



**HERITAGE**  
GLOBAL INC.

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

**Investor Presentation**

**March 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 (NLEX)

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
- Increases in lending activity and defaulting loans

## SECURED LENDING (HGC)

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 (HGP)

### 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

## VALUATIONS (HGV)

### 1 Services

Heritage Global Valuations (“HGV”) is an industrial and wholesale inventory/equipment valuations firm 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

## American Laboratory Trading (ALT)

### 1 Services

American Laboratory Trading (“ALT”) is one of the largest suppliers of refurbished lab equipment and surplus asset supplies for the life sciences market

### 2 Differentiating Factors

Preferred provider of refurbished lab equipment to BIO, the largest advocacy organization serving the biotech industry, and a value-added reseller for Agilent Technologies, one of the largest manufacturers of life sciences equipment

### 3 Growth Drivers

- Significant presence and well-regarded reputation in the biotech and pharma sectors
- Industry is looking to more aggressively recycle equipment instead of sending to a landfill

# 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

**Consistently profitable; unique economic model can thrive in both good and bad economies**

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

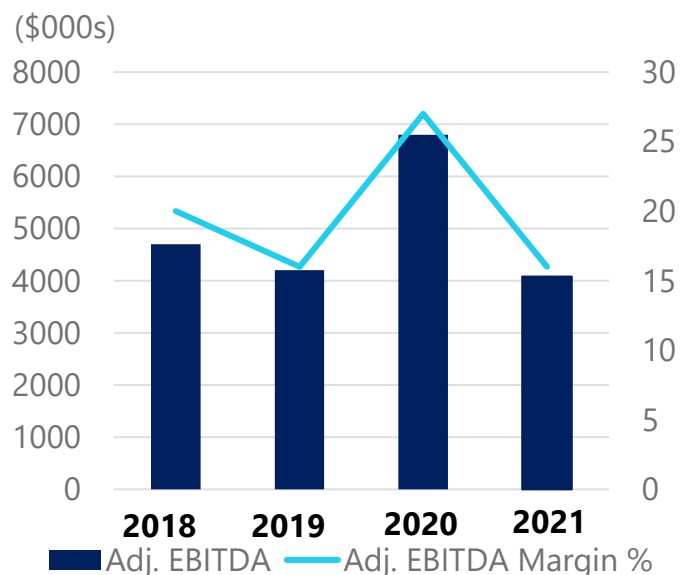
**Accelerating lending revenue from prior fundings**



# FINANCIAL PERFORMANCE

## Profitability

- Proven track record of profitability
- Attractive margin profile
- \$78M NOL carry forwards<sup>2</sup>



<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>As of 12/31/21.

## 2021

- Operating income impacted by lower volume during the year
- Sequential growth in operating income from Q2 through Q4
- Pipeline is robust
- Expect increased asset flow and improved financial results with incremental growth over next 24 months

(\$ in thousands, except per share amounts)	Full Year Ended December 31,	
	2021	2020
Operating income	\$ 3,014	\$ 6,059
Net income	\$ 3,053	\$ 9,658
Net income per share – diluted	\$ 0.08	\$ 0.30
(Non-GAAP Financial Measures) <sup>(1)</sup>		
EBITDA	\$ 3,474	\$ 6,421
Adjusted EBITDA	\$ 4,082	\$ 6,774

## Strong Balance Sheet

	As of 12.31.21
Cash & Cash Equivalents	\$13.6M
Working Capital	\$9.1M
Total Shareholders' Equity	\$32.6M





# Appendix

# RECONCILIATIONS OF NON-GAAP MEASURES

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Income	\$3,751	\$3,899	\$9,658	\$3,053
Add back:				
Depreciation & amortization	319	305	362	460
Interest & other expense, net	214	64	45	22
Income tax expense (benefit)	270	(913)	(3,644)	(61)
EBITDA	4,554	3,355	6,421	3,474
Management add back:				
Stock-based compensation	289	283	353	408
Fair value adjustment of contingent consideration	(157)	0	0	200
Impairment of goodwill	0	573	0	0
Adjusted EBITDA	<u>\$4,686</u>	<u>\$4,211</u>	<u>\$6,774</u>	<u>\$4,082</u>

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 8) represents Adjusted EBITDA / Revenue. For fiscal year 2018, 2019, 2020 and 2021 Net Income Margin (Net Income / Revenue) was 16%, 15%, 37%, and 12% respectively, with revenue for each respective year being \$23,664,000, \$26,168,000, \$26,183,000, and \$25,792,000. YTD represents data for the 12 months through December 31, 2021.



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