UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 9, 2023

FRANCHISE GROUP, INC.
(Exact name of Registrant as Specified in Its Charter)

Delaware	**001-35588**	**27-3561876**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

109 Innovation Court, Suite J
Delaware, Ohio 43015
(Address of Principal Executive Offices) (Zip Code)

(740) 363-2222
(Registrant's telephone number, including area code)

n/a
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	FRG	Nasdaq Global Market
7.50% Series A Cumulative Perpetual Preferred Stock, par value $0.01 per share and liquidation preference of $25.00 per share	FRGAP	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 10, 2023, Franchise Group, Inc. (the "Company") issued a press release regarding its financial results for the first quarter ended April 1, 2023. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein. In addition, on May 10, 2023 at 8:30 a.m. Eastern Time, the Company will hold a teleconference for analysts, institutional investors and stockholders to discuss results for the first quarter ended April 1, 2023.

Item 7.01 Regulation FD Disclosure.

On May 10, 2023, the Company announced its entry into an Agreement and Plan of Merger, dated as of May 9, 2023 (the "Merger Agreement"), by and among the Company, Freedom VCM, Inc., a Delaware corporation ("Parent"), and Freedom VCM Subco, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub"), pursuant to which, upon the terms and subject to the conditions set forth therein, Merger Sub shall merge with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Parent. The buyer group includes members of the senior management team of the Company, led by Brian Kahn, the Company's Chief Executive Officer, in financial partnership with a consortium that includes B. Riley Financial, Inc. and Irradiant Partners. A copy of the press release is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated by reference herein.

The information contained in Item 2.02 and Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Forward-looking Statements

This Current Report on Form 8-K contains forward-looking statements. Forward-looking statements include, without limitation, projections, predictions, expectations, or beliefs about future events or results and are not statements of historical fact. Such statements may include statements regarding the completion of the proposed merger and the expected timing of the completion of the proposed merger, the expected value provided to stockholders as a result of the proposed merger, the redemption of the Company's outstanding shares of preferred stock, the Company's payment of dividends on its outstanding shares of common stock and preferred stock, the management of the Company upon completion of the proposed merger and the Company's operating and strategic plans upon completion of the proposed merger. 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, some of which are beyond the control of the Company, including, but not limited to, the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement; the inability to complete the proposed merger due to the failure to obtain stockholder approval for the proposed merger or the failure to satisfy other conditions to completion of the proposed merger; risks related to disruption of management's attention from the Company's ongoing business operations due to the proposed merger; unexpected costs, charges or expenses resulting from the proposed merger; the Company's ability to retain and hire key personnel in light of the proposed merger; certain restrictions during the pendency of the proposed merger that may impact the company's ability to pursue certain business opportunities or strategic transactions; the ability of the buyers to obtain the necessary financing arrangements set forth in the commitment letters received in connection with the proposed merger; potential litigation relating to the proposed merger that could be instituted the parties to the Merger Agreement or their respective directors, managers or officers, including the effects of any outcomes related thereto; the effect of the announcement of the proposed merger on the Company's relationships with its franchisees and customers, operating results and business generally; and the risk that the proposed merger will not be consummated in a timely manner, if at all. The Company refers you to the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's Form 10-K for the fiscal year ended December 31, 2022, 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. All of the forward-looking statements made in this Current Report on Form 8-K 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 Current Report on Form 8-K. 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, except as required by applicable law.

Additional Information and Where to Find It

This Current Report on Form 8-K is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. In connection with the proposed merger, the Company intends to file relevant materials with the Securities and Exchange Commission (the "SEC"), including a proxy statement on Schedule 14A (the "Proxy Statement"), and the Company and affiliates of Vintage Capital Management, LLC intend to jointly file a transaction statement on Schedule 13E-3 (the "Schedule 13E-3"). This communication is not a substitute for the Proxy Statement or any other document that the Company may file with the SEC or send to its stockholders in connection with the proposed merger. STOCKHOLDERS OF THE COMPANY ARE ADVISED TO READ THE PROXY STATEMENT, THE SCHEDULE 13E-3 AND ANY OTHER DOCUMENTS FILED BY THE COMPANY WITH THE SEC IN CONNECTION WITH THE PROPOSED MERGER BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE COMPANY AND THE BUSINESS TO BE CONDUCTED AT THE SPECIAL MEETING. All such documents, when filed, may be obtained free of charge at the SEC's website (http://www.sec.gov). These documents, once available, and the Company's other filings with the SEC also will be available free of charge on the Company's website at www.franchisegrp.com.

Participants in the Solicitation

The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the Company's stockholders with respect to the proposed merger. Information about the Company's directors and executive officers and their ownership of the Company's common stock is set forth in the Company's proxy statement on Schedule 14A filed with the SEC on April 7, 2023 and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC on February 28, 2023. To the extent that such individual's holdings of the Company's common stock have changed since the amounts printed in the Company's proxy statement, such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC. Other information regarding the identity of the potential participants, and their direct or indirect interests in the proposed merger, by security holdings or otherwise, will be set forth in the Proxy Statement and other materials to be filed with SEC in connection with the proposed merger. Free copies of these materials may be obtained as described in the preceding paragraph.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Document
99.1	Press Release, dated May 10, 2023, of Franchise Group, Inc. regarding the Company's financial results for the first quarter ended April 1, 2023.
99.2	Press Release, dated May 10, 2023, of Franchise Group, Inc. regarding the proposed merger.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Franchise Group, Inc.

Date: May 10, 2023

By: /s/ Eric Seeton
Name: Eric Seeton
Title: Chief Financial Officer

Exhibit 99.1

FRANCHISE GROUP, INC. ANNOUNCES FIRST QUARTER FISCAL YEAR 2023 FINANCIAL RESULTS

Delaware, Ohio, May 10, 2023 (GLOBE NEWSWIRE) -- Franchise Group, Inc. (NASDAQ: FRG) ("Franchise Group," "FRG" or the "Company") today announced the financial results for its fiscal first quarter ended April 1, 2023. For the first quarter of fiscal 2023, total reported revenue for Franchise Group was approximately $1.1 billion, net loss from operations was approximately $108.3 million or $3.16 per fully diluted share, Adjusted EBITDA was approximately $66.0 million and Non-GAAP EPS was $0.11 per share. On April 1, 2023, total cash on hand was approximately $98.3 million and outstanding term debt was approximately $1.4 billion.

The Board of Directors approved a quarterly dividend of $0.46875 per share to the Company's Series A Cumulative Perpetual Preferred stockholders. The cash dividend will be paid on or about July 17, 2023 to holders of record of the Company's Series A preferred stock on the close of business on July 3, 2023. FRG management was unable to recommend that the Board of Directors declare a regular quarterly common stock dividend this quarter due to restrictions in FRG's credit agreements. FRG's credit agreements permit dividends so long as the Company's leverage ratio remains below a specified level, and the Company is currently in excess of this level.

The Company currently has six reportable segments: American Freight; The Vitamin Shoppe; Pet Supplies Plus; Buddy's; Sylvan; and Badcock.

The following table summarizes Revenue, Adjusted EBITDA, and Net Income/(Loss) for each of these segments. Reconciliations of Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP EPS to their respective most comparable GAAP measures, are included below under "Non-GAAP Financial Measures and Key Metrics."

	For the Three Months Ended April 1, 2023		
	Revenue	**Adjusted EBITDA**	**Net Income/(Loss)**
		(In thousands)	
American Freight	$ 236,561	$ (7,542)	$ (93,859)
Vitamin Shoppe	321,702	35,120	11,892
Pet Supplies Plus	334,071	29,625	7,759
Buddy's	14,968	4,507	1,724
Sylvan Learning	10,232	3,338	(121)
Badcock	187,287	4,306	(27,188)
Corporate	-	(3,354)	(8,524)
Total	$ 1,104,821	$ 66,000	$ (108,317)

Outlook

In light of today's announcement and our first quarter results, Franchise Group is withdrawing its previous financial outlook for 2023.

Conference Call Information

In light of today's announcement, Franchise Group will conduct a conference call later this morning at 8:30 A.M. ET to discuss its business and financial results for the fiscal 2023 first quarter. A real-time webcast of the conference call will be available on the Events page of Franchise Group's website at www.franchisegrp.com. Dial in access is also accessible through the link on the website. Please register 5-10 minutes prior to the scheduled start time.

About Franchise Group, Inc.

Franchise Group is an owner and 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 Pet Supplies Plus, American Freight, The Vitamin Shoppe, Badcock Home Furniture & more, Buddy's Home Furnishings, Sylvan Learning and Wag N Wash. On a combined basis, Franchise Group currently operates over 3,000 locations predominantly located in the U.S. that are either Company-run or operated pursuant to franchising and dealer agreements.

FRANCHISE GROUP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(In thousands, except share count and per share data)	April 1, 2023 (Unaudited)	December 31, 2022 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$ 98,266	$ 80,783
Current receivables, net of allowance for credit losses of $(3,038) and $(4,106), respectively	151,723	170,162
Current securitized receivables, net of allowance for credit losses of $(71,148) and $(57,095), respectively	290,367	292,913
Inventories, net	759,891	736,841
Current assets held for sale	7,633	8,528
Other current assets	29,610	27,272
Total current assets	1,337,490	1,316,499
Property, plant, and equipment, net	234,705	223,718
Non-current receivables, net of allowance for credit losses of $(1,064) and $(892), respectively	11,202	11,735
Non-current securitized receivables, net of allowance for credit losses of $(9,418) and $(7,705), respectively	38,437	39,527
Goodwill	663,466	737,402
Intangible assets, net	114,000	116,799
Tradenames	222,703	222,703
Operating lease right-of-use assets	910,269	890,949
Investment in equity securities	9,758	11,587
Other non-current assets	65,232	59,493
Total assets	$ 3,607,262	$ 3,630,412
Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of long-term obligations, net	$ 11,771	$ 6,935
Current installments of debt secured by accounts receivable, net	412,862	340,021
Current operating lease liabilities	179,246	179,519
Accounts payable and accrued expenses	415,665	376,895
Other current liabilities	40,983	40,541
Total current liabilities	1,060,527	943,911
Long-term obligations, excluding current installments	1,394,320	1,374,479
Non-current installments of debt secured by accounts receivable, net	68,163	107,448
Non-current operating lease liabilities	741,174	720,474
Other non-current liabilities	65,431	62,720
Total liabilities	3,329,615	3,209,032
Stockholders' equity:		
Common stock, $0.01 par value per share, 180,000,000 shares authorized, 35,148,564 and 34,925,733 shares issued and outstanding at April 1, 2023 and December 31, 2022, respectively	351	349
Preferred stock, $0.01 par value per share, 20,000,000 shares authorized and 4,541,125 issued and outstanding at April 1, 2023 and December 31, 2022	45	45
Additional paid-in capital	310,160	311,069
Retained earnings	(32,909)	109,917
Total equity	277,647	421,380
Total liabilities and equity	$ 3,607,262	$ 3,630,412

FRANCHISE GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

(In thousands, except share count and per share data)	Three Months Ended April 1, 2023 (Unaudited)	Three Months Ended March 26, 2022 (Unaudited)
Revenues:		
Product	$ 976,808	$ 979,164
Service and other	120,567	148,282
Rental	7,446	8,024
Total revenues	1,104,821	1,135,470
Operating expenses:		
Cost of revenue:		
Product	656,904	616,585
Service and other	9,579	8,663
Rental	2,626	2,861
Total cost of revenue	669,109	628,109
Selling, general, and administrative expenses	387,241	376,995
Goodwill impairment	75,000	-
Total operating expenses	1,131,350	1,005,104
Income from operations	(26,529)	130,366
Other expense:		
Bargain purchase gain	-	(67)
Other	(1,834)	(21,977)
Interest expense, net	(87,129)	(92,327)
Income (loss) before income taxes	(115,492)	15,995
Income tax expense (benefit)	(7,175)	3,678
Income (loss) attributable to Franchise Group, Inc.	$ (108,317)	$ 12,317
Net income (loss) per share:		
Basic	$ (3.16)	$ 0.25
Diluted	(3.16)	0.25
Weighted-average shares outstanding:		
Basic	35,002,174	40,307,412
Diluted	35,002,174	41,107,793

FRANCHISE GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

(In thousands)	Three Months Ended April 1, 2023 (Unaudited)	Three Months Ended March 26, 2022 (Unaudited)
Operating Activities		
Net income (loss)	$ (108,317)	$ 12,317
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses for accounts receivable	20,327	15,103
Depreciation, amortization, and impairment charges	21,851	22,033
Goodwill impairment	75,000	-
Amortization of deferred financing costs	2,830	6,379
Securitized financing costs	27,000	29,801
Stock-based compensation expense	2,719	5,447
Change in fair value of investment	1,830	23,723
Gain on bargain purchases and sales of Company-owned stores	-	(2,206)
Other non-cash items	(42)	(2,227)
Changes in other assets and liabilities	(23,511)	(101,227)
Net cash provided by operating activities	19,687	9,143
Investing Activities		
Purchases of property, plant, and equipment	(14,219)	(9,752)
Proceeds from sale of property, plant, and equipment	1,166	2,554
Acquisition of business, net of cash and restricted cash acquired	(3,682)	(3,930)
Net cash (used in) investing activities	(16,735)	(11,128)
Financing Activities		
Dividends paid	(25,698)	(27,315)
Issuance of long-term debt and other obligations	415,000	67,000
Repayment of long-term debt and other obligations	(387,585)	(182,096)
Proceeds from secured debt obligations	132,151	57,358
Repayment of secured debt obligations	(97,210)	(55,096)
Principal payments of finance lease obligations	(1,207)	(768)
Payment for debt issue costs	(17,393)	-
Cash paid for exercises/vesting of stock-based compensation, net	(3,626)	(215)
Net cash provided by (used in) financing activities	14,432	(141,132)
Net increase (decrease) in cash equivalents and restricted cash	17,384	(143,117)
Cash, cash equivalents and restricted cash at beginning of period	81,250	292,714
Cash, cash equivalents and restricted cash at end of period	$ 98,634	$ 149,597
Supplemental Cash Flow Disclosure		
Cash paid for taxes, net of refunds	$ 1,562	$ 274
Cash paid for interest	30,841	21,424
Cash paid for interest on secured debt	23,757	16,830
Accrued capital expenditures	2,229	3,177
Capital expenditures funded by finance lease liabilities	12,741	-

Non-GAAP Financial Measures and Key Metrics

Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP EPS are financial measures that are not prepared in accordance with GAAP. Management believes the presentation of these measures is useful to investors as supplemental measures in evaluating the aggregate performance of the Company's operating businesses and in comparing its results from period to period because they exclude items that the Company does not believe are reflective of its core or ongoing operating results. These measures are used by management to evaluate the Company's performance and make resource allocation decisions each period. These metrics are also used in the determination of executive management's compensation. Adjusted EBITDA, Non-GAAP Net Income and Non-GAAP EPS should not be considered in isolation or as a substitute for net income or other income statement information prepared in accordance with GAAP and our presentation of these non-GAAP measures may not be comparable to similarly titled measures used by other companies.

Management defines and calculates Adjusted EBITDA as net income (loss) from continuing operations before interest, income taxes, depreciation and amortization adjusted for certain non-core or non-operational items related to executive severance and related costs, stock-based compensation, shareholder litigation costs, corporate governance costs, accrued judgments and settlements, net of estimated revenue, store closures, rebranding costs, acquisition costs, inventory fair value step up amortization and prepayment penalty on early debt repayment. Adjusted EBITDA is a financial measure that is not prepared in accordance with GAAP.

Management defines and calculates Non-GAAP Net Income and Non-GAAP EPS as net income (loss) and net income (loss) per diluted share from continuing operations adjusted for non-core or non-operational items related to executive severance and related costs, stock-based compensation, non-cash executive compensation expense, shareholder litigation costs, prepayment penalties on early debt repayment, non-cash amortization of debt issuance costs, store closures, the Badcock segment's in-house financing operations, rebranding costs, acquisition costs, inventory fair value step up amortization, and amortization of acquired intangible assets. Although amortization of acquired intangible assets is excluded from these non-GAAP measures, it is important for investors to understand that such intangible assets support revenue generation. Management excludes amortization of intangible assets because these are non-cash amounts for which the amount and frequency are significantly impacted by the timing and size of our acquisitions, which vary from period to periods and across companies. The tax effect on the related non-GAAP adjustments was calculated based on an estimated annual non-GAAP effective tax rate of 25.8%.

Reconciliation of Adjusted EBITDA
Below is the reconciliation of Net Income/(Loss) from continuing operations to Adjusted EBITDA for the three months ended April 1, 2023.

($ In thousands)	Buddy's	Pet Supplies Plus	American Freight	Vitamin Shoppe	Sylvan	Badcock	Corporate	Total
	For the Three Months Ended April 1, 2023							
Net income (loss)	$ 1,724	$ 7,759	$ (93,859)	$ 11,892	$ (121)	$ (27,188)	$ (8,524)	$ (108,317)
Add back:								
Interest expense	1,417	8,286	13,592	11,172	1,227	51,374	61	87,129
Income tax expense (benefit)	599	3,321	(6,363)	4,131	42	(9,444)	539	(7,175)
Depreciation and amortization charges	767	7,704	3,265	6,694	2,107	1,077	10	21,624
Total Adjustments	2,783	19,311	10,494	21,997	3,376	43,007	610	101,578
EBITDA	**4,507**	**27,070**	**(83,365)**	**33,889**	**3,255**	**15,819**	**(7,914)**	**(6,739)**
Adjustments to EBITDA								
Executive severance and related costs	-	(6)	390	1,185	-	-	-	1,569
Litigation costs and settlements	-	-	40	46	7	-	-	94
Stock-based and long term executive compensation	-	1,688	(34)	-	76	-	2,719	4,450
Corporate compliance costs	-	-	-	-	-	-	(4)	(4)
Store closures	-	-	18	-	-	-	-	18
Securitized accounts receivable interest income	-	-	-	-	-	(30,584)	-	(30,584)
Securitized accounts receivable allowance for credit losses	-	-	-	-	-	21,995	-	21,995
W.S. Badcock financing operations	-	-	-	-	-	(3,122)	-	(3,121)
Right-of-use asset and long-term asset impairment	-	135	409	-	-	-	-	544
Goodwill impairment	-	-	75,000	-	-	-	-	75,000
Integration costs	-	637	-	-	-	-	12	649
Divestiture costs	-	-	-	-	-	198	-	198
Acquisition costs	-	101	-	-	-	-	-	101
Loss on investment in equity securities	-	-	-	-	-	-	1,830	1,830
Acquisition bargain purchase gain	-	-	-	-	-	-	-	-
Total Adjustments to EBITDA	-	2,555	75,823	1,231	83	(11,513)	4,557	72,739
Adjusted EBITDA	**$ 4,507**	**$ 29,625**	**$ (7,542)**	**$ 35,120**	**$ 3,338**	**$ 4,306**	**$ (3,357)**	**$ 66,000**

Reconciliation of Non-GAAP Net Income and EPS

Below is the reconciliation of Net Income/(Loss) from continuing operations to Non-GAAP Net Income and Net Income/(Loss) from continuing operations per diluted share to Non-GAAP EPS for the three months ended April 1, 2023.

($ In thousands except share count and per share data)	For the Three Months Ended April 1, 2023	
Net income (loss) / Net income (loss) per diluted share	$ (108,317)	(3.09)
Less: Preferred dividend declared	(2,128)	(0.06)
Adjusted Net Income available to Common Stockholder	(110,446)	(3.16)
Add back:		
Executive severance and related costs	1,569	0.04
Litigation costs and settlements	94	-
Stock-based and long term executive compensation	4,450	0.13
Corporate compliance costs	(4)	-
Store closures	18	-
Securitized accounts receivable interest income	(30,584)	(0.87)
Securitized accounts receivable allowance for credit losses	21,995	0.63
W.S. Badcock financing operations	(3,121)	(0.09)
Right-of-use asset and long-term asset impairment	544	0.02
Goodwill impairment	75,000	2.14
Integration costs	649	0.02
Divestiture costs	198	0.01
Acquisition costs	101	-
Loss on investment in equity securities	1,830	0.05
Acquisition bargain purchase gain	-	-
Adjustments to EBITDA	72,739	2.08
Non-cash amortization of debt issuance costs	2,830	0.08
Amortization of acquisition-related intangibles	4,367	0.12
Securitized receivables interest expense	48,125	1.38
Tax impact	(13,678)	(0.39)
Impact of diluted share count assuming non-GAAP net income	-	-
Total Adjustments to Net income (loss)	114,383	3.27
Non-GAAP Net Income / Non-GAAP diluted EPS	**$ 3,937**	**$ 0.11**
Basic weighted average shares		35,002,174
Non-GAAP diluted weighted average shares outstanding		35,002,174

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. Such statements may include statements regarding the Company's results of operation and financial condition. 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 or matters pertaining to the proposed merger will not differ materially from any projected future results, performance, achievements or other matters expressed or implied by such forward-looking statements. Actual future results, performance, achievements or other matters 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. The Company refers you to the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's Form 10-K for the fiscal year ended December 31, 2022, 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. 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.

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Exhibit 99.2

Franchise Group, Inc. Announces Definitive Agreement to Be Acquired by a Consortium Led by Management Group

Franchise Group Common Stockholders to Receive $30.00 per Share in Cash

Transaction Implies 31.9% Premium Over the Unaffected Stock Price Prior to Announcement on March 20, 2023 of Receipt of Unsolicited Third Party Proposal

Transaction Includes a 30 day Go Shop Provision to Solicit Superior Proposals

Delaware, Ohio (May 10, 2023) – Franchise Group, Inc. (NASDAQ: FRG) ("Franchise Group" or the "Company"), today announced that it has entered into a definitive agreement and plan of merger (the "Merger Agreement") pursuant to which members of the senior management team of Franchise Group led by Brian Kahn, the Company's Chief Executive Officer, (collectively with affiliates and related parties of the senior management team, the "Management Group"), in financial partnership with a consortium that includes B. Riley Financial, Inc. and Irradiant Partners, will acquire the approximately 64% of the Company's issued and outstanding common stock that the Management Group does not presently own or control. The transaction has an enterprise value of approximately $2.6 billion, including the Company's net debt and outstanding preferred stock.

Under the terms of the proposed merger, Franchise Group common stockholders, other than the Management Group (the "Public Stockholders"), will receive $30.00 in cash for each share of Franchise Group common stock they hold. This represents a premium of 31.9% to the Company's unaffected closing common stock price on March 17, 2023, the last trading day before the Company announced the receipt of an unsolicited proposal to acquire the Company from a third party.

"This transaction is an exciting milestone for our company," said Matt Avril, Chairman of the Board of Directors and the Special Committee of Franchise Group. Mr. Avril continued that "The Special Committee and its advisors conducted an independent process and review of the strategic alternatives available to the Company, with a focus on obtaining the best outcome for public stockholders. We believe the proposed transaction delivers immediate and certain value for public stockholders at a significant premium to the unaffected share price, and we have the flexibility to explore other potential transaction opportunities during the go shop period under the Merger Agreement."

Brian Kahn, CEO of Franchise Group stated, "We are excited to have this opportunity to continue our business strategy of partnering with high quality franchisees, operators and financial institutions, while also delivering certain value to our public stockholders despite a challenging business environment."

Certain Transaction Details

The independent directors of Franchise Group's Board of Directors have unanimously approved the proposed merger based upon the unanimous recommendation of a Special Committee of the Board of Directors, which was composed of independent directors not affiliated with the Management Group and was advised by its own financial and legal advisors.

The Management Group has agreed to rollover their shares of common stock of the Company in connection with, and vote their shares of common stock in favor of, the proposed merger, with such voting obligation terminating should the Merger Agreement be validly terminated, including in connection with a "superior proposal." The consortium has also received definitive financing commitments from third party lenders and institutional investors, including B. Riley Financial Inc. and Irradiant Partners, to finance a portion of the purchase price.

The proposed merger is anticipated to close in the second half of 2023, subject to satisfaction or waiver of customary closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act and the approval of the Company's stockholders, including approval by a majority of the shares of common stock of the Company not owned or controlled by the Management Group or other members of the buyer consortium. The Merger Agreement also includes a 30 day "go shop" period that will allow the Company to affirmatively solicit alternative proposals from interested parties. At the current time, the Company is not permitted to pay dividends on its outstanding shares of common stock under its existing indebtedness agreements. In addition, the Merger Agreement does not permit the Company to pay additional dividends on the outstanding shares of common stock during the pendency of the proposed merger.

The Company expects to file a Current Report on Form 8-K with the Securities and Exchange Commission which will include the merger agreement as an exhibit and more fully describe the terms and conditions of the proposed merger.

Upon completion of the proposed merger, Franchise Group will become a private company and will no longer be publicly listed or traded on NASDAQ. Franchise Group's management team, including Brian Kahn, is expected to continue to lead the Company. Franchise Group plans to continue to operate its current portfolio of highly recognized brands.

Conference Call

As previously announced, Franchise Group plans to release its fiscal 2023 first quarter financial results prior to trading today, May 10, 2023. In light of the announcement of the proposed merger, Franchise Group will conduct a conference call at 8:30 A.M. ET to discuss the financial results for the fiscal 2023 first quarter.

A real-time webcast of the conference call will be available on the Events page of Franchise Group's website at www.franchisegrp.com. Dial in access is also accessible through the link on the website. Please register 5-10 minutes prior to the scheduled start time.

Advisors

Jefferies LLC is serving as financial advisor to the Special Committee and Wachtell, Lipton, Rosen & Katz is serving as legal counsel to the Special Committee. Troutman Pepper Hamilton Sanders LLP is serving as legal counsel to Franchise Group.

Willkie Farr & Gallagher LLP is serving as legal counsel for Brian Kahn. Sullivan & Cromwell LLP is serving as legal counsel for B. Riley Financial, Inc. Davis Polk & Wardwell LLP is serving as legal counsel for Irradiant Partners.

About Franchise Group

Franchise Group is an owner and 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 stockholders. Franchise Group's business lines include Pet Supplies Plus, Wag N' Wash, American Freight, The Vitamin Shoppe, Badcock Home Furniture & More, Buddy's Home Furnishings and Sylvan Learning. On a combined basis, Franchise Group currently operates over 3,000 locations predominantly located in the U.S. that are either Company-run or operated pursuant to franchising and dealer agreements.

Forward-looking Statements

This press release contains forward-looking statements. Forward-looking statements include, without limitation, projections, predictions, expectations, or beliefs about future events or results and are not statements of historical fact. Such statements may include statements regarding the completion of the proposed merger and the expected timing of the completion of the proposed merger, the expected value provided to stockholders as a result of the proposed merger, the management of the Company upon completion of the proposed merger and the Company's operating and strategic plans upon completion of the proposed merger. 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, some of which are beyond the control of the Company, including, but not limited to, the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement; the inability to complete the proposed merger due to the failure to obtain stockholder approval for the proposed merger or the failure to satisfy other conditions to completion of the proposed merger; risks related to disruption of management's attention from the Company's ongoing business operations due to the proposed merger; unexpected costs, charges or expenses resulting from the proposed merger; the Company's ability to retain and hire key personnel in light of the proposed merger; certain restrictions during the pendency of the proposed merger that may impact the company's ability to pursue certain business opportunities or strategic transactions; the ability of the buyer to obtain the necessary financing arrangements set forth in the commitment letters received in connection with the proposed merger; potential litigation relating to the proposed merger that could be instituted the parties to the Merger Agreement or their respective directors, managers or officers, including the effects of any outcomes related thereto; the effect of the announcement of the proposed merger on the Company's relationships with its franchisees and customers, operating results and business generally; and the risk that the proposed merger will not be consummated in a timely manner, if at all. The Company refers you to the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's Form 10-K for the fiscal year ended December 31, 2022, 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. 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, except as required by applicable law.

<u>Additional Information and Where to Find It</u>

This press release is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. In connection with the proposed merger, the Company intends to file relevant materials with the Securities and Exchange Commission (the "SEC"), including a proxy statement on Schedule 14A (the "Proxy Statement"), and the Company and affiliates of Vintage Capital Management, LLC intend to jointly file a transaction statement on Schedule 13E-3 (the "Schedule 13E-3"). This communication is not a substitute for the Proxy Statement or any other document that the Company may file with the SEC or send to its stockholders in connection with the proposed merger. STOCKHOLDERS OF THE COMPANY ARE ADVISED TO READ THE PROXY STATEMENT, THE SCHEDULE 13E-3 AND ANY OTHER DOCUMENTS FILED BY THE COMPANY WITH THE SEC IN CONNECTION WITH THE PROPOSED MERGER BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE COMPANY AND THE BUSINESS TO BE CONDUCTED AT THE SPECIAL MEETING. All such documents, when filed, may be obtained free of charge at the SEC's website (http://www.sec.gov). These documents, once available, and the Company's other filings with the SEC also will be available free of charge on the Company's website at www.franchisegrp.com.

<u>Participants in the Solicitation</u>

The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the Company's stockholders with respect to the proposed merger. Information about the Company's directors and executive officers and their ownership of the Company's common stock is set forth in the Company's proxy statement on Schedule 14A filed with the SEC on April 7, 2023 and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC on February 28, 2023. To the extent that such individual's holdings of the Company's common stock have changed since the amounts printed in the Company's proxy statement, such changes have been or will be reflected on Statements of Change in Ownership on Form 4 or other reports filed (or that will be filed) with the SEC. Other information regarding the identity of the potential participants, and their direct or indirect interests in the proposed merger, by security holdings or otherwise, will be set forth in the Proxy Statement and other materials to be filed with SEC in connection with the proposed merger. Free copies of these materials may be obtained as described in the preceding paragraph.

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