



**HERITAGE**  
GLOBAL INC.

**An Asset Services company specializing in financial and  
industrial asset transactions**

**Investor Presentation**  
January 2022

# FORWARD LOOKING STATEMENTS

This communication includes forward-looking statements based on our current expectations and projections about future events. All statements contained in this communication other than statements of historical fact, including any statements regarding our future operating results and financial position, our business strategy and plans, potential acquisitions, market growth and trends, and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "could," "would," "project," "plan," "potentially," "preliminary," "likely," and similar expressions are intended to identify forward-looking statements. For these statements, Heritage Global Inc. (the "Company") claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The forward-looking statements contained in this communication are based on knowledge of the environment in which the Company currently operates and are subject to change based on various important factors, including variability in magnitude and timing of asset liquidation transactions, the impact of changes in the U.S. national and global economies (including the uncertain conditions created by the coronavirus [COVID-19] pandemic), interest rate and foreign exchange rate sensitivity, as well as other factors beyond the Company's control.

Unless required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In light of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation.

Although we believe that our expectations are based on reasonable assumptions, we can give no assurance that our expectations will materialize. For more details on factors that could affect these expectations, please see our filings with the Securities and Exchange Commission including the "Risk Factors" section in our most recent annual report on Form 10-K.

# 2 Divisions with 5 Revenue Streams



Business Function	Heritage Global Division
Broker of Charged-Off and Non-Performing Portfolios	Financial Assets
Lender to Buyers of Charged-Off Portfolios	Financial Assets
Auctioneer of machinery, equipment, industrial factories	Industrial Assets
Appraiser of machinery, equipment, and inventories on behalf of lenders	Industrial Assets
Refurbisher, Reseller and Supplier of Life Sciences Equipment	Industrial Assets

# FINANCIAL ASSET SERVICES

## BROKERAGE

### 1 Services

Heritage National Loan Exchange (NLEX) is a loan sale advisor of charged-off and nonperforming asset portfolios via an electronic auction exchange platform

### 2 Differentiating Factors

Since 1994, NLEX has sold over \$150 billion face value of performing, nonperforming and charged-off assets for banks, the U.S. government, and other debt holders throughout the United States and Canada

### 3 Growth Drivers

- Innovative expansion into FinTech, peer-to-peer, BNPL and other non-core verticals
- Plans to add post-sale initiatives
- Volume and deal flow expected to return to near pre-pandemic levels in next year

## SECURED LENDING

### 1 Services

Heritage Global Capital ("HGC") provides specialty financing solutions to average volume debt buyers of charged-off and nonperforming asset portfolios and other asset-based classes

### 2 Differentiating Factors

Decades of domain expertise and the ability to leverage established relationships from the HGC executive team who have participated in extensive funding activity and hold widespread industry relationships

### 3 Growth Drivers

- Increasingly penetrating an underserved growing market – mid-tier, non-public buyers of charged-off receivables
- Providing more economic financing options
- Providing a greater variety of funding solutions which allows our clients to stretch their equity, creating growth
- Leveraging deep brokerage relationships established over the past 28 years

# INDUSTRIAL ASSET SERVICES

## AUCTIONS

### 1 Services

Heritage Global Partners ("HGP") is a full service, global auction and asset advisory firm

### 2 Differentiating Factors

Domain expertise and infrastructure via management's experience, expertise, relationships, and track records. Broadly diversified across sectors

### 3 Growth Drivers

- Continue pursuing higher-contribution principal deals
- Ongoing alliance with Napier Park Global Capital to acquire industrial equipment and real estate assets
- Expanding our footprint as an advisor on zero carbon acceleration initiatives in surplus asset remarketing and repurposing
- Increasingly leveraging Capital Asset Redeployment Enterprise (CARE) software package

## VALUATIONS

### 1 Services

Industrial and wholesale inventory/equipment valuations to assist financial institutions in making lending decisions

### 2 Differentiating Factors

Decades of valuation/liquidation experience leveraging HGBL's industrial auction group, including access to extensive real-time database of actual sales comp data across 28 industrial sectors

### 3 Growth Drivers

- Additional bank-approved vendor lists
- Deepen penetration with existing bank relationships
- Geographic expansion

# HELPING COMPANIES DO WELL BY *DOING GOOD*



Heritage Global has played an integral role in the **circular economy** since its inception.

Heritage Global supports **sustainability initiatives** by diverting useful industrial resources from landfills while helping clients recapture value from idle and surplus assets.

Heritage Global helps clients increase productivity across **20+ sectors** from biotech/pharma and food processing to heavy manufacturing for aerospace and defense.

# REASONS TO BUY HGBL NOW

## Growth

**Post COVID-19 industrial manufacturing landscape will increase surplus asset flows**

**Lenders increasingly releasing nonperforming loan assets**

**On-boarded and approved 20+ clients at Heritage Global Capital**

## Valuation/Financials

**No debt and sufficient dry powder for future deals**

**Good visibility on forward flow ramp up across Financial Assets segments**

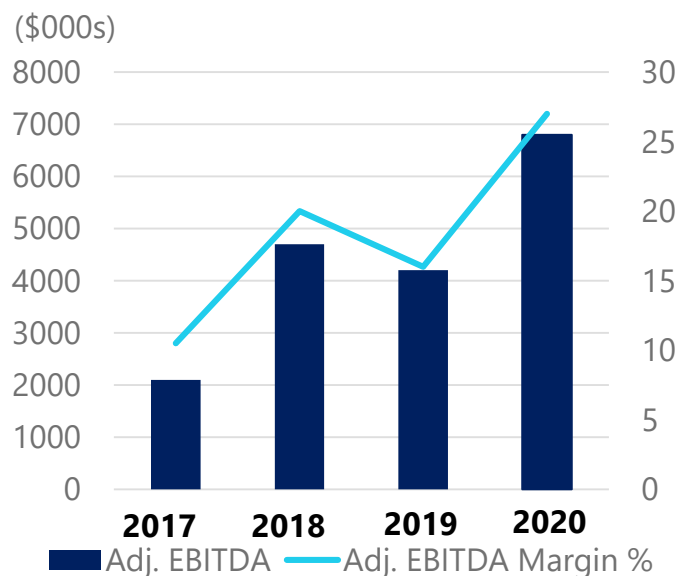
**Accelerating lending revenue from prior fundings**



# FINANCIAL PERFORMANCE

## Profitability

- Proven track record of profitability
- Attractive margin profile
- \$78M NOL carry forwards<sup>3</sup>



## 2021 Year to Date

- Profitable despite decreased asset flow in Q3
- Pipeline is robust
- Expect increased asset flow and improved financial results with incremental growth over next 24 months

(\$ in thousands, except per share amounts)	Nine Months Ended September 30,	
	2021	2020
Operating income	\$ 1,652	\$ 2,730
Net income	\$ 2,093	\$ 3,341
Net income per share – diluted	\$ 0.06	\$ 0.11
(Non-GAAP Financial Measures) <sup>(1)</sup>		
EBITDA	\$ 1,946	\$ 3,002
Adjusted EBITDA	\$ 2,459	\$ 3,260

## Strong Balance Sheet

	As of 9.30.21
Cash & Cash Equivalents	\$13.3M
Working Capital	\$9.9M
Total Shareholders' Equity	\$31.6M

<sup>1</sup> Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See "Reconciliations of Non-GAAP Measures" in the Appendix of this presentation. <sup>2</sup> 2019 data from the Company for mix of auction advisory roles and partner transactions. <sup>3</sup> As of 12/31/20.



A stylized world map with a grid overlay, featuring red and blue square markers and binary code.

# Appendix

# RECONCILIATIONS OF NON-GAAP MEASURES

## Reconciliation of EBITDA and Adjusted EBITDA (Non-GAAP Measures)<sup>19</sup> (\$ thousands)

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	2017	2018	2019	2020
Net Income	\$1,289	\$1,685	\$369	\$408	\$612	\$1,494	\$1,216	\$577	\$38	\$2,039	\$1,264	\$6,317	(\$249)	\$3,751	\$3,899	\$9658
Add back:																
Depreciation & amortization	84	76	79	80	76	76	74	79	90	90	92	90	313	319	305	362
Interest & other expense, net	116	38	47	13	23	22	12	7	27	8	3	7	95	214	64	45
Income tax expense (benefit)	0	64	0	206	24	54	39	(1,030)	29	(1,023)	345	(2,995)	(420)	270	(913)	(3,644)
EBITDA	1,489	1,863	495	707	735	1,646	1,341	(367)	184	1,114	1,704	3,419	(261)	4,554	3,355	6,421
Management add back:																
Stock-based compensation	61	85	73	70	71	76	63	73	75	86	97	95	246	289	283	353
Fair value adjustment of contingent consideration	0	(157)	0	0	0	0	0	0	0	0	0	0	938	(157)	0	0
Impairment of goodwill	0	0	0	0	0	0	0	573	0	0	0	0	0	0	573	0
Adjusted EBITDA	\$1,550	\$1,791	\$568	\$777	\$806	\$1,722	\$1,404	\$279	\$259	\$1,200	\$1,801	3,514	\$2,065	\$4,686	\$4,211	\$6,774

Source: Company reports.

1 The Company uses the non-GAAP financial measures "EBITDA", "Adjusted EBITDA" and "Adjusted EBITDA Margin" in assessing its results because the Company believes that these measures are relevant and useful supplemental information for our investors. The Company believes that the presentation of these non-GAAP financial measures, when considered together with our GAAP financial measures and the reconciliation to the most directly comparable GAAP financial measure, provides a more complete understanding of the factors and trends affecting the Company than could be obtained absent these disclosures. The Company's use of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin is not meant to be, and should not be, considered in isolation or as a substitute for, or superior to, any GAAP financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. Adjusted EBITDA Margin (see Slide 18) represents Adjusted EBITDA / Revenue. For fiscal year 2017, 2018, 2019 and 2020 Net Income Margin (Net Income / Revenue) was -1%, 16%, 15%, and 37% respectively, with revenue for each respective year being \$20,129,000, \$23,664,000, \$26,168,000 and \$26,183,000. YTD represents data for the 12 months through December 31, 2020.

# RECONCILIATIONS OF NON-GAAP MEASURES

## Reconciliation of EBITDA and Adjusted EBITDA (Non-GAAP Measures)<sup>19</sup> (\$ thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	\$ 474	\$ 1,264	\$ 2,093	\$ 3,341
Add back:				
Depreciation and amortization	105	92	294	272
Interest and other expense, net	6	3	(6)	38
Income tax benefit	53	345	(435)	(649)
EBITDA	638	1,704	1,946	3,002
Management add back:				
Stock based compensation	102	97	313	258
Separation Agreement	—	—	200	—
Adjusted EBITDA	<u>\$ 740</u>	<u>\$ 1,801</u>	<u>\$ 2,459</u>	<u>\$ 3,260</u>



**HERITAGE**  
GLOBAL INC.

**Ross Dove, CEO**  
**[rdove@hginc.com](mailto:rdove@hginc.com)**