



## **Franchise Group, Inc. Refranchises 47 Buddy's Locations for \$35 million and Signs a Development Deal for 20 Locations with bebe stores, inc.**

November 11, 2020

### **• Proceeds will be used to repay debt**

ORLANDO, Fla., Nov. 11, 2020 (GLOBE NEWSWIRE) -- Franchise Group, Inc. (NASDAQ: FRG) ("Franchise Group" or the "Company") today announced it has refranchised 47 Buddy's locations to bebe stores, inc. (OTC:BEBE) ("bebe") for \$35 million. The agreement also includes a planned development schedule for bebe to open 20 new Buddy's locations.

Brian Kahn, CEO of Franchise Group stated, "We are pleased to partner with the founder and principals of bebe to grow the Buddy's business. This transaction is a good example of how Franchise Group can use refranchising company-owned units to simultaneously de-lever its balance sheet and create growth for its brands."

The Company intends to use the proceeds of this transaction to repay \$35 million of its term loan. The impact of the refranchising agreement will reduce the Company's annual revenue by approximately \$35 million and Adjusted EBITDA by approximately \$6 million, excluding any future impact from the franchisee's new store openings.

### **About Franchise Group, Inc.**

Franchise Group is an operator of franchised and franchisable businesses that continually looks to grow its portfolio of brands while utilizing its operating and capital allocation philosophy to generate strong cash flow for its shareholders. Franchise Group's business lines include Liberty Tax Service, Buddy's Home Furnishings, American Freight and The Vitamin Shoppe. On a combined basis, Franchise Group currently operates over 4,000 locations predominantly located in the U.S. and Canada that are either Company-run or operated pursuant to franchising agreements.

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, projections, predictions, expectations, or beliefs about future events or results and are not statements of historical fact, including the Company's expectations regarding its financial condition, the performance of the refranchised stores, the franchisee's ability to open new stores and the effects of the coronavirus (COVID-19) pandemic on economic conditions and the industry in general, and the financial position and operating results of the Company. Such forward-looking statements are based on various assumptions as of the time they are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are often accompanied by words that convey projected future events or outcomes such as "expect," "believe," "estimate," "plan," "project," "anticipate," "intend," "will," "may," "view," "opportunity," "potential," or words of similar meaning or other statements concerning opinions or judgment of the Company or its management about future events. Although the Company believes that its expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results, performance, or achievements of the Company will not differ materially from any projected future results, performance or achievements expressed or implied by such forward-looking statements. Actual future results, performance or achievements may differ materially from historical results or those anticipated depending on a variety of factors, many of which are beyond the control of the Company. We refer you to the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's Transition Report on Form 10-K/T for the transition period ended December 28, 2019, and comparable sections of the Company's Quarterly Reports on Form 10-Q and other filings, which have been filed with the SEC and are available on the SEC's website at [www.sec.gov](http://www.sec.gov). All of the forward-looking statements made in this press release are expressly qualified by the cautionary statements contained or referred to herein. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on the Company or its business or operations. Readers are cautioned not to rely on the forward-looking statements contained in this press release. Forward-looking statements speak only as of the date they are made and the Company does not undertake any obligation to update, revise or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

### **INVESTOR RELATIONS CONTACT:**

Andrew F. Kaminsky  
EVP & Chief Administrative Officer  
Franchise Group, Inc.  
[akaminsky@franchisegrp.com](mailto:akaminsky@franchisegrp.com)  
(914) 939-5161



Source: Franchise Group, Inc.