



***Leader in  
Valuing and Monetizing  
Industrial & Financial Assets***

**Investor Presentation**

**NASDAQ: HGBL**

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.



Heritage Global Inc. (“HG”) values and monetizes industrial & financial assets by **providing acquisition, disposition, valuation, and lending services for surplus and distressed assets** through its two business units:

- Industrial Assets
- Financial Assets

Specialties consist of acting as an advisor, in addition to acquiring or brokering:

- Surplus industrial machinery and equipment
- Turnkey manufacturing facilities
- Industrial inventories
- Intellectual property
- Real estate
- Account receivable portfolios

# Two Divisions with Multiple Revenue Streams

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Heritage Global Inc. ("HG") is a renowned asset-based market maker which provides result driven solutions to industrial & financial institutions through its two main business units: Industrial Assets and Financial Assets.



- Improve balance sheet strength and free cash; actively seek acquisitions
- Invest principal remittances into higher quality, more profitable loans collateralized by portfolios bought at lower prices
- Balanced but flexible allocation of available capital among specialty lending, M&A, and opportunistic investments

- Grow number of forward flow fortune 1000 clients
- Expand traction into additional geographies and verticals



Gross Loans Funded Life to Date thru:	12/31/21	12/31/22	12/31/23
HGC with Sr. Lender	\$36.1M	\$92.6M	\$148.9M
HGC Portion	\$14.2M	\$34.3M	\$62.9M

- Broaden client base by converting more institutions into outsourcing loan sales
- Expand onboarded borrower's base
- Continue to invest in IT and security infrastructure to uphold clients' trust

**Grow Asset Base, Increase Net Operating Income, Drive Long-Term Shareholder Value**

➡ Arrows indicate cash flow



# Pioneer in Advancing the Circular Economy

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We facilitate the circular economy by **diverting useful industrial assets from landfills** and operate an **ethical supply chain** by overseeing post-sale account activity of financial assets. **Maximum monetization with minimum environmental impact.**

## Clients benefit from:

- Our expertise to ease the reverse supply chain in virtually every industrial sector and geography
- A centralized online portal allowing visibility of post-sale activities to ensure ethical and sustainable operations on financial assets
- Our ability to identify the suitable Buyer Persona for the appropriate goods

## Buyers benefit from:

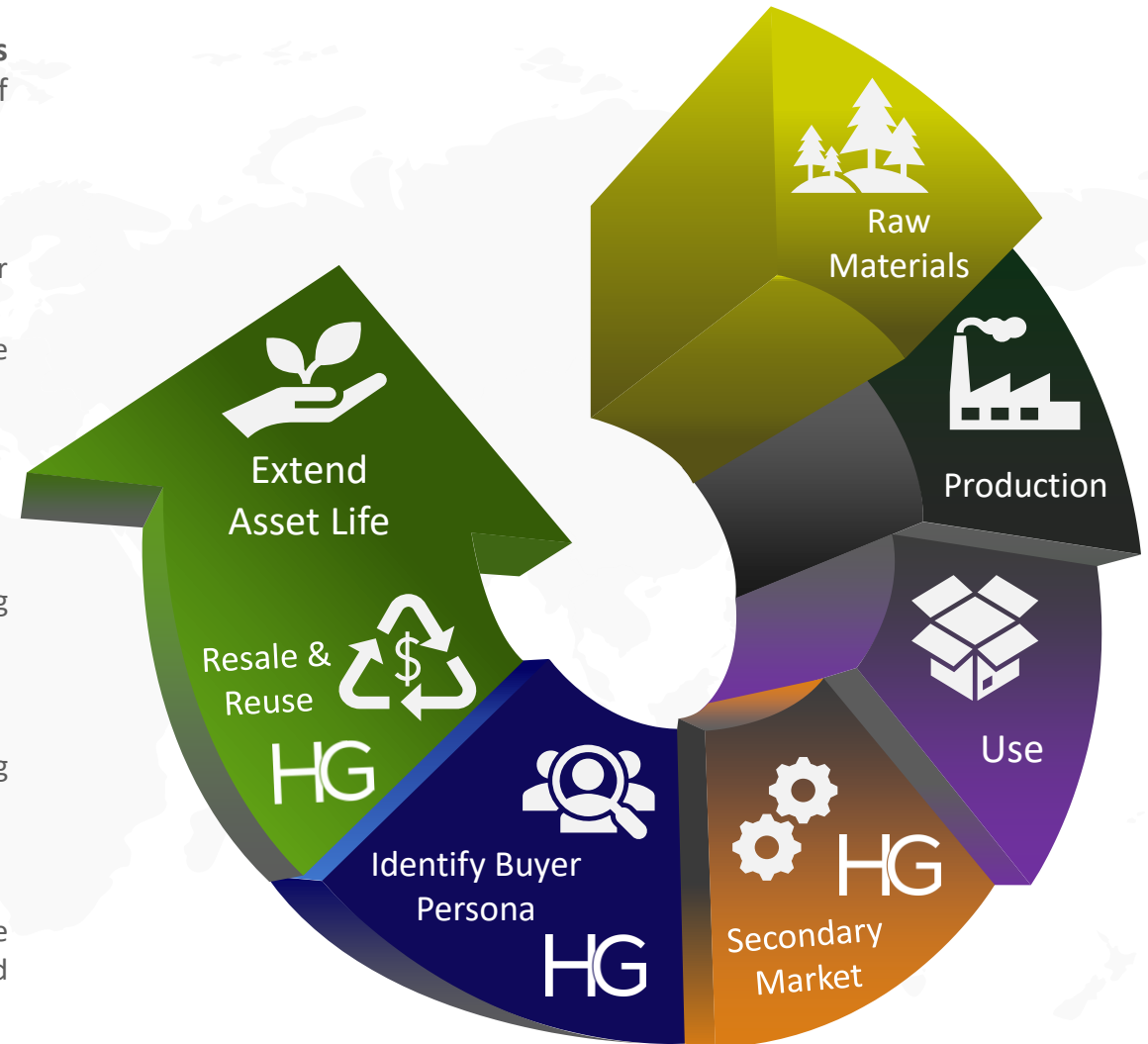
- Accessing goods on a secondary market, often at a lower cost
- Helping the environment and preserving natural resources, while achieving personal or business goals

## Planet benefits from:

- The re-use of assets which reduces waste and emissions created by producing new materials or disposing of them in landfills

## Social benefits include:

- Prominent in both the industrial and financial side of the business due to the level of transparency, trust, and communication provided to all parties involved (clients, buyer, partners)



## Industrial

### Contracting

- Economic pressure on lenders for distressed businesses
- Layoffs and right-sizing lead to surplus assets
- Assets in chapter 11 receivership convert to chapter 7 liquidations

### Expanding

- Mergers and Acquisitions yield surplus assets
- Technology upgrades boost monetization of second-generation assets
- Readily available capital to acquire industrial assets

## Financial

### Contracting

- Consumer defaults rise and create increased charge-offs
- Sub prime loans are difficult to refinance and lead to charge-offs
- Nonperforming loans due to mortgage defaults in declining housing markets

### Expanding

- Collections yielding better results
- Easier for lenders to monetize distressed assets
- Readily available capital for debt purchasers

## Growth

- Post pandemic industrial manufacturing landscape will increase surplus asset flows.
- Rising consumer spending and accelerating defaults and charge-offs will increase available volume of financial assets to sell.
- On-boarded and approved 20+ clients at Heritage Global Capital.



## Valuation/Financials

- Attractive upside at current valuation based upon anticipated revenue/profit growth.
- Consistently profitable with a unique business model which works well in all economic cycles.
- Favorable visibility on forward flow ramp-up in both Industrial & Financial Assets.
- Consistently redeploying prior lending revenue will continue to drive financial performance.



# Reasons to Buy HGBL for the Future

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## Extended Industry Relationships

Recent contract extensions with 2 of HGBL's largest partners from the Pharmaceutical Industry



## Long-term Capital Base

Increased funding facility with existing senior lender from \$80M to \$200M for an additional 3 years, through March of 2025



## Multigenerational Innovators

The leadership team brings over 200 years of collective industry experience in both industrial & financial asset transactions and the next generation leaders have taken the helm

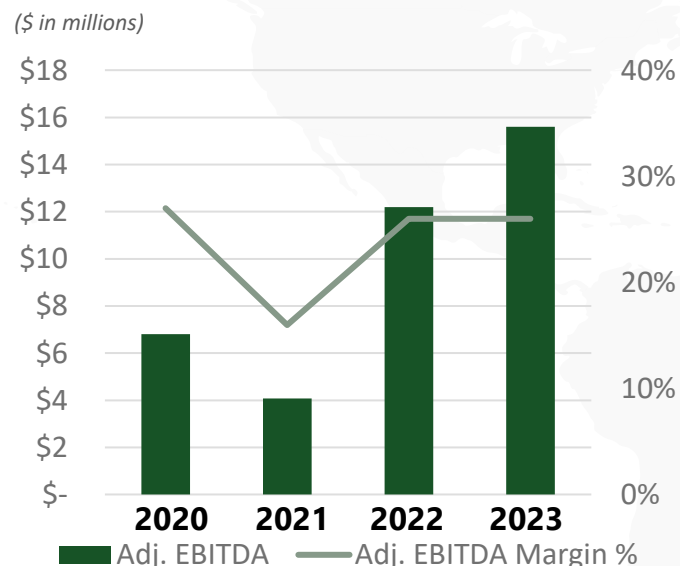
# Financial Data Summary

*Legacy of Asset Solutions*



## Profitability

- Proven track record of profitability
- Attractive margin profile
- \$50M NOL carry forwards<sup>2</sup>



## 2023

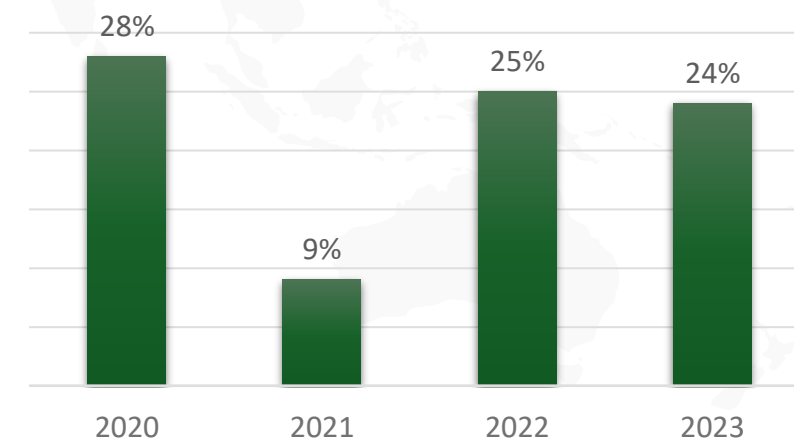
- Record operating income driven by strong performance in both divisions
- Current market dynamics expected to increase volume in Financial Assets business
- Robust and growing Industrial Assets pipeline
- Specialty lending segment increased share of outstanding loan balance by \$16M since 2022

(\$ in thousands, except per share amounts)	December 31,	
	2023	2022
Operating income	\$ 14,319	\$ 11,120
Net income	\$ 12,475	\$ 15,493
Net income per share – diluted	\$ 0.33	\$ 0.42
(Non-GAAP Financial Measures) <sup>(1)</sup>		
EBITDA	\$ 14,833	\$ 11,656
Adjusted EBITDA	\$ 15,609	\$ 12,196

## Balance Sheet

As of 12.31.23	
Cash & Cash Equivalents	\$12.3M
Working Capital	\$11.6M
Total Shareholders' Equity	\$61.1M

## Annual Return on Capital Employed (ROCE)



<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 12/31/23.

# Reconciliations of Non-GAAP Measures

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## Reconciliation of EBITDA and Adjusted EBITDA (Non-GAAP Measures)<sup>1</sup> (\$ thousands)

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Net income	\$ 12,475	\$ 15,493
Add back:		
Depreciation and amortization	514	536
Interest expense, net	324	113
Income tax expense (benefit)	1,520	(4,486)
EBITDA	14,833	11,656
Management add back:		
Stock based compensation	776	540
Adjusted EBITDA	<u>\$ 15,609</u>	<u>\$ 12,196</u>

<sup>1</sup> 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 11) represents Adjusted EBITDA / Revenue.

Ross Dove, CEO  
rdove@hginc.com

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