability 0.300% to 0.5200%). HY has six strata and DS has five. The full grade scale provided by Bloomberg is shown below:

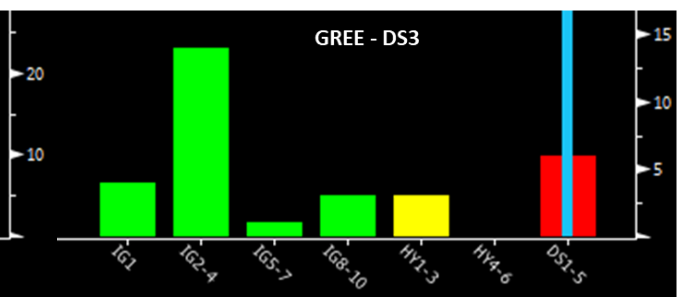
IG - Investment Grade	Default Probability (%)	HY - High Yield	Default Probability (%)	DS - Distressed	Default Probability (%)
IG1	0.0000 - 0.0020	HY1	0.5200 - 0.8800	DS1	10.0000 - 15.0000
IG2	0.0020 - 0.0040	HY2	0.8800 - 1.5000	DS2	15.0000 - 22.0000
IG3	0.0040 - 0.0080	HY3	1.5000 - 2.4000	DS3	22.0000 - 30.0000
IG4	0.0080 - 0.0152	HY4	2.4000 - 4.0000	DS4	30.0000 - 50.0000
IG5	0.0152 - 0.0286	HY5	4.0000 - 6.0000	DS5	50.0000 - 100.0000
IG6	0.0286 - 0.0529	HY6	6.0000 - 10.0000		
IG7	0.0529 - 0.0960				
IG8	0.0960 - 0.1715				
IG9	0.1715 - 0.3000				
IG10	0.3000 - 0.5200				

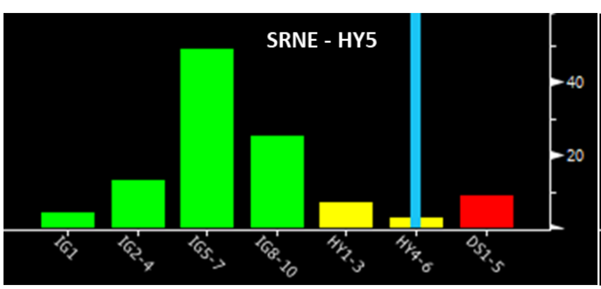
Table 2 - RILY Corporate Loans: Bloomberg Default Risk Grade

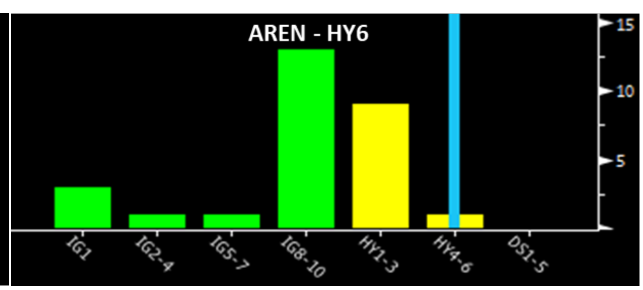
Company	Ticker	Amt. Outstanding	1-Yr Default Risk (BBG)	BBG Default Grade
Exela Technologies Inc	XELA	$ 55,800,000	35.90%	DS4
Exela Technologies Inc	XELA	$ 20,000,000	35.90%	DS4
Greenidge Generation Holdings Inc	GREE	$ 9,000,000	24.51%	DS3
Sorrento Therapeutics Inc	SRNE	$ 41,670,000	7.00%	HY5
Cadiz Inc	CDZI	$ 50,000,000	5.30%	HY4
The Arena Group Holdings Inc	AREN	$ 98,690,753	8.27%	HY6

Bloomberg also provides graphs of the distribution of default risk scores in each company's industry (IG1 on the left, DS5 on the right) to the rest of each company's specific industry. Where the company of interest falls in the distribution is marked by a blue line. As you can see below, RILY's debtors almost uniformly live in the right tail (distressed) end of their industry default risk distributions:









RILY's Downward Spiral Is Set to Continue in 2023

RILY's NAV is Far Below the $1.1 Billion Minimum NAV Requirement That Is Required for the Nomura Credit Agreement Putting RILY at Risk of Collapse in 2023:

In RILY's $380 million credit agreement with Nomura, RILY agreed to maintain two specific covenants, a minimum NAV by its Prime Guarantor of $1.1 billion, and a trailing twelve month minimum operating EBITDA of $135 million. The contract defines NAV very simply:[27]

> "***Net Asset Value***" shall mean, as of any date of determination with respect to any Person,
>
> (a) the total assets of such Person minus
> (b) the total liabilities of such Person
>
> in each case, as such amount would, in conformity with GAAP, be set forth on the balance sheet of such Person.

The agreement goes on to specify that this financial covenant is tested at the end of the quarter and breach of this covenant is considered a default.[28] Our analysis of RILY indicates that its NAV at the end of Q4 is ~$400 million, after falling nearly $350 million since the end of Q3 2022 due to four main factors:

1. RILY's equity investments fell $107 million in Q4 primarily because of a $95 million collapse in the value of FAZE.
2. RILY also appears to have lost $42 million due to the bankruptcy of CORZQ.
3. RILY's debt grew by nearly $200 million during Q4, from $2.32 billion to $2.5 billion.
4. RILY paid a $28.5 million dividend during Q4 2022.

Our analysis does necessarily account for all the potential factors that could affect NAV, for example: On December 27, 2022, RILY provided guidance for *"Operating Adjusted EBITDA"* of $90-$100 million in Q4 2022, which may or may not have a positive or negative effect on NAV.[29,30]

RILY's NAV has clearly fallen below the $1.1 billion threshold, but that does not necessarily mean it is in default, since the Primary Guarantor for RILY's Nomura credit agreement is not RILY itself, but a private subsidiary company BR Financial Holdings, LLC.[31]

Because RILY makes the Primary Guarantor a private subsidiary of itself, RILY's it is effectively impossible for the investing public to determine how close RILY is to violating its financial covenants. The obfuscation of the Primary Guarantor's NAV appears to us to have been done purposely in order to inhibit investors' ability to properly assess RILY's risk of default.

This inability to properly assess the risk of default is very concerning, because in the case of default, RILY does not currently have enough liquid assets to cover its debt and would need to unwind to satisfy its liabilities. In fact, our research indicates that in a default scenario, RILY's assets, the values of which our research indicates are substantially inflated, would not be worth enough to make the holders of their baby bonds whole, resulting in steep haircuts for all RILY's retail bondholders, and total losses for all the equity stockholders of RILY.

This is especially troubling to us, considering RILY's retail bondholders probably included many retirees who bought into RILY's bonds as a means of generating a secure fixed return on their investment.

Even if RILY can technically preserve its debt covenants by legally separating some of its assets into its subsidiary, the overall degradation of RILY's assets means that RILY's leverage and liquidity positions are getting riskier and riskier.

RILY's Biggest Risk is that Much of Its Loan Book Appears Headed for Bankruptcy:

On RILY's 3Q22 earnings call, Chairman and CEO Bryant Riley disclosed that RILY's corporate loan book was about $437 million with an average loan size of $37 million. RILY added a new $140.25 million loan to Harrow Health (HROW) in December 2022, for an implied total of ~$577 million. We searched the entire SEC EDGAR database for RILY's current outstanding loans and discovered $554.8 million in outstanding loans to seven publicly traded companies.[32]

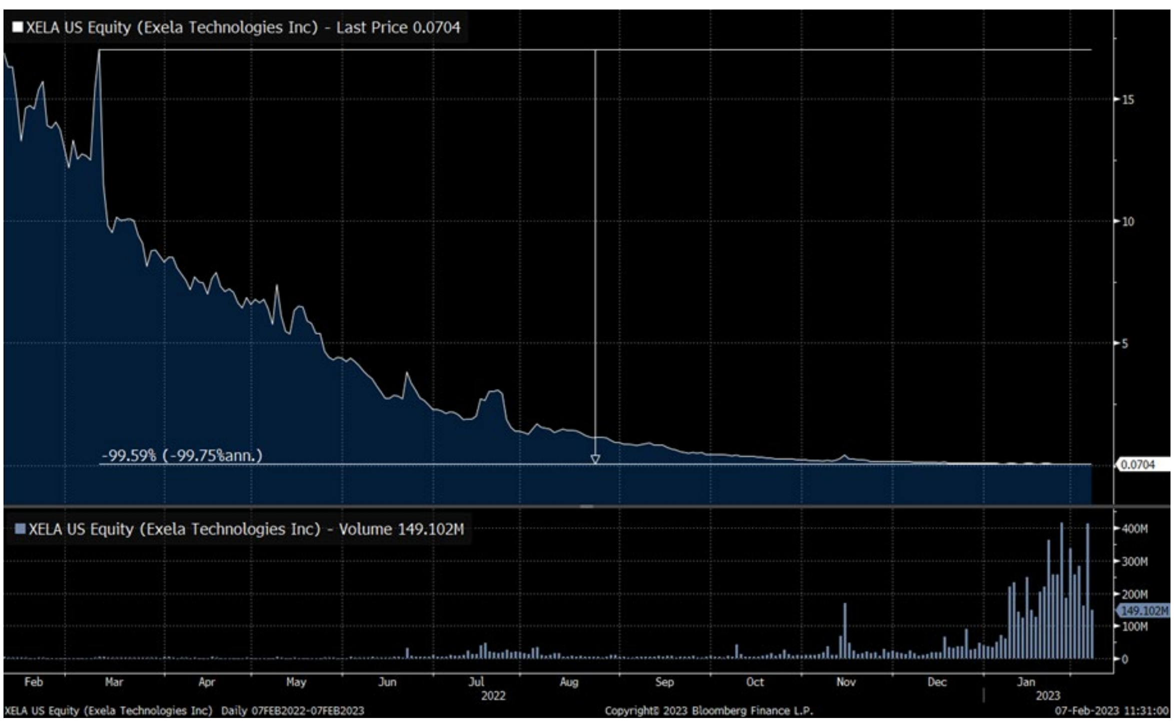
RILY does not make their loan book readily available, so analysts and retail investors and bond holders don't know what is in it. On RILY's Q3 2022 earnings call, one of the sell-side analysts asked what sort of industries and concentrations the loan book has, and RILY's CEO deflected:

> *"There is, some that are bigger, some that are smaller. There's some that we never think about and there some that we think about every other day."*

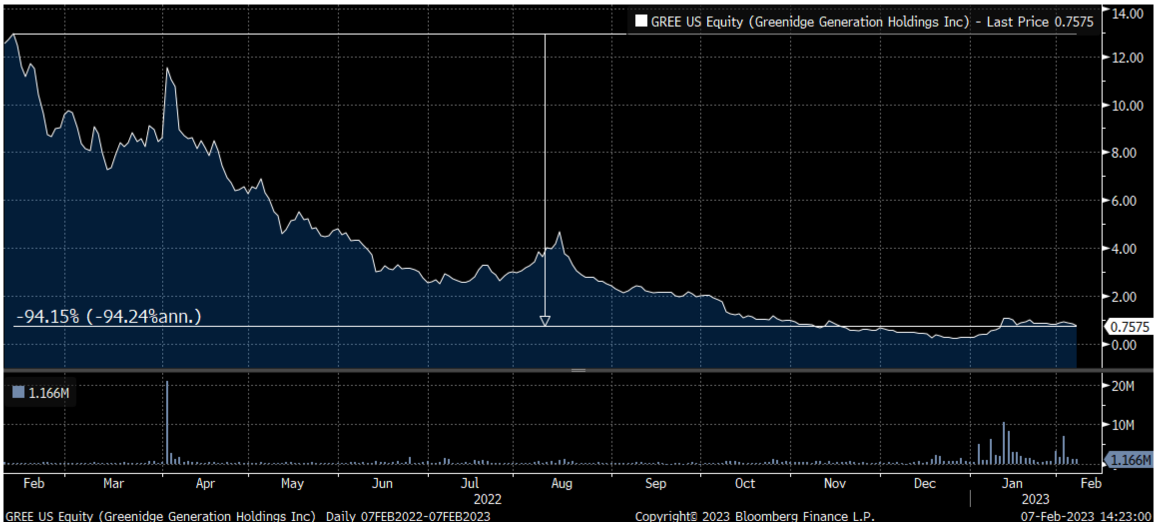
We were able to reconstruct much of RILY's loan book and are not surprised that the CEO did not elaborate on its holdings, because they look terrible.

We were able to find seven companies in RILY's loan book as of the end of Q3 and every single one of them had significant red flags about their ability to repay the loans they took from RILY:

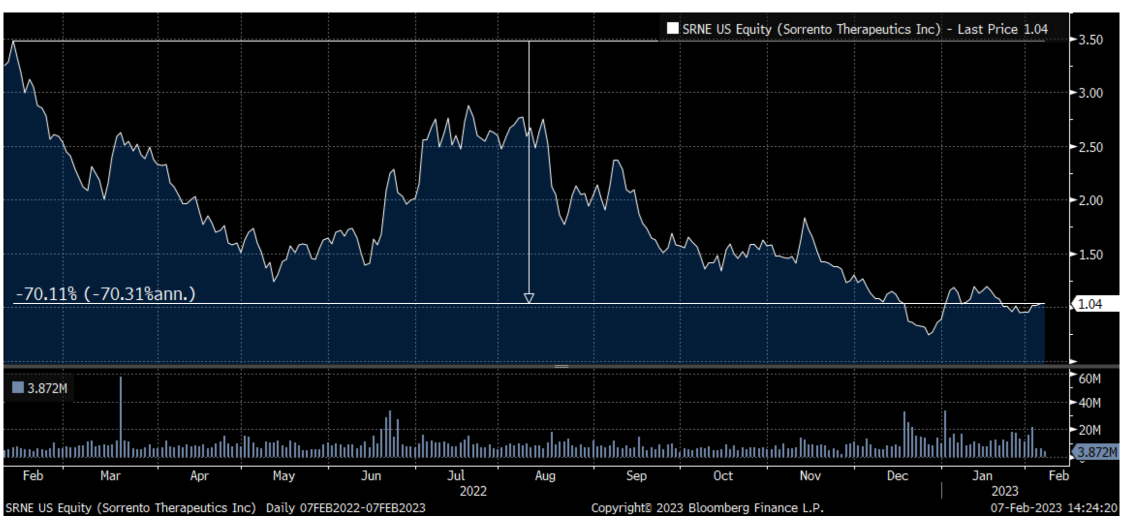
- **Exela Technologies (XELA)** which we discussed above issued a going concern warning in May, 2022 and failed to make interest payments to another creditor in January. As of Q3 2022, XELA still owed RILY $75.8 million. XELA has a delisting hearing on March 3 and is currently trading at ~$0.07 cents.[33]



- **Greenidge Generation Holdings (GREE)** reorganized the $11 million it owed RILY at the end of January after missing payments in December and January. GREE plans to partition off and sell some of its real property to help it repay its outstanding debt to RILY. The most bizarre provision of the deal is that RILY agreed to purchase $1 million in shares at $0.75 cents in an ATM offering underwritten by … RILY itself. Also, 15% of the ATM proceeds go to repay GREE's debt to RILY, adding to the circularity of the transaction.[34] At the end of January GREE was trading at $0.80 cents, but it could fall back to $0.30 cents if BTC takes another leg down.



- **Sorrento Therapeutics, Inc. (SRNE)**, has issued a going concern every quarter since it disclosed one in March 2022. In September 2022, RILY provided a $41 million bridge loan that will mature on January 31, 2023.[35] SRNE's FCF burn YTD through Q3 2022 was $235 million and the company had just $70 million in cash as of Q3 2022.[36] SRNE is mired in litigation. It lost in an arbitration hearing that granted a total of $172 million to its opponents on December 2, 2022 (it plans to appeal).[37] SRNE won a related arbitration fight against another party for $125 million on December 20, 2022 (an appeal here is also likely).[38] In terms of its operations, SRNE recently got clearance from the FDA to trial an mRNA vaccine against the Omicron variant, a bearish sign for us considering this development puts them well behind its main competitors in mRNA vaccination, Pfizer and Moderna.

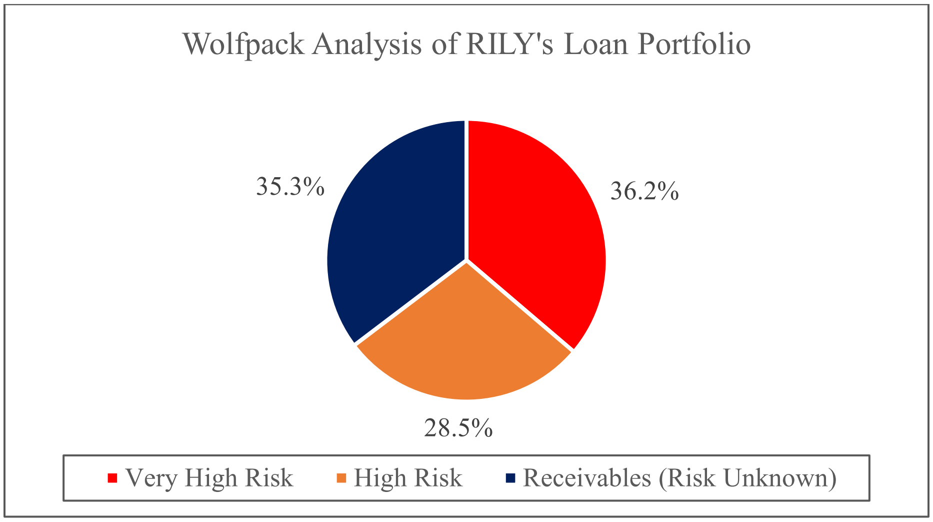


- **Core Scientific, Inc, (CORZQ)** is already bankrupt. RILY has a $42 million unsecured loan which is likely never to be repaid. RILY has also offered CORZQ $70 million in highly secured debtor-in-possession (DIP) financing. Over half of this loan will be used to pay off a $37.5 million existing DIP loan, and the rest will be used in an attempt to revive CORZQ so that it can eventually start repaying its loans to all of its creditors, RILY included.[39] However, our analysis of the proposed budget indicates that it is completely unreasonable because they overestimate how much revenue CORZQ will bring in, as well as underestimate power costs and expenses.[40]

- **Cadiz Inc. (CDZI)**, is a water management company that is trying to break into the cannabis industry. CDZI generated less than $1 million in revenue YTD through Q3 2022 and has a $50 million loan facility with RILY that it received in July 2021.[41] CDZI's FCF losses through Q3 2022 were nearly $16 million and they had less than $7 million in unrestricted cash available as of Q3. CDZI was able to raise $12 million via a private placement of 6.86 million shares to related parties (including RILY) in November 2022, which may be enough to keep them out of bankruptcy in 2023.[42] CDZI's ability to repay its loan to RILY depends on its ability to quickly wade through the regulatory and legal morass blocking their water management aspirations and start generating revenue … *in California* … a state with some of the most stringent environmental regulations in the world. CDZI better hope those bureaucrats act fast, as their loan to RILY matures in July 2024.

- **The Arena Group Holdings Inc (AREN)** has not yet issued a going concern warning, but we would not be surprised if it did so soon. In Q3 2022, AREN had just $13 million in cash, after incurring $14 million in net operating losses through Q3 2022. Despite all these problems, RILY loaned AREN another $30 million on net to continue its roll-up strategy in Q1 2023.[43] It now owes RILY $98 million in loans with a maturity date of 12/31/2023. This agreement has already been modified six times, including in December 2022.[44] In the process, RILY has become a major shareholder in AREN, owning over 4.6 million shares.[45] We don't see a path to profitability for AREN and we would not be surprised if both RILY's debt and equity positions were wiped out by the end of 2023.

In December 2022, RILY added a $142 million facility to Harrow Health Inc. (**HROW**), which appears to be in much better shape than the other loan recipients, although the fact it received a loan from RILY is not a good sign. Overall, we think RILY's loan book looks grim:



The problem with RILY isn't just that it made these terrible loans, but that they don't learn their lesson. When CORZQ started discussing bankruptcy in December, RILY's management released an open letter offering to provide an additional $72 million to prevent bankruptcy.[46] CORZQ did not accept, likely because CORZQ was in such bad financial straits that bankruptcy was its only option and that it could not accept the money.

RILY's has now doubled down and offered RILY $70 million in bankruptcy financing, even though it is evident to us from the proposed budget that CORZQ will not be able to stay open longer than six months without a major increase in the price of BTC. We would also note that RILY's proposed budget does not appear to include any provision to pay any of the ~$130 million in mechanics liens that have been claimed so far by construction and power companies.[47]

To be clear, RILY has taken $70 million of (likely borrowed) money and bet it on a major increase in the price of BTC. We think this is foolish and that RILY would have better odds of winning back its money at a casino.

RILY's Balance Sheet Will Take a $175 Million Hit in Q2 If Its SPAC Is Liquidated:

RILY jumped in on the SPAC craze in 2020 and 2021. At the beginning of 2022, RILY had two SPACs on its books, BRPM 125, and BRPM 250. RILY raised total net proceeds of $345 million for both SPACs.[48]

RILY held that money in trust and consolidated it into its financial statements under the line item, "prepaid expenses and other assets" on RILY's balance sheet. When these SPACs undergo the merger, that $175 million comes off the balance sheet and goes into the merger (or back to investors if they choose to redeem and get their money back).

One of those SPACs, BRPM 125 (BRPM), merged with FAZE in what ended up being a complete fiasco. The other SPAC, BRPM 250 (BRIV), is still sitting on RILY's balance sheet.

The collapse of SPACs in 2022, and RILY's experience with FAZE makes it unlikely that RILY's SPAC will find a partner prior to May 11th, 2023, to consummate a merger, at which point the SPAC will likely liquidate.[49]

One of RILY's Biggest Bets of 2022, FAZE, Is a Disaster of Epic Proportions:

FAZE is company that is reportedly fueled by Gen Z hype around video gamers and e-sport pros. Bloomberg News referred to FAZE as *"The frat house of the video game industry"* in a July 2022 article. Prior to going public, FAZE had disclosed going concern issues, but had claimed that the funding from the SPAC merger alleviated these concerns;[50] however, a high redemption rate sucked the cash out of the transaction. In its first 10-Q since going public, FAZE once again disclosed going concern issues, but no longer claimed that it thought these concerns were going to be alleviated.[51] Shareholders have seen the value of their investment drop from $10 at the time it went public to sub $1 at the end of January.

RILY appears to have lost $110 million on their investment, but this is a case of self-harm. RILY was conflicted up the wazoo on this transaction, simultaneously acting as the SPAC sponsor, the consulting investment bank, the bridge financier, and the PIPE financier. As the SPAC sponsor, RILY stood to take an outsized position in any post-merger company. It was the consulting investment bank and stood to make substantial fees if the deal went through. According to RILY's disclosures, it was able to book $51.5 million in fees as a part of the closing of the de-SPAC merger.[52] Without these fees, we think RILY's EBITDA would have taken a ~$50 million hit.

RILY was also counting on closing this transaction to get its loans repaid. In March and April RILY offered FAZE $20 million in bridge financing in two separate tranches because of the company's liquidity problems.[53] If the deal had failed, RILY could have been out an extra $20 million.

FAZE, which we believe would have filed for bankruptcy if the deal had failed, waived its minimum cash closing price. RILY's management was so incentivized to close the deal that it ended up putting $53.4 million of its own money in to close the deal as part of the PIPE.[54] RILY might have been blind, but nearly everyone else saw what a disaster this was. 92% of the investors in the SPAC walked out and redeemed their shares, [55] opting to take inflationary losses and have their cash returned rather than receive the company's stock. RILY's participation in the PIPE was necessary because investors balked at this as well, leaving the deal $71.4 million short.

RILY essentially paid ~$50 million to close the deal so that it could receive ~$50 million in fees on its income statement in what appears to be a circular transaction. RILY also ended up converting what had been a debt position in FAZE to an equity position, a poor choice considering that the share price fell under $1 after the lockup provisions preventing RILY and management from selling shares expired on January 15, 2023.

Our Analysis of RILY's Equity Portfolio Indicates That It Is Unlikely to Recover in 2023:

RILY has two large portfolios of equity investments under its subsidiaries B. Riley Financial, Inc. and B. Riley Asset Management, LLC, which generated nauseatingly awful returns of -45.4% and -26.3% in 2022, respectively. These two portfolios alone account for the nearly $400 million in losses (-38.2% overall) RILY took on its public equity investments last year.

We dug into one of the portfolios using the 13-F issued by B. Riley Financial, Inc. and it is suffering from systemic weakness. Some of these companies could recover in 2023, but our assessment is that many of these companies are headed to bankruptcy court:

- 30 out of 31 operating companies in the B. Riley Financial Inc. portfolio experienced negative returns in 2022. The companies in its 13-F as of September 30th in the aggregate lost -45% of their value, creating an amazing inverse portfolio for 2022.

- 28 out of 31 recorded FCF losses through Q3 2022, with further signs of degradation for Q4 2022.

- 12 out of the 31, or ~40%, discussed going concern issues within the last year, excluding CORZQ. We identified an additional 6 companies that may start discussing going concern issues in 2023 since they are recording significant losses and have diminishing cash reserves.

- RILY also has 19 SPACs in its equity portfolio that have not merged with an operating company. Nine of them have either announced that they are dissolving or have canceled a planned merger. Five of them have until March to select a target before they are dissolved.

RILY likely loaded up on positions in SPACs in 2020 and 2021 hoping for large returns on its investments, but that strategy has clearly backfired. Instead, it will get back the money it invested into some of these positions after two years of inflation, and likely be grateful that a deal never occurred.

Over $200 Million of the Goodwill and Intangible Assets on RILY's Balance Sheet is Attributable to its Telecom Rollup, which is Centered on Dial-up and DSL Internet:

RILY has spread its tentacles in all sorts of directions and has decided to roll-up obsolete telecom companies in addition to acting as a second-tier investment bank. RILYs has rolled up several different kinds of companies into its communications segment, but its primary component is dial-up internet companies. Specifically, magicJack and United Online, Inc., which is an umbrella that holds Juno and NetZero.

RILY spent approximately ~$169 million to acquire UOL.[56] It also spent $143 million purchasing magicJack.[57] Since the net tangible value of magicJack's assets were negative, 108% of the purchase price for the company was allocated to goodwill and intangible assets on the balance sheet:[58]

magicJack Purchase Price Allocation *(USD, Thousands)*		
Consideration paid by B. Riley	**$**	**143,115**
Goodwill	$	109,674
Intangible Assets	$	44,650
Total goodwill and intangibles	**$**	**154,324**
Goodwill and intangibles % of total consideration		*108%*

In fact, between just these two purchases, RILY added over $200 in goodwill and intangible assets to its balance sheet. Across its full "communications and other" segment, RILY has added more than $380 million in intangible assets and goodwill to its balance sheet, or 73% of the total consideration paid for the acquisitions:

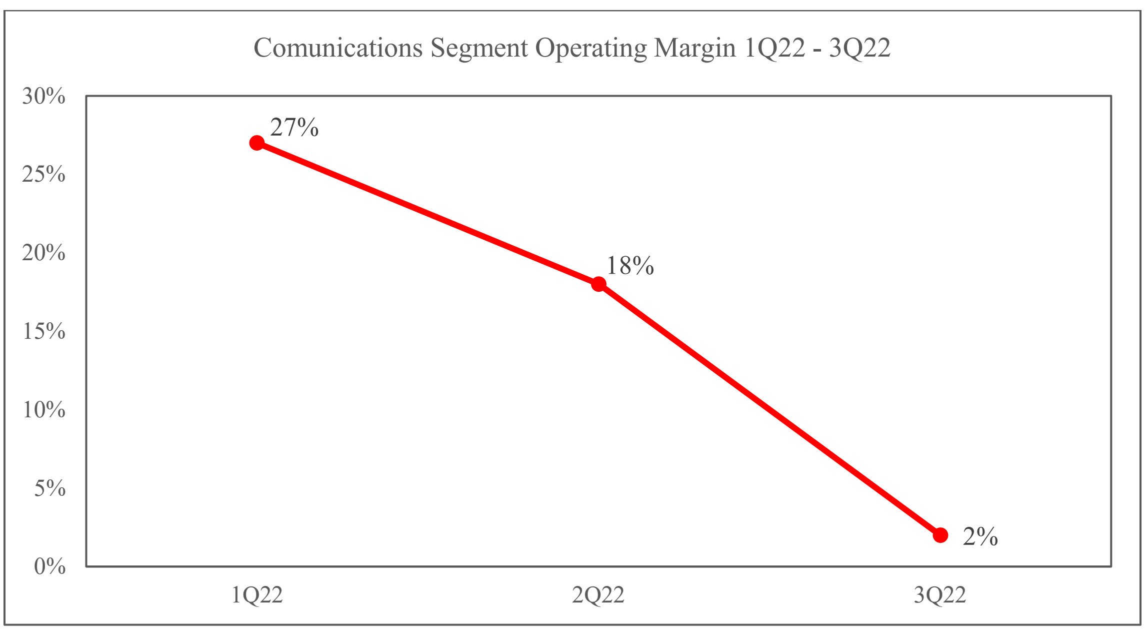
"Communications and Other "Goodwill and Intangibles *(USD, Thousands)*		
Goodwill	$	190,868
Intangibles	$	189,163
Total Intangibles + Goodwill	**$**	**380,031**
Total Purchase Consideration	**$**	**520,455**
Goodwill % of consideration		*50.2%*
Intangibles % of consideration		*49.8%*
Intangibles + Goodwill % of Consideration		***73.0%***

We think it is misleading for RILY not to write down the intangible assets of these companies as they become more and more obsolete. We don't know what sort of valuation methodology the company is using to establish fair value, but the company's own disclosures indicate that UOL loses value every year:

> *"A significant portion of UOL's revenues and profits come from dial-up Internet and DSL access services and related services and advertising revenues.* ***UOL's dial-up and DSL Internet access pay accounts and revenues have been declining and are expected to continue to decline*** *due to the continued maturation of the market for dial-up and DSL Internet access, competitive pressures in the industry and limited sales efforts"*[59]

RILY admits that these dial-up internet companies are losing value because they are obsolete, yet they have made no adjustments to the value on its balance sheet. In our opinion, RILY ought to impair the goodwill associated with these acquisitions because we simply do not believe the fair value of these companies is greater than the massive carrying value shown on RILY's balance sheet.

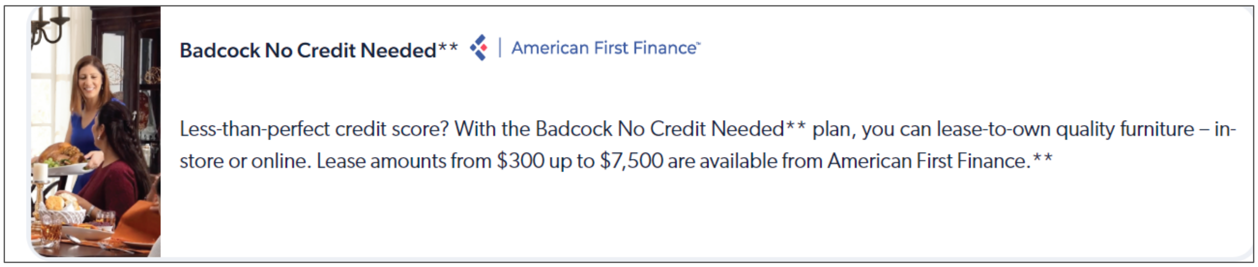
RILY made some changes to its communications segment in 2022 (perhaps because it realized dial-up isn't the future?) by acquiring a majority of Lingo Management LLC, as well as BullsEye Telecom, and Marconi Wireless. As a result, the margins in this communications rollup have shrunk dramatically.



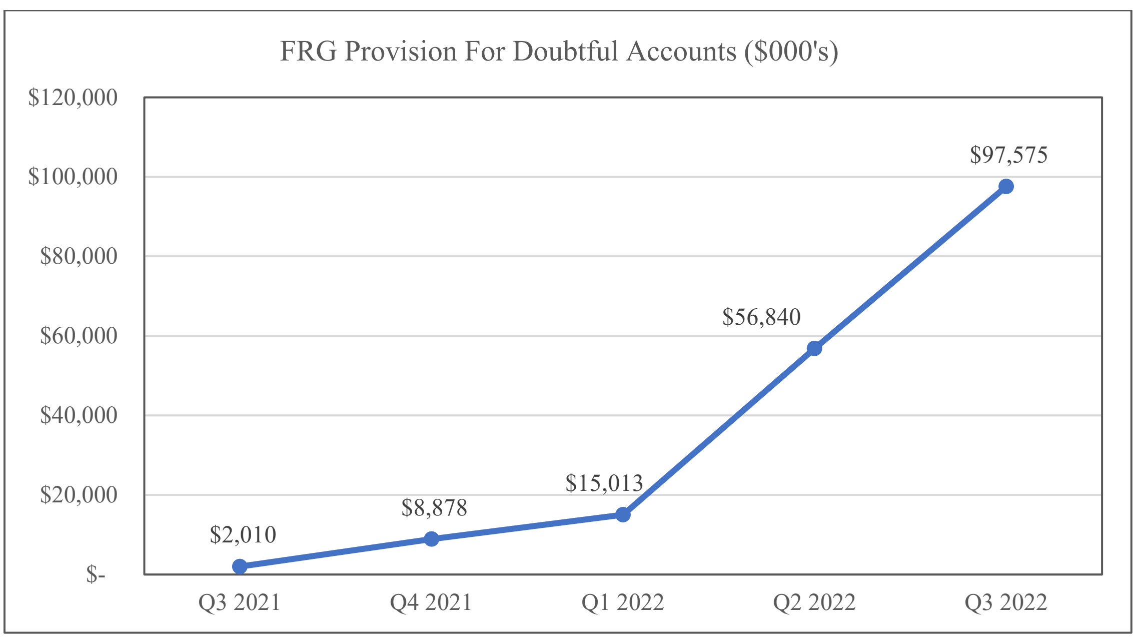
RILY Attempted to Grow its Assets in Q3 2022 by Purchasing Questionable Furniture Financing Contracts from a Subsidiary of a Related Party at a Discount of Just 15%:

A large chunk of RILY's loan portfolio is comprised of furniture receivables that they purchased from a related party, Franchise Group Inc. (FRG) These furniture receivables were brought on as a part of FRG's purchase of Badcock Receivables.

These furniture receivables vary in degree of their credit quality, but it is worth noting that Badcock is one of those stores with a special program to finance furniture for people with poor credit.



Our assessment is that Badcock's receivables are extremely low quality, especially with a looming recession. The proof is in the data. Badcock's disclosures indicated that its allowance for doubtful accounts was $75 million for short term receivables (out of $500 million).[60] Even though it sold $168 million in receivables to RILY, FRG's provision for doubtful accounts has ballooned since purchasing Badcock. Prior to the purchase, FRG provision for doubtful accounts had a $2 million impact on operating income.[61] By Q3 2022, that had swelled to $97 million.[62]



In Q3, according to RILY's disclosures, it took on a $148 million term loan to finance the purchase of $168 million in receivables.[63] This loan carries an interest rate of 10%, and it is a floating rate so it will go up as the Fed continues to turn up the interest rates to their terminal point. This leaves precious little margin for returns, especially when you factor in the low credit quality of the underlying receivables.

Conclusion: B. Riley Financial – Pay More, Get Less

Using the common relative valuation metric for financial firms, price to book value, even if we ignore all our research indicating that RILY's actual book value is far less than what it presented in its last filing and take the company at its word, RILY shares currently trade at a 110.4% premium to the average P/BV of its six closest comps. The comps used are Jeffries, Goldman Sachs, Morgan Stanley, Cowen, Piper Sandler and Credit Suisse. See the table below:

Name	Ticker	Mkt Cap ($B)	LF P/BV
B Riley Financial Inc	**RILY US**	**$ 1.17**	**2.90x**
Comp Average (Including RILY US)		$ 43.72	1.38x
Current Premium to Comps Mean			**110.4%**
Comp Group:			
Jefferies Financial Group Inc	JEF US	$ 8.54	0.84x
Goldman Sachs Group Inc/The	GS US	$ 119.18	1.06x
Morgan Stanley	MS US	$ 160.19	1.74x
Cowen Inc	COWN US	$ 1.09	1.00x
Piper Sandler Cos	PIPR US	$ 2.47	1.90x
Credit Suisse Group AG	CSGN SW	$ 13.37	0.20x

Source: *Bloomberg LP, as of January 20, 2023*

We strongly believe that all of the comps used have higher quality assets making up their book value than RILY. Yet RILY still trades at an egregious 110.4% premium on a last filing price to book value basis against the average of its peers – why anyone would choose to buy this stock is beyond us. In order to trade at no premium to the average of its peers, RILY stock would need to fall to ~$19.00 per share. However, we are hesitant to even put a price target on RILY, as we are not confident that it will even survive 2023. **We are short B. Riley Financial.**

APPENDIX A: CORZQ'S BANKRUPTCY BUDGET

In CORZQ's budget proposal that was made as a part of the bankruptcy financing proposal had several provisions that we found to be ridiculous because we believe it overestimates revenues and underestimates expenses.

CORZQ's budget disclosed in its bankruptcy filing anticipates a 7-fold increase in the amount of hosting revenue that it brings in per month. CORZQ already hosts 8 EH/s in miners at its sites (it declined sequentially in January), in comparison to 15.7 EH/s in self-mining operations.[64] If CORZQ increased its hosting miners by a factor of 7, we estimate it would increase the company's power demands by 240%. Yet CORZQ's estimates show a slight decline in power costs over the course of the next six months and no increases to operating costs necessary to hook up all these additional rigs.

If CORZQ passed these costs along to the party that owns the rigs, we find it is unlikely that CORZQ will have a large influx of potential customers eager to purchase miners, pay to ship them to a CORZQ facility, pay for installation as well as power costs, and give CORZQ a large cut of the bitcoin proceeds. This is a bad deal, which is why CORZQ's customers have declined from 40 to 14.[65] We also question how many customers will be eager to work with CORZQ considering that they appear to have over $130 million in mechanics liens,[66] in addition to $900 million in unpaid debt in its capital structure.

Capital Structure

Preliminary & Subject to Material Change
DRAFT

($ in millions)

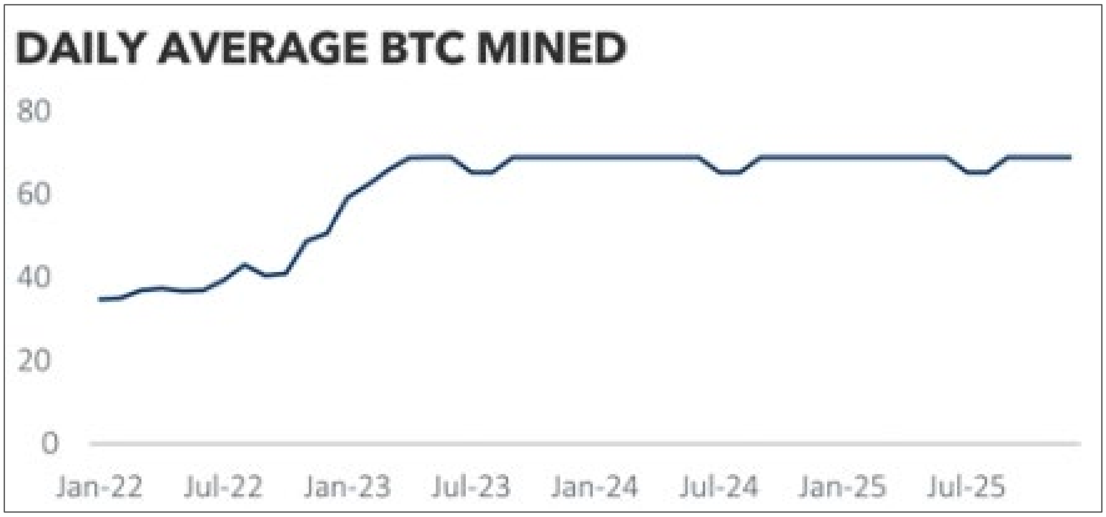
	Maturity	Interest Rate	Amount Outstanding	LTM Leverage	Total Interest
Convertible Notes Tranche 1	Apr-25	10.0%(1)	$234		$23
Convertible Notes Tranche 2	Apr-25	10.0%(1)	318		32
Miner Equipment Financing	Various	12.5%(2)	273		34
Non-Miner Financing	Various	7.6%(2)	31		2
Secured Debt			**$857**	**2.4x**	**$92**
B. Riley Notes	Jun-23	7.0%	42		3
Novak Loan	Jan-23	10.0%	10		1
Total Debt			**$908**	**2.5x**	**$96**

CORZQ's budget released also does not include any capex costs related to complete its facility in Denton, which will cost an incremental $42 million according to its recent bankruptcy filings, due in large part to past due invoices that have now become mechanics liens. For all these reasons, we believe it is likely that CORZQ will not achieve any significant increase in revenues from hosting.

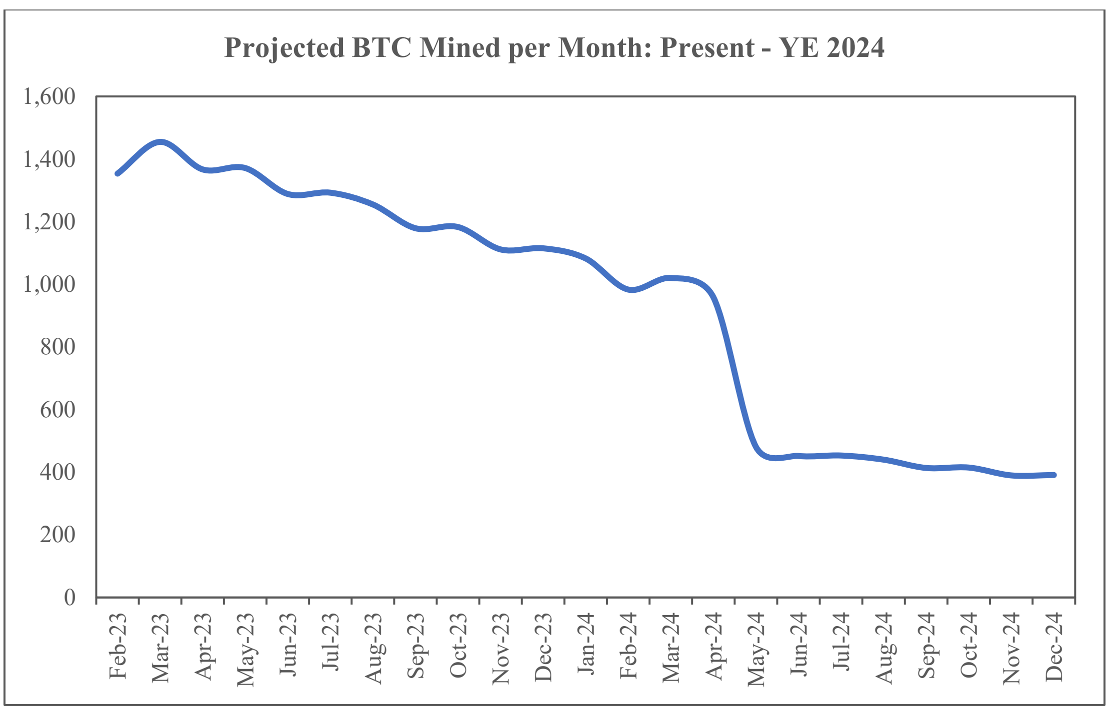
Additionally, CORZQ's budget indicates that it will be able to increase the revenue from selling BTC through April and then maintain that level of revenue through June. However, this ignores the reality that all BTC mining companies must continue to add mining capacity to maintain their market share. Over the last year, the global hash rate has increased at an average pace of nearly 3% a month for an annual rate of 40%.

For a bankrupt miner like CORZQ that cannot get new miners (it is $273 million behind in equipment financing), it faces declining BTC yields. This is also important because an increase in the price of BTC will incentivize other miners to ramp up production, further cutting CORZQ's market share, and eat into potential windfall that would come from any price appreciation in BTC.

Finally, BTC enthusiasts should be aware that the halving date is estimated to occur in April 2024. When the halving occurs, the number of BTC awarded to miners will be cut in half. Since CORZQ will not be able to add additional rigs for some time due to outstanding debts, the number of BTC it mines will be cut in half. We believe CORZQ's management is well aware that its yields will dimmish over time and then get cut in half in 2024, yet it provided the following misleading chart to investors shortly after announcing bankruptcy.[67]



We constructed a more accurate chart showing how many BTC CORZQ could expect to mine through 2024 with 15.3 EH/s (a recently reported hash rate) given a 3% monthly increase in the global hash rate.



Budget Comparison:

We constructed an alternate budget that assumed CORZQ would be able to increase its growth in hosting by 20% per month and left all of RILY's other assumptions unchanged:

CORZQ DIP Projections and Budget: Present - June 2023

RILY Reported Budget	Totals	WP Adjusted Budget	Totals
Self-Mined BTC Proceeds	$ 165.80	Self-Mined BTC Proceeds	$ 165.80
Hosting Payments	$ 35.60	Hosting Payments	$ 12.90
Net Operating Costs	$ (178.80)	Net Operating Costs	$ (178.80)
Net Capex	$ (5.60)	Net Capex	$ (5.60)
Total Operating Cash Flows	**$ 16.90**	**Total Operating Cash Flows**	**$ (5.70)**
Net Non-Operating Cash Flows	$ (58.30)	Net Non-Operating Cash Flows	$ (58.30)
Liquidity Balances		**Liquidity Balances**	
Starting Cash Balance	$ 46.50	Starting Cash Balance	$ 46.50
New DIP Financing	$ 60.00	New DIP Financing	$ 60.00
Exiting DIP Repayment and Fees	$ (46.40)	Exiting DIP Repayment and Fees	$ (46.40)
Net Cash Flow	$ (41.40)	Net Cash Flow	$ (64.00)
Ending Cash Balance	**$ 18.70**	**Ending Cash Balance**	**$ (3.90)**

Units: USD, Millions

As can be seen in this budget, any decrease in BTC mining revenues due to another drop in the price of BTC would produce an even worse outcome.

We have provided RILY's full weekly projections and DIP budget, as presented in the bankruptcy court filing, on the following two pages.

Detailed DIP Budget

	Week 1 Fcst	Week 2 Fcst	Week 3 Fcst	Week 4 Fcst	Week 5 Fcst	Week 6 Fcst	Week 7 Fcst	Week 8 Fcst	Week 9 Fcst	Week 10 Fcst	Week 11 Fcst
Week Starting	1/28/2023	2/4/2023	2/11/2023	2/18/2023	2/25/2023	3/4/2023	3/11/2023	3/18/2023	3/25/2023	4/1/2023	4/8/2023
Week Ending	2/3/2023	2/10/2023	2/17/2023	2/24/2023	3/3/2023	3/10/2023	3/17/2023	3/24/2023	3/31/2023	4/7/2023	4/14/2023
Operating Cash Flows											
Self-Mined BTC Sale Proceeds	7.4	6.9	6.1	6.1	6.7	7.4	7.5	7.5	7.5	7.8	7.9
Hosting Payments	1.3	-	-	-	3.2	-	-	-	7.3	-	-
Net Receipts	**8.8**	**6.9**	**6.1**	**6.1**	**9.9**	**7.4**	**7.5**	**7.5**	**14.7**	**7.8**	**7.9**
Power Costs	(7.1)	(9.4)	(5.4)	(5.5)	(12.1)	(5.3)	(5.3)	(5.4)	(4.0)	(10.5)	(5.0)
Operating Costs	(2.2)	(1.3)	(3.1)	(1.4)	(2.5)	(1.3)	(2.5)	(1.3)	(2.5)	(1.1)	(2.1)
Tax Payments	(0.0)	(0.0)	(0.0)	(0.0)	(0.7)	-	-	-	-	-	-
Net Operating Disbursements	**(9.3)**	**(10.8)**	**(8.5)**	**(6.9)**	**(15.3)**	**(6.6)**	**(7.7)**	**(6.6)**	**(6.5)**	**(11.7)**	**(7.1)**
Construction & Infrastructure Capex	-	-	-	(1.1)	(0.5)	-	-	-	(1.2)	-	-
Miner Capex (inc. Customs)	-	-	-	-	-	-	-	-	-	-	-
PP&E Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-
Net Capital Expenditures	**-**	**-**	**-**	**(1.1)**	**(0.5)**	**-**	**-**	**-**	**(1.2)**	**-**	**-**
Total Operating Cash Flows	**(0.6)**	**(3.9)**	**(2.3)**	**(1.9)**	**(5.9)**	**0.8**	**(0.3)**	**0.9**	**7.0**	**(3.8)**	**0.8**
Non-Operating Cash Flows											
Professional Fees	(5.0)	(1.6)	(1.7)	(1.7)	(4.6)	(1.5)	(1.3)	(1.3)	(2.8)	(1.5)	(1.2)
Utility Deposits	-	-	-	-	-	-	-	-	-	-	-
Debt Service Costs	-	-	-	-	(0.1)	-	-	-	(0.1)	-	-
Other (TBD)	-	-	-	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Net Non-Operating Cash Flows	**(5.0)**	**(1.6)**	**(1.7)**	**(2.4)**	**(5.4)**	**(2.2)**	**(2.0)**	**(2.0)**	**(3.6)**	**(2.2)**	**(1.9)**
Liquidity Balances											
Starting Cash Balance	46.5	29.6	24.1	20.1	15.8	24.5	23.1	20.8	19.7	23.2	22.1
New Money / DIP Financing	35.0	-	-	-	20.0	-	-	-	-	5.0	-
Existing DIP Repayment and Fees	(46.4)	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(5.6)	(5.5)	(4.0)	(4.3)	(11.3)	(1.4)	(2.3)	(1.1)	3.5	(6.1)	(1.1)
Ending Cash Balance	**29.6**	**24.1**	**20.1**	**15.8**	**24.5**	**23.1**	**20.8**	**19.7**	**23.2**	**22.1**	**21.0**
BTC Held & In Transit	1.1	1.0	0.9	0.9	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Ending Liquidity	**30.6**	**25.1**	**20.9**	**16.7**	**25.5**	**24.2**	**21.9**	**20.8**	**24.2**	**23.2**	**22.2**

Detailed DIP Budget (Continued)

	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	
	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	
Week Starting	4/15/2023	4/22/2023	4/29/2023	5/6/2023	5/13/2023	5/20/2023	5/27/2023	6/3/2023	6/10/2023	6/17/2023	6/24/2023	Total
Week Ending	4/21/2023	4/28/2023	5/5/2023	5/12/2023	5/19/2023	5/26/2023	6/2/2023	6/9/2023	6/16/2023	6/23/2023	6/30/2023	01/28-06/30
Operating Cash Flows												
Self-Mined BTC Sale Proceeds	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	165.8
Hosting Payments	-	-	6.9	-	-	-	7.6	-	-	-	9.2	35.6
Net Receipts	**7.9**	**7.9**	**14.8**	**7.9**	**7.9**	**7.9**	**15.5**	**7.9**	**7.9**	**7.9**	**17.1**	**201.4**
Power Costs	(4.8)	(5.0)	(10.6)	(4.8)	(4.7)	(4.8)	(8.7)	(5.1)	(4.9)	(5.0)	(5.6)	(139.0)
Operating Costs	(0.8)	(2.1)	(0.9)	(2.1)	(1.3)	(2.1)	(0.9)	(2.6)	(1.2)	(2.5)	(1.2)	(39.1)
Tax Payments	-	-	-	-	-	-	-	-	-	-	-	(0.8)
Net Operating Disbursements	**(5.7)**	**(7.1)**	**(11.5)**	**(6.9)**	**(6.0)**	**(6.9)**	**(9.6)**	**(7.7)**	**(6.1)**	**(7.5)**	**(6.9)**	**(178.8)**
Construction & Infrastructure Capex	-	-	(0.9)	-	-	-	(0.9)	-	-	-	(0.9)	(5.6)
Miner Capex (inc. Customs)	-	-	-	-	-	-	-	-	-	-	-	-
PP&E Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Net Capital Expenditures	**-**	**-**	**(0.9)**	**-**	**-**	**-**	**(0.9)**	**-**	**-**	**-**	**(0.9)**	**(5.6)**
Total Operating Cash Flows	**2.3**	**0.8**	**2.4**	**1.0**	**1.9**	**1.0**	**5.0**	**0.3**	**1.8**	**0.4**	**9.3**	**16.9**
Non-Operating Cash Flows												
Professional Fees	(1.2)	(1.2)	(2.8)	(1.2)	(1.2)	(1.2)	(2.2)	(1.1)	(1.1)	(1.1)	(16.5)	(54.8)
Utility Deposits	-	-	-	-	-	-	-	-	-	-	6.3	6.3
Debt Service Costs	-	-	(0.1)	-	-	-	(0.1)	-	-	-	(0.1)	(0.4)
Other (TBD)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(9.5)
Net Non-Operating Cash Flows	**(1.5)**	**(1.5)**	**(3.2)**	**(1.5)**	**(1.5)**	**(1.5)**	**(2.6)**	**(1.5)**	**(1.5)**	**(1.5)**	**(10.6)**	**(58.3)**
Liquidity Balances												
Starting Cash Balance	21.0	21.8	21.1	20.3	19.9	20.2	19.7	22.1	20.9	21.2	20.0	46.5
New Money / DIP Financing	-	-	-	-	-	-	-	-	-	-	-	60.0
Existing DIP Repayment and Fees	-	-	-	-	-	-	-	-	-	-	-	(46.4)
Net Cash Flow	0.7	(0.7)	(0.8)	(0.5)	0.4	(0.5)	2.4	(1.2)	0.3	(1.1)	(1.3)	(41.4)
Ending Cash Balance	**21.8**	**21.1**	**20.3**	**19.9**	**20.2**	**19.7**	**22.1**	**20.9**	**21.2**	**20.0**	**18.7**	**18.7**
BTC Held & In Transit	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Ending Liquidity	**22.9**	**22.2**	**21.5**	**21.0**	**21.4**	**20.8**	**23.2**	**22.0**	**22.3**	**21.2**	**19.9**	**19.9**

APPENDIX B: ENDNOTES

[1] PR Newswire: B. Riley Financial Issues Open Letter to Core Scientific Investors – 12/14/2022

[2] The 12/27/2022 press release stated that RILY's total exposure was just $52 million in crypto related assets, just 2% of its cash and investments at quarter-end.

[3] CoinDesk: Bitcoin Miner Core Scientific to Borrow $70M From B. Riley

[4] See Appendix A to this report for more detail regarding how we reached this conclusion.

[5] Chairman/CEO Bryant Riley when asked about the loan book on RILY's Q3 2022 Earnings Call: *"Yeah, I mean, I would say the that piece is about $430 million at 14 -- 13 or 14 loans, the average loan is $37 million. There is, some that are bigger, some that are smaller. There's some that we never think about and there some that we think about every other day. I mean this is, this is a chaotic environment and so we have some businesses that have benefitted from it and there's some that are grinding through it. So I would say -- I -- that's as much color as I would give you only because of not -- I think that tells it all."*

[6] XELA Q3 2022 10-Q, p. 20-21

[7] XELA 8-K, filed 01/18/2023

[8] GREE 8-K, filed 01/31/2023, Exh. 10.6

[9] GREE 8-K, filed 01/31/2023, Exh. 10.2, 10.3

[10] BRIV Q3 2022 10-Q, p. 7-8

[11] FAZE Q3 2022 10-Q, p. 16-17

[12] FAZE US: Holders via Bloomberg LP, accessed 02/06/2023

[13] BW Q3 2022 10-Q, p. 21-22

[14] BW Financial Ratios as of Q3 2022 via Bloomberg LP

[15] BW Press Release filed 10/27/2022

[16] AREN 8-K, filed 12/20/2022, Exh. 10.1, Schedule I

[17] AREN Q3 2022 10-Q

[18] B. Riley Financial Inc. and B. Riley Asset Management Equity Portfolio and Price Data as of 12/31/2022 via Bloomberg, LP.

[19] RILY 2021 10-K, p. 31

[20] RILY 2021 10-K, p. 71-72

[21] Prospectuses for RILYP, RILYL, RILYN, RILYM, RILYO, RILYT, RILYK, RILYZ, RILYG: *"The Notes are effectively subordinated in right of payment to all of the Company's existing and future secured indebtedness and structurally subordinated to all existing and future indebtedness of the Company's subsidiaries, including trade payables."*

[22] Aggregate B. Riley Financial Inc. and B. Riley Asset Management LLC equity portfolio performance via Bloomberg, LP.

[23] https://www.sec.gov/Archives/edgar/data/894871/000149315222036014/ex10-1.htm

[24] Companies highlighted in red have either already filed for bankruptcy, or extreme high risk of default in 2023.

[25] https://www.sec.gov/edgar/search/#/q=%2522B.%2520Riley%2520Commercial%2520Capital%252C%2520%2520LLC%2522

[26] Please see the following page for further information regarding Bloomberg's Corporate Default Risk Model

[27] RILY, 10-K, 82, Exhibit 10.4 (page 30)

[28] RILY, 10-K, 82, Exhibit 10.4, (page 100).

[29] RILY Press Release filed 12/27/2022: B. Riley Financial Provides Fourth Quarter and FY 2022 Earnings Guidance

[30] It is difficult to determine the effect of *"Operating Adjusted EBITDA"* because, in our opinion, it is a nonsense number made up by RILY that does not reflect the company's actual financial performance.

[31] RILY 2021 10-K, Exh. 10.45 *"Second Incremental Amendment to Credit Agreement"*

[32] https://www.sec.gov/edgar/search/#/q=%2522B.%2520Riley%2520Commercial%2520Capital%252C%2520%2520LLC%2522

[33] XELA 8-K, filed 01/18/2023
[34] GREE 8-K, filed 01/31/2023, Exh. 10.6
[35] SRNE 8-K, filed 09/30/2022
[36] SRNE Q1, Q2 and Q3 2022 10-Qs
[37] SRNE 8-K, filed 12/05/2022
[38] SRNE 8-K, filed 12/21/2022
[39] https://cases.stretto.com/public/X217/12024/PLEADINGS/1202401312380000000040.pdf
[40] See Appendix A to this report for our full analysis.
[41] CDZI Q1, Q2 and Q3 2022 10-Qs
[42] Press Release: Cadiz Announces New $12 Million Equity Investment from Registered Direct Offering of Common Stock
[43] AREN 8-K, filed 12/20/2022, Exh. 4.1
[44] AREN 8-K, filed 12/20/2022
[45] RILY/AREN SC 13D/A, filed 12/30/2022
[46] https://www.reuters.com/legal/litigation/bitcoin-miner-core-scientific-approved-375-mln-bankruptcy-loan-2022-12-22/
[47] See Appendix A to this report for detailed explanation and analysis of RILY's DIP budget for CORZQ
[48] RILY, 10-K, F-19, F-26, 2/28/2022
[49] BRIV 3Q22 10-Q, p. 8, filed 11/9/2022
[50] FAZE, 10-Q, 6, 8/15/2022
[51] FAZE, 10-Q, 60, 11/14/2022
[52] RILY, 10-Q, 43, 11/4/2022: *"During the three months ended September 30, 2022, the Company earned $41,885 of incentive fees for the de-consolidation of BRPM 150 and $9,632 of underwriting and financial advisory fees from Faze and BRPM 150 in connection with the Business Combination and capital raising activities."*
[53] RILY 10-Q, 42, 11/4/2022
[54] FAZE, 424B3, 2, 10/3/2022
[55] RILY 10-Q, 16, 11/4/2022: Investors redeemed 15,883,395 million shares out of the 17,250,000 million shares available to the public at $10 apiece.
[56] RILY 2017 10-K, p. F-22, 23
[57] RILY 2018 10-K, p. F-22, 23
[58] RILY 2018 10-K, p. F-23
[59] RILY 2021 10-K, p. 31
[60] FRG, 8-K/A, Exhibit 99.2,1, 2/7/2022
[61] FRG, 10-Q, 7, 11/02/2021
[62] FRG, 10-Q, 7, 11/3/2022
[63] RILY, 10-Q, 29, 11/4/2022
[64] CORZQ, 8-K, 1/09/2023
[65] CORZQ, 8-K, 12/21/2022, Investor Presentation, 10
[66] https://cases.stretto.com/public/X217/12024/PLEADINGS/1202401312380000000040.pdf (Item 3. Schedule of existing Liens, page 160/173)
[67] CORZQ, 8-K, 12/21/2022, Investor Presentation, 26

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