

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2022-05-25** | Period of Report: **2022-05-19**
SEC Accession No. [0001171843-22-003946](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

Franchise Group, Inc.

CIK: **1528930** | IRS No.: **273561876** | State of Incorporation: **DE** | Fiscal Year End: **1225**
Type: **8-K** | Act: **34** | File No.: **001-35588** | Film No.: **22964238**
SIC: **6794** Patent owners & lessors

Mailing Address
109 INNOVATION COURT
SUITE J
DELAWARE OH 43015

Business Address
109 INNOVATION COURT
SUITE J
DELAWARE OH 43015
508-630-4426

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 19, 2022**

Franchise Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35588
(Commission
File Number)

27-3561876
(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)

Not Applicable
(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 (see General Instruction A.2. below):

- 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 Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	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 1.01. Entry into a Material Definitive Agreement.

On May 25, 2022 and in connection with the termination of the Mesirow Purchase Agreement and the CAI Purchase Agreement, each as defined and described in Item 1.02 below, W.S. Badcock Corporation, a Florida corporation (“Badcock”) and an indirect wholly-owned subsidiary of Franchise Group, Inc., a Delaware corporation (the “Company”), entered into separate Purchase and Sale Agreements (each, a “Purchase Agreement” and, together, the “Purchase Agreements”) with Oak Street Real Estate Capital Net Lease Property Fund (Collector), LP (the “Purchaser”) for the sale of certain parcels of land on which Badcock operates its corporate headquarters and distribution centers, respectively (each, a “Property” and collectively, the “Properties”), subject to the terms and conditions contained in each such Purchase Agreement (each, a “Sale Transaction”). In consideration for the sale of the corporate headquarters Properties, Badcock will be entitled to receive \$23,500,000 in cash at closing, and in consideration for the sale of the distribution center Properties, Badcock will be entitled to receive \$150,000,000 in cash at closing, in each case subject to certain adjustments (the proceeds from each such Sale Transaction being referred to as “Sale Transaction Proceeds”). Additionally, the Company entered into a joinder agreement solely with respect to the Purchase Agreement for the distribution center Properties, whereby the Company agreed to be bound by and guaranty the terms and obligations set forth therein. The Purchaser has 30 days following the execution of each Purchase Agreement to conduct its due diligence and an additional 5 days to close, and the Purchaser may terminate either (or both) Purchase Agreements during the due diligence period. The closing under each Purchase Agreement is not cross conditioned on the closing under the other Purchase Agreement. Upon the closing of each Sale Transaction, the Company anticipates using all or a portion of the Sale Transaction Proceeds from such Sale Transaction to repay a portion of its existing indebtedness.

Upon the closing of each Sale Transaction, Badcock will enter into lease agreements with respect to the Properties subject to such Sale Transaction (each, a “Lease” and collectively, the “Leases”) to lease back each such Property from the Purchaser or an affiliate thereof (each, a “Lease Transaction” and together with each Sale Transaction, the “Transactions”). The terms of the Leases are to be negotiated between the parties prior to the closing of the applicable Transaction, and each party has the right to terminate the applicable Transaction if the parties are unable to reach agreement on the Leases. Each Lease will provide that Badcock will lease the applicable Property for 17 years, with three five-year renewal options. Annual rents under the Leases will generally be consistent with market rates for the respective geographic areas.

Each Purchase Agreement contains customary representations, warranties and covenants for a transaction of this type, including without limitation, representations and warranties by (a) Badcock and the Company, as applicable, regarding, among other things, (i) Badcock’s and the Company’s corporate organization and capitalization, (ii) the accuracy of Badcock’s and the Company’s financial statements provided to the Purchaser and (iii) compliance with law and (b) the Purchaser regarding, among other things, its corporate organization. Subject to the provisions of each Purchase Agreement, Badcock has agreed to indemnify the Purchaser and its affiliates for losses resulting from breaches of representations, warranties and covenants of Badcock in such Purchase Agreement. Badcock’s indemnification obligations are subject to various limitations, including, among other things, caps and time limitations.

The description of each Purchase Agreement is qualified in its entirety by reference to the text of the document that will be filed with the quarterly report on Form 10-Q of the Company for the quarter ending June 25, 2022.

Item 1.02. Termination of a Material Definitive Agreement

As previously disclosed, on April 15, 2022, Badcock entered into a Purchase and Sale Agreement (the “Mesirow Purchase Agreement”) with Mesirow Realty Sale-Leaseback, Inc., an Illinois corporation (the “Mesirow Purchaser”), for the sale of certain parcels of land on which Badcock operates its distribution centers. Under the terms of the Mesirow Purchase Agreement, a copy of which was filed as Exhibit 2.10 to the Company’s Quarterly Report on Form 10-Q for period ended March 26, 2022, the Mesirow Purchaser had the right to terminate the Mesirow Purchase Agreement on or prior to the expiration of a “Due Diligence Period”. The Company and Badcock received a notice of termination from the Mesirow Purchaser terminating the Mesirow Purchase Agreement in accordance with its terms.

As previously disclosed, on April 26, 2022, Badcock entered into a Purchase and Sale Agreement (the "CAI Purchase Agreement") with CAI Investments Sub Series 100, LLC, a Nevada limited liability company (the "CAI Purchaser"), for the sale of certain parcels of land on which Badcock operates its corporate headquarters. Under the terms of the CAI Purchase Agreement, a copy of which was filed as Exhibit 2.11 to the Company's Quarterly Report on Form 10-Q for period ended March 26, 2022, the CAI Purchaser had the right to terminate the CAI Purchase Agreement on or prior to the expiration of a specified "Due Diligence Period". In accordance with the terms of the CAI Purchase Agreement, the Company and Badcock received a notice of termination from the CAI Purchaser terminating the CAI Purchase Agreement in accordance with its terms.

Cautionary Statement Regarding Forward-Looking Statements

This report 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 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, including closing conditions to the Transactions not being achieved, the occurrence of any event, change or other circumstance that could give rise to the termination of either or both Purchase Agreements, the effect of the announcement or pendency of the Transactions on business relationships, the sale or the value received of additional Badcock real estate, ongoing landlord-tenant relationships or disputes, the amount of debt the Company may repay, or expected performance or achievements being materially different from any anticipated 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. Please refer to the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the period ended December 25, 2021, 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 report 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 report. 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.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information contained in "Item 1.01 Entry into a Material Definitive Agreement" is incorporated herein by reference.

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 hereunto duly authorized.

FRANCHISE GROUP, INC.

By: /s/ Eric Seeton

Name: Eric Seeton

Date: May 25, 2022

Title: Chief Financial Officer

Cover**May 19, 2022**

Document Type	8-K
Amendment Flag	false
Document Period End Date	May 19, 2022
Entity File Number	001-35588
Entity Registrant Name	Franchise Group, Inc.
Entity Central Index Key	0001528930
Entity Tax Identification Number	27-3561876
Entity Incorporation, State or Country Code	DE
Entity Address, Address Line One	109 Innovation Court
Entity Address, Address Line Two	Suite J
Entity Address, City or Town	Delaware
Entity Address, State or Province	OH
Entity Address, Postal Zip Code	43015
City Area Code	(740)
Local Phone Number	363-2222
Written Communications	false
Soliciting Material	false
Pre-commencement Tender Offer	false
Pre-commencement Issuer Tender Offer	false
Entity Emerging Growth Company	false
Entity Information, Former Legal or Registered Name	Not Applicable
Common Stock, \$0.01 par value	
Title of 12(b) Security	Common Stock, \$0.01 par value
Trading Symbol	FRG
Security Exchange Name	NASDAQ
7.50% Series A Cumulative Perpetual Preferred Stock, par value \$0.01 per share and liquidation preference of \$25.00 per share	
Title of 12(b) Security	7.50% Series A Cumulative Perpetual Preferred Stock, par value \$0.01 per share and liquidation preference of \$25.00 per share
Trading Symbol	FRGAP
Security Exchange Name	NASDAQ

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

Handwritten text, possibly a list or index, consisting of several lines of small, illegible characters.