

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

ASBESTOS WORKERS' PHILADELPHIA PENSION  
FUND and MATTHEW SCIABACUCCHI, on Behalf  
of Themselves and on Behalf of All Others Similarly  
Situated and Derivatively on Behalf of Nominal  
Defendant FRANCHISE GROUP, INC. (f/n/a LIBERTY  
TAX, INC.),

Plaintiffs,

v.

MATTHEW AVRIL, BRIAN R. KAHN, ANDREW  
M. LAURENCE, BRYANT R. RILEY, KENNETH  
M. YOUNG, VINTAGE CAPITAL MANAGEMENT,  
LLC, KAHN CAPITAL MANAGEMENT, LLC and  
B. RILEY FINANCIAL, INC.,

Defendants,

and

FRANCHISE GROUP, INC. (f/n/a LIBERTY TAX,  
INC.), a Delaware corporation,

Nominal Defendant.

C.A. No. 2019-0633-SG

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF  
STOCKHOLDER CLASS AND DERIVATIVE ACTION**

**TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF THE COMMON STOCK OF FRANCHISE GROUP, INC. (f/n/a LIBERTY TAX, INC.) WHO EITHER HELD OR OWNED SUCH STOCK AT ANY TIME DURING THE PERIOD BEGINNING ON AND INCLUDING JANUARY 1, 2019 THROUGH AND INCLUDING DECEMBER 17, 2019 (THE "CLASS PERIOD"), INCLUDING ANY AND ALL OF THEIR RESPECTIVE SUCCESSORS-IN-INTEREST, SUCCESSORS, PREDECESSORS-IN-INTEREST, PREDECESSORS, REPRESENTATIVES, TRUSTEES, EXECUTORS, ADMINISTRATORS, ESTATES, HEIRS, ASSIGNS AND TRANSFEREES, IMMEDIATE AND REMOTE, AND ANY PERSON ACTING FOR OR ON BEHALF OF, OR CLAIMING UNDER, ANY OF THEM, AND EACH OF THEM, TOGETHER WITH THEIR PREDECESSORS-IN-INTEREST, PREDECESSORS, SUCCESSORS-IN-INTEREST, SUCCESSORS, TRANSFEREES, AND ASSIGNS, BUT EXCLUDING ALL EXCLUDED PERSONS (AS DEFINED BELOW).<sup>1</sup>**

**IF YOU HELD COMMON STOCK FOR THE BENEFIT OF ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.**

The purpose of this Notice of Pendency and Proposed Settlement of Stockholder Class and Derivative Action (the "Notice") is to inform you of (i) the pendency of the above-captioned action (the "Action"), which was brought in the Court of Chancery of the State of Delaware (the "Court") by former and current stockholders of Franchise Group, Inc. (f/n/a Liberty Tax, Inc.) ("Franchise Group" or the "Company") asserting claims on behalf of and for the benefit of a class of Franchise Group stockholders and the Company; (ii) the Court's determination to preliminarily certify the Action as a non-opt-out class action pursuant to Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2); (iii) the proposed settlement of the Action (the "Settlement"), subject to Court approval and other conditions of the Settlement being satisfied, as provided for in a Stipulation; and (iv) your right to participate in a hearing to be held on April 16, 2021, at 10:00 a.m., before the Court at 34 The Circle, Georgetown, Delaware 19947, or such other location as directed by the Court (the "Settlement Hearing"). The purpose of the Settlement Hearing to be held by the Court is to determine: (i) whether to certify the Class for settlement purposes only; (ii) whether Plaintiffs and Plaintiffs' Counsel have adequately represented the Class and the Company; (iii) whether the proposed Settlement

<sup>1</sup> Any capitalized terms used herein that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement, Compromise and Release dated December 10, 2020 (the "Stipulation"), which is available at [www.FranchiseGroupSettlement.com](http://www.FranchiseGroupSettlement.com).

should be approved as fair, reasonable and adequate to the Class and the Company and in the best interests of the Class and the Company; (iv) whether the Action should be dismissed with prejudice and all Released Claims against the Releasees should be released; (v) whether an Order and Final Judgment approving the Settlement should be entered; and (vi) whether and in what amount any Fee and Expense Award (defined below) should be paid to Plaintiffs' Counsel out of the Settlement Amount (defined below).

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THE LITIGATION REFERRED TO IN THE CAPTION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS, REASONABLENESS OR ADEQUACY OF THE PROPOSED SETTLEMENT, AND FROM PURSUING THE RELEASED CLAIMS.**

The Stipulation was entered into as of December 10, 2020, by and among (i) Plaintiffs, on behalf of themselves and the putative Class (as defined below); (ii) the Company and (iii) defendants Matthew Avril, Brian R. Kahn, Andrew M. Laurence, Bryant R. Riley, and Kenneth M. Young (collectively, the "Director Defendants"); Vintage Capital Management, LLC ("Vintage"); B. Riley Financial, Inc. ("B. Riley"); and Kahn Capital Management, LLC ("Kahn Capital," and together with the Director Defendants, Vintage, and B. Riley, "Defendants" and together with Plaintiffs and the Company, the "Parties").

This Notice describes the rights you may have in the Action and pursuant to the Stipulation and what steps you may take, but are not required to take, in relation to the Settlement. If the Court approves the Settlement, the Parties will ask the Court at the Settlement Hearing to enter an Order and Final Judgment dismissing the Action with prejudice in accordance with the terms of the Stipulation.

#### WHAT IS THE PURPOSE OF THIS NOTICE?

1. The purpose of this Notice is to explain the Action, the terms of the proposed Settlement, and how the Settlement affects the legal rights of Franchise Group stockholders, Class Members (as defined below), and the Company.

2. In a class action, one or more people and/or entities who were stockholders at the time the claim arose sue on behalf of and for the benefit of the individual class members, seeking to enforce the class members' legal rights. In a stockholder derivative action, one or more people and/or entities who were stockholders at the time the claim arose sue on behalf of the subject company, seeking to enforce the company's legal rights.

3. As described more fully in paragraph 47 below, Class Members or current Company stockholders have the right to object to the proposed Settlement and the application by Plaintiffs' Counsel (the "Fee Application") for an award of fees and expenses (the "Fee and Expense Award"). Class Members have the right to appear and be heard at the Settlement Hearing, which will be held before the Delaware Court of Chancery on April 16, 2021, at 10:00 a.m., at 34 The Circle, Georgetown, Delaware 19947 or at such other location as directed by the Court. The purpose of the Settlement Hearing to be held by the Court is to determine: (i) whether to certify the Class for settlement purposes only; (ii) whether Plaintiffs and Plaintiffs' Counsel have adequately represented the Class and the Company; (iii) whether the proposed Settlement should be approved as fair, reasonable and adequate to the Class and the Company and in the best interests of the Class and the Company; (iv) whether the Action should be dismissed with prejudice and all Released Claims against the Releasees should be released; (v) whether an Order and Final Judgment approving the Settlement should be entered; and (vi) whether and in what amount any Fee and Expense Award should be paid to Plaintiffs' Counsel out of the Settlement Amount.

4. The Court has reserved the right to adjourn or continue the Settlement Hearing, including consideration of the application by Plaintiffs' Counsel for a Fee and Expense Award, without further notice to you other than by announcement at the Settlement Hearing or any adjournment thereof, or notation on the docket in the Action. The Court has further reserved the right to approve the Settlement, at or after the Settlement Hearing, with such modifications as may be consented to by the Parties and without further notice of any kind.

#### WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

**THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES. IT IS BASED ON STATEMENTS OF THE PARTIES AND IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE EXISTENCE OF THE ACTION**

**AND OF A HEARING ON A PROPOSED SETTLEMENT SO THAT YOU MAY MAKE APPROPRIATE DECISIONS AS TO STEPS YOU MAY OR MAY NOT WISH TO TAKE IN RELATION TO THIS LITIGATION.**

5. On July 10, 2019, the Company's board of directors (the "Board"), upon the recommendation of a special committee of its directors comprising Patrick A. Cozza, Thomas Herskovits, Lawrence Miller, and G. William Minner Jr. (the "Special Committee" or "Special Committee Members"), approved the following transactions (collectively, the "Buddy's Transactions"): (a) the Company would acquire Buddy's Newco, LLC ("Buddy's") at a \$122 million valuation (the "Buddy's Merger"); (b) the Company would make a tender offer to acquire for \$12 per share any and all shares of the Company's common stock ("Company Common Stock") not owned by Vintage or B. Riley or their affiliates (the "Tender Offer"); (c) an affiliate of Vintage would buy from the Company 2,083,333.33 shares of Company Common Stock for \$12 per share (resulting in a \$25 million equity financing) and, to the extent needed to fund the Tender Offer, buy additional shares of Company Common Stock for \$12 per share (resulting in a further equity financing capped at \$40 million); and (d) the Company would enter into a tax receivable agreement with the former equity holders of Buddy's.

6. On August 1, 2019, the Company launched the Tender Offer and filed a solicitation statement on Schedule TO with the U.S. Securities and Exchange Commission (the "SEC" and "Original Disclosures").

7. On August 8, 2019, the Company announced that it would (a) acquire Vitamin Shoppe, Inc. ("Vitamin Shoppe") for approximately \$208 million (the "Vitamin Shoppe Acquisition"); and (b) fund the Vitamin Shoppe Acquisition, in part, by selling shares of Company Common Stock to an affiliate of Vintage for \$12 per share (resulting in an equity financing capped at \$70 million) (the "Vitamin Shoppe Share Issuance").

8. On August 12, 2019, Plaintiff Asbestos Workers' Philadelphia Pension Fund ("Plaintiff Asbestos Workers") filed a Verified Stockholder Class Action and Derivative Complaint (the "Initial Complaint"), Motion for Expedited Proceedings (the "Expedition Motion"), and Motion for Preliminary Injunction, contending that the Director Defendants and the Special Committee Members breached their fiduciary duties in connection with the Buddy's Transactions and Vitamin Shoppe Share Issuance and failed to disclose certain material information in the Original Disclosures.

9. On August 27, 2019, the Company announced it would acquire from Sears Hometown and Outlet Stores, Inc. the businesses of its Sears Outlet segment and Buddy's Home Furnishing Stores for approximately \$133 million (the "SHOS Acquisition").

10. On August 28, 2019, the Company announced it would fund the SHOS Acquisition, in part, by selling shares of Company Common Stock to an affiliate of Vintage for \$12 per share (resulting in an equity financing capped at \$40 million) (the "SHOS Share Issuance" and together with the Buddy's Transactions and Vitamin Shoppe Share Issuance, the "Transactions").

11. On August 30, 2019, following full briefing—and immediately before oral argument—on Plaintiff Asbestos Workers' Expedition Motion, Defendants agreed to provide Plaintiff Asbestos Workers with certain expedited document discovery.

12. On October 16, 2019, the Company filed an amended and restated solicitation statement (the "Amended Disclosures") mooted certain disclosure claims asserted by the Initial Complaint.

13. On October 23, 2019, the Company completed the SHOS Acquisition.

14. On October 23 and 25, 2019, respectively, Plaintiff Asbestos Workers filed a Verified Amended Stockholder Class Action and Derivative Complaint (the "Amended Complaint") and a motion to preliminarily enjoin the Tender Offer (the "Injunction Motion") contending that the Director Defendants and the Special Committee Members breached their fiduciary duties in connection with the Transactions and failed to disclose certain material information in the Amended Disclosures.

15. On November 5, 2019, Defendants made supplemental disclosures and Plaintiff Asbestos Workers determined not to continue to seek an injunction with respect to the disclosure claims asserted by the Amended Complaint (together with the Amended Disclosures, the "Supplemental Disclosures"). Plaintiff Asbestos Workers subsequently withdrew its Injunction Motion.

16. On November 13, 2019 at 5:00 p.m. Eastern Time, the Tender Offer expired. 3,970,938 shares of Company Common Stock were tendered pursuant to the Tender Offer.

17. On December 16, 2019, the Company completed the Vitamin Shoppe Acquisition.

18. On March 10, 2020, the Court granted Plaintiff Sciabacucchi's motion to intervene in the Action.

19. On July 15, 2020, Plaintiffs filed a Verified Second Amended Stockholder Class Action and Derivative Complaint challenging the Transactions.

20. On August 18, 2020, following briefing, the Court heard oral argument on Plaintiff Asbestos Workers' petition for an interim fee award (the "Interim Fee Petition") of \$975,000 for attorneys' fees and expenses in connection with counsel's work in obtaining the Supplemental Disclosures.

21. After extensive negotiations, on September 17, 2020, Plaintiffs and Defendants reached an agreement in principle to settle the Action and the Parties informed the Court that it would no longer need to resolve the Interim Fee Petition.

#### WHAT ARE THE TERMS OF THE SETTLEMENT?

22. Set forth below is a summary of the principal terms of the proposed Settlement, as agreed to by the Parties, subject to the approval of the Court. The following statements are a summary. Please refer to the Stipulation, which is publicly available as indicated in Footnote 1, for a full and complete statement of the terms of the Settlement.

23. Certain relevant definitions:

"Class" means a non-opt-out class for settlement purposes only, and pursuant to Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2), consisting of any record holders and all beneficial owners of Company Common Stock who held or owned such stock at any time during the Class Period, including any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns and transferees, immediate and remote, and any Person acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors-in-interest, predecessors, successors-in-interest, successors, transferees, and assigns. The Excluded Persons are excluded from the Class.

"Class Member" means a Person who falls within the definition of the Class.

"Class Period" means the period beginning on and including January 1, 2019 through and including December 17, 2019.

"Final," with respect to the Judgment or any other Court order means: (i) if no appeal is filed, the expiration date of the time provided for filing or noticing of any appeal; or (ii) if there is an appeal from the Judgment or order filed, (a) the date of final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise, or (b) the date the Judgment or order is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review, or the denial of a writ of certiorari or other form of review, and, if certiorari or other form of review is granted, the date of final affirmance following review pursuant to that grant. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to attorneys' fees, costs, or expenses shall not in any way delay or preclude the Judgment from becoming Final.

"Net Settlement Amount" means the Settlement Amount, plus any interest accrued thereon after its deposit in the Account, less (i) any Taxes and Tax Expenses; (ii) any Administrative Costs; and (iii) any Fee and Expense Award.

"Non-Tendering Shares" means shares of Company Common Stock owned by any Non-Tendering Stockholder as of 5:00 p.m. Eastern Time on November 13, 2019 and not tendered into the Tender Offer.

"Non-Tendering Stockholder" means any Class Member who: (i) owned shares of Company Common Stock at 5:00 p.m. Eastern Time on November 13, 2019 and did not tender such shares into the Tender Offer; and (ii) submits a valid claim in the form attached to the Stipulation as Exhibit C to the Administrator by the deadline set forth in the Notice.

"Released Defendant Claims" means any and all Claims that have been or could have been asserted in the Action or in any court, tribunal, forum, or proceeding by Defendants or the Company or any of them or their respective successors and assigns against any of the Released Plaintiff Parties, which arise out of or relate in any way to the institution, prosecution, settlement, or dismissal of the Action; provided, however, that the Released Defendant Claims shall not include claims to enforce the Stipulation.

“Released Defendant Parties” means Defendants, the Special Committee Members, the Company, and each of their respective past or present affiliates, parents and subsidiaries, as well as each of their respective past or present family members, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, control persons, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, affiliates, parents, subsidiaries, divisions, associated entities, stockholders, principals, officers, managers, directors, managing directors, members, managing members, managing agents, insurers, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, insurers, co-insurers, reinsurers, and associates.

“Released Plaintiff Claims” means any and all Claims that have been or could have been asserted in the Action or in any court, tribunal, forum, or proceeding by Plaintiffs or the Class or the Company or any of them or their respective successors and assigns against any of the Released Defendant Parties, or that are based upon, arise out of, relate in any way to, or involve (in whole or in part) any of the facts alleged in the Action, the Transactions, the Tender Offer, or the disclosures made in connection with the Tender Offer; provided, however, that the Released Plaintiff Claims shall not include claims to enforce the Stipulation.

“Released Plaintiff Parties” means Plaintiffs, Plaintiffs’ Counsel, and all other Class Members, and their respective current and former officers, directors, agents, advisors, parents, affiliates, subsidiaries, trusts, trustees, successors, predecessors, assigns, assignees, employees, and attorneys.

“Released Claims” means all Released Defendant Claims and all Released Plaintiff Claims, collectively or individually.

“Releasee(s)” means each and any of the Released Defendant Parties and each and any of the Released Plaintiff Parties.

“Settlement Payment Recipients” means all Tendering Stockholders and Non-Tendering Stockholders.

“Tendering Beneficial Holder” means the ultimate beneficial owner of any shares of Company Common Stock held of record by Cede & Co. at the time such shares were tendered in connection with the Tender Offer, provided that no Excluded Person may be a Tendering Beneficial Holder. For the avoidance of doubt, Tendering Beneficial Holders shall not be required to submit Proofs of Claim to the Administrator to be eligible to participate in this Settlement, unless they also qualify as a Non-Tendering Stockholder, in which case they would be required to submit a Proof of Claim to recover for the shares that qualify them as Non-Tendering Stockholders.

“Tendering Record Holder” means the record holder of any shares of Company Common Stock, other than Cede & Co., at the time such shares were tendered in connection with the Tender Offer, provided that no Excluded Person may be a Tendering Record Holder.

“Tendering Shares” means shares of Company Common Stock owned by a Tendering Stockholder that were tendered into the Tender Offer.

“Tendering Stockholders” means Tendering Beneficial Holders and Tendering Record Holders.

“Unknown Claims” means any Released Defendant Claims which any Plaintiffs or any other Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Plaintiff Claims which any Defendant does not know or suspect to exist in his favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her, or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and Defendants shall expressly waive, and each of the other Class Members shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Plaintiffs and Defendants acknowledge, and each of the other Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

### **The Settlement Amount:**

24. In consideration for the full and final release, settlement, dismissal, and discharge of any and all Released Claims (defined below) against the Releasees (defined below), the Parties agreed to a payment of five million six hundred thousand dollars and no cents (\$5,600,000.00) (the “Settlement Amount”) that Defendants and/or insurance carriers shall cause to be paid.

### **Distribution of Settlement Amount/Proof of Claims/Plan of Allocation:**

25. Non-Tendering Stockholders are required to have submitted valid Proofs of Claim to the Administrator by **no later than March 22, 2021**, in order to be able to receive Settlement proceeds. A particular stockholder may submit claims for and/or receive a distribution for Tendering Shares and Non-Tendering Shares, as neither the submission of claims nor the receipt of any distribution based on one of these two categories of shares excludes the submission of claims or the receipt of any distribution under the other category. For the avoidance of doubt, Tendering Stockholders do not need to submit Proofs of Claim for their tendered shares.

26. As soon as reasonably practicable after the deadline for the submission of Proofs of Claim by Non-Tendering Stockholders, the Administrator shall determine the total number of shares of Company Common Stock held by (a) all Tendering Stockholders; and (b) all Non-Tendering Stockholders (collectively, the “Total Eligible Shares”).

27. To determine the size of the settlement distribution (the “Settlement Distribution Amount”) to each Tendering Stockholder, the Administrator shall divide the number of Tendering Shares owned by the Tendering Stockholder by the Total Eligible Shares and multiply the quotient by the Net Settlement Amount.

28. For Tendering Beneficial Holders whose Tender Offer consideration was distributed through Cede & Co., as nominee for the Depository Trust Company (“DTC”) (the “DTC Participants”), Settlement Distribution Amounts shall be sent to DTC for distribution.

29. The Administrator shall instruct DTC Participants to distribute the Settlement Distribution Amounts to Tendering Beneficial Holders in a similar manner to that in which the DTC Participants distributed proceeds in connection with the Tender Offer.

30. The Administrator shall provide DTC Participants with a list of Excluded Persons and direct the DTC Participants not to distribute any payment to any Excluded Person.

31. DTC’s sole obligation in connection with the Settlement shall be to distribute the Settlement Distribution Amounts to DTC Participants in accordance with this Paragraph and DTC rules and procedures, and DTC shall not be responsible for any errors in the calculation of the Settlement Distribution Amounts or for any failure by the Administrator, Defendants, or Plaintiffs’ Counsel to identify the Excluded Persons.

32. For Tendering Record Holders, Settlement Distribution Amounts shall be sent to the address listed on the stockholder register or other relevant books and records of Liberty Tax or its transfer agent.

33. To determine the size of the Settlement Distribution Amount to each Non-Tendering Stockholder, the Administrator shall divide the number of Non-Tendering Shares owned by the Non-Tendering Stockholder by the Total Eligible Shares and multiply the quotient by the Net Settlement Amount.

34. For Non-Tendering Stockholders, Settlement Distribution Amounts shall be sent to the address provided by the Non-Tendering Stockholder in the relevant Proof of Claims.

35. Defendants shall have no responsibility or liability for any claims, payments or determinations that the Administrator makes with respect to any Class Member claims for payment.

### **WHAT ARE THE PARTIES’ REASONS FOR THE SETTLEMENT?**

36. The Settlement set forth in the Stipulation reflects the results of the Parties’ negotiations and the final terms of their agreement, which was reached only after arm’s-length negotiations among the Parties, who were all represented by counsel with extensive experience and expertise in stockholder class action and derivative litigation.

37. The Parties recognize the time and expense that would be incurred by further litigation and the uncertainties inherent in such litigation. This Settlement is not evidence of the validity or invalidity of any claims or defenses in the Action or any other actions or proceedings, or of any wrongdoing by any of the Defendants or of any damages or injury to Plaintiffs, any Class Member or the Company.

38. Plaintiffs believe that the Released Defendant Claims had merit when filed and continue to have merit, and Plaintiffs are settling the Released Defendant Claims because they believe that the Settlement will provide substantial value to Class Members. Plaintiffs have concluded that the Settlement is fair, reasonable, and in the best interests of Class Members and the Company, and that it is reasonable to pursue the Settlement based on the terms and procedures outlined herein.

39. Defendants have denied, and continue to deny, all allegations of wrongdoing, fault, liability or damage with respect to all claims asserted or that could be asserted in the Action or any other action, in any court or tribunal, relating to the Tender Offer or the Transactions, including any allegations that Defendants have committed any violations of law, that they have acted improperly in any way, and that they have any liability or owe any damages of any kind to Plaintiffs, the Class and/or the Company. Defendants maintain that their conduct was at all times proper, in the best interests of Franchise Group and its stockholders, and in compliance with applicable law, and that if the case proceeded to trial and a decision were issued by the Court, they would have prevailed on all claims asserted against them. Defendants further deny any breach of fiduciary duties or aiding and abetting any breach of such duties. Defendants affirmatively assert that the Tender Offer and the Transactions provided Franchise Group and its stockholders, including Plaintiffs and the Class, with substantial benefits. Defendants also deny that Franchise Group or its stockholders were harmed by any conduct of Defendants alleged in the Action or that could have been alleged in the Action. Each of the Defendants asserts that, at all relevant times, they acted in good faith and in a manner believed to be in the best interests of Franchise Group and all of its stockholders. Defendants are entering into the Settlement in order to, among other things, eliminate the uncertainty, burden, inconvenience, expense, and distraction of further litigation; and to terminate all claims that were or could have been asserted by Plaintiffs, any other Class Member or the Company against Defendants in the Action or in any other action, in any court or tribunal, relating to the Tender Offer and the Transactions or the sales process leading to or disclosures associated with the Transactions.

WHAT WILL HAPPEN IF THE SETTLEMENT IS APPROVED?  
WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

40. If the Settlement is approved, then the Court will enter the Order and Final Judgment approving the Settlement in accordance with the Stipulation, at which time the Action will be dismissed with prejudice on the merits.

41. As of the Effective Date, the following releases will occur: Plaintiffs, all Class Members, the Company, and Defendants on behalf of themselves, and any and all of their respective past or present family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, control persons, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, affiliates, parents, subsidiaries, divisions, associated entities, stockholders, principals, officers, managers, directors, managing directors, members, managing members, managing agents, insurers, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, and any Person acting for or on behalf of, or claiming under, any of them, and each of them, agree to release and forever discharge, and by operation of the Order and Final Judgment shall release and forever discharge, all Released Claims as against all Releasees.

42. As of the Effective Date, the Releasees shall be deemed to be released and forever discharged from all of the Released Claims.

WHO ARE THE MEMBERS OF THE CLASS?

43. The Court has provisionally ordered that, with respect to the class claims asserted, the Action shall be maintained as a non-opt-out class action pursuant to Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2) on behalf of a class consisting of any record holders and all beneficial owners of Company Common Stock pursuant to Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2), consisting of any record holders and all beneficial owners of Company Common Stock who held or owned such stock at any time during the Class Period, including any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns and transferees, immediate and remote, and any Person acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors-in-interest, predecessors, successors-in-interest, successors, transferees, and assigns.

44. Excluded from the Class are (i) Defendants, any Board member and each Defendant's and Board member's respective Immediate Family, affiliates, legal representatives, heirs, estates, successors or assigns; and (ii) any entity in which any Defendant and/or Board member has or had a direct or indirect controlling interest, and any successors-in-interest thereto.

#### HOW WILL THE ATTORNEYS BE PAID?

45. Concurrent with seeking final approval of the Settlement, Plaintiffs' Counsel intends to make a Fee Application to the Court for a Fee and Expense Award in an aggregate amount of up to one million eight hundred fifty thousand dollars and no cents (\$1,850,000.00), inclusive of expenses incurred in connection with the Action. The Parties acknowledge and agree that the Fee and Expense Award shall be paid solely from, and not in addition to, the Settlement Amount. The Fee Application shall be the only request for attorneys' fees and expenses filed by or on behalf of Plaintiffs and their counsel.

#### WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD? DO I HAVE THE RIGHT TO APPEAR AT THE SETTLEMENT HEARING?

46. The Court will consider the Settlement and all matters related to the Settlement, including the Fee Application, at the Settlement Hearing. The Settlement Hearing will be held before the Delaware Court of Chancery on April 16, 2021 at 10:00 a.m., at the Court of Chancery, 34 The Circle, Georgetown, Delaware 19947, or at such other location or in such other manner as directed by the Court.

47. Any Class Member or current Company stockholder who objects to the Settlement or the Fee Application by Plaintiffs' Counsel, or who otherwise wishes to be heard, may appear in person or through his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no such person shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Order and Final Judgment to be entered thereon, or the allowance of fees and expenses to Plaintiffs' Counsel, or otherwise be heard with respect to the matters considered at the Settlement Hearing unless, no later than **April 2, 2021**, such person files with the Register in Chancery, Court of Chancery, 34 The Circle, Georgetown, Delaware 19947, the following: (a) proof of eligibility as a Tendering Stockholder or Non-Tendering Stockholder or proof of current Company stock ownership; (b) a written and signed notice of the Objector's intention to appear, which states the name, address and telephone number of the Objector and, if represented, his, her, or its counsel; (c) a detailed statement of the objections to any matter before the Court; and (d) a detailed statement of all of the grounds thereon and the reasons for the Objector's desire to appear and to be heard, as well as all documents or writings which the Objector desires the Court to consider. Any such filings with the Court must also be served upon each of the following counsel (by hand, First-Class U.S. Mail, or express service/email) such that they are received no later than **April 2, 2021**:

Kimberly Evans, Esq.  
GRANT & EISENHOFER P.A.  
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Telephone: (302) 622-7000  
*Counsel for Plaintiffs*

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*Counsel for Nominal Defendant Franchise Group, Inc.*

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Kenneth M. Young, and B. Riley Financial, Inc.*

48. Unless the Court otherwise directs, any person who fails to object in the manner prescribed above shall be deemed to have waived his, her, or its right to object and shall be forever barred from raising any objection to the Settlement or the application by Plaintiffs' Counsel for an award of attorneys' fees and expenses, or any other matter related to the Settlement, in the Action or in any other action or proceeding.

**CAN I SEE THE COURT FILE?  
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

49. This Notice does not purport to be a comprehensive description of the Action, the allegations related thereto, the terms of the Settlement, or the Settlement Hearing. For a more detailed statement of the matters involved in the Action, you may inspect the pleadings, the Stipulation, the Orders entered by the Court, and other papers filed in the Action at the Office of the Register in Chancery in the Court of Chancery of the State of Delaware, 34 The Circle, Georgetown, Delaware 19947, during regular business hours of each business day, or <http://www.FranchiseGroupSettlement.com> and <http://www.gelaw.com>. If you have questions regarding the Settlement, you may write or call Plaintiffs' counsel: Kimberly Evans, GRANT & EISENHOFER P.A., 123 Justison Street, 7<sup>th</sup> Floor, Wilmington, DE 19801, (302) 622-7000; and Jeremy Friedman, FRIEDMAN OSTER & TEJTEL PLLC, 493 Bedford Center Road, Suite 2D, Bedford Hills, NY 19507, (888) 529-1108. If you have any questions or concerns regarding your claim, please contact the Settlement Administrator at Franchise Group Settlement, c/o Epiq, P.O. Box 2685, Portland, OR 97208-2685; by email at [info@FranchiseGroupSettlement.com](mailto:info@FranchiseGroupSettlement.com); toll-free at 800-707-5542; or you may visit [www.FranchiseGroupSettlement.com](http://www.FranchiseGroupSettlement.com).

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF  
THE REGISTER IN CHANCERY REGARDING THIS NOTICE**

**NOTICE TO PERSONS OR ENTITIES HOLDING  
RECORD OWNERSHIP ON BEHALF OF OTHERS**

50. Brokerage firms, banks, and other persons or entities who held shares of Franchise Group common stock as record owners, but not as beneficial owners, are directed to either (a) promptly request from Epiq sufficient copies of this Notice to forward to all such beneficial owners and after receipt of the requested copies promptly forward the copies of the Notice to all such beneficial owners; or (b) promptly provide a list of the names and addresses of all such beneficial owners to Epiq, after which Epiq will promptly send copies of the Notice to such beneficial owners. Copies of this Notice may be obtained by calling Epiq toll-free at (800) 707-5542.

BY ORDER OF THE COURT OF  
CHANCERY OF THE STATE  
OF DELAWARE:

Dated: January 21, 2021