

December 19, 2022



# Rocky Mountain Chocolate Factory Enters into Settlement Agreement with AB Value/Radoff Group and Mary Bradley

Dismissal of All Pending Lawsuits and New Standstill Agreement Until 2025 Enable Company to Execute on Its Strategic Transformation

Durango, Colorado--(Newsfile Corp. - December 19, 2022) - Rocky Mountain Chocolate Factory, Inc. (NASDAQ: RMCF) (the "Company," "we" or "RMCF"), a leading manufacturer and international franchiser of gourmet chocolates and other confectionary products, has entered into a Settlement Agreement and Release by and among the Company, Bradley L. Radoff, Andrew T. Berger, AB Value Partners, LP, AB Value Management LLC and Mary Bradley (together the "Parties") pertaining to, among other things, the dismissal of all pending lawsuits between the Parties and the appointment of one director to the Company's Board of Directors (the "Board").

"We are pleased to reach a resolution with the Radoff and AB Value investors as the Company and its executive management team move forward with the development and execution of our strategic plan," said Jeff Geygan, Board Chair of RMCF. "Among the executive management team, Board, and our shareholders, we are aligned with a clear vision for RMCF. The Company is free to continue its transformation without diverting time and resources to additional litigation and other disruptions related to this dispute."

"I believe RMCF is uniquely positioned to take advantage of evolving retail and marketing dynamics," said CEO Rob Sarlls. "We are committed to strengthening existing franchisee relationships and expanding efforts to attract and secure new ones. We will also further deepen our bench with leading executives, execute on our strategic plan and implement multiple cost saving initiatives that will contribute to material improvements in operating margins and adjusted EBITDA."

Pursuant to the Agreement, the Parties agreed to a "Standstill Period" that commenced on December 14, 2022 and continues until the date that is forty-five (45) days prior to the beginning of the Company's advance notice period for the nomination of directors at the Company's 2025 annual meeting of stockholders. During the Standstill Period, Radoff and AB Value investors agreed, subject to certain exceptions, to comply with certain customary standstill provisions.

The Parties also agreed that the Board shall take such action to appoint a female director candidate with at least five years of fast-moving consumer goods franchise operational experience and a minimum of three years of prior public company board experience. The candidate must qualify as an independent director under Rule 5605 of the Nasdaq Listing Rules and will be designated by the Radoff and AB Value investors, subject to the Board's

reasonable approval.

Geygan added, "Speaking on behalf of the Board, I'd like to acknowledge the positive contributions from two of our directors, Sandra Taylor and Gabriel Arreaga, who will step down at the end of the Company's fiscal year. We thank both of them for their service and input on our strategic plan development during this particularly challenging period as we navigated a variety of difficult issues."

For further information surrounding the settlement, please reference the Company's 8-K filed on December 16, 2022.

### **About Rocky Mountain Chocolate Factory, Inc.**

Rocky Mountain Chocolate Factory, Inc., (the "Company"), ranked number one on *Newsweek's* list of "America's Best Retailers 2022" in the chocolate and candy stores category and headquartered in Durango, Colorado, is a leading international franchiser of gourmet chocolate, confection and self-serve frozen yogurt stores and a manufacturer of an extensive line of premium chocolates and other confectionery products. The Company, its subsidiaries and its franchisees and licensees currently operate 326 Rocky Mountain Chocolate Factory and self-serve frozen yogurt stores across the United States, Qatar, the Republic of Panama, and The Republic of the Philippines. The Company's common stock is listed on the Nasdaq Global Market under the symbol "RMCF."

### **Forward-Looking Statements**

This communication includes statements of the Company's expectations, intentions, plans and beliefs that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to come within the safe harbor protection provided by those sections. These forward-looking statements involve various risks and uncertainties. The statements, other than statements of historical fact, included in this communication are forward-looking statements and many may be identified by the use of forward-looking words such as "will," "intend," "believe," "expect," "anticipate," "should," "plan," "estimate," "potential," "prospects," "build" or similar expressions. For a detailed discussion of the risks and uncertainties that may cause the Company's actual results to differ from the forward-looking statements, please see the section entitled "Risk Factors" contained in Item 1A. of the RMCF's Annual Report on Form 10-K for the fiscal year ended February 28, 2022, filed with the Securities and Exchange Commission ("SEC") on May 27, 2022, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on June 28, 2022, as well as the other risks described from time to time in the Company's filings with the SEC. These forward-looking statements apply only as of the date hereof. As such they should not be unduly relied upon for more current circumstances. Except as required by law, the Company undertakes no obligation to release publicly any revisions to these forward-looking statements that might reflect events or circumstances occurring after the date of this communication or those that might reflect the occurrence of unanticipated events.

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