



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE TILE SHOP HOLDINGS, INC.
LITIGATION

Consol. C.A. No. 2019-0892-SG

[PROPOSED] ADMINISTRATIVE ORDER

Plaintiffs moved this Court for an order approving a distribution plan for the Net Cash Settlement Fund in the above-captioned securities class action (the “Action”). Having reviewed and considered all the materials and arguments submitted in support of the motion, including Plaintiffs’ Brief in Support of Unopposed Motion for Administrative Order and the Affidavit of Luiggy Segura in Support of Plaintiffs’ Unopposed Motion for Administrative Order (“Segura Affidavit”),

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order incorporates by reference the definitions in the Stipulation of Settlement dated as of August 7, 2020 (Trans. ID 65830861) (“Stipulation”) and the Segura Affidavit, and all capitalized terms used in this Order shall have the same meanings as defined in the Stipulation and the Segura Affidavit.

2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all Settlement Class Members.

3. Plaintiffs’ plan for distribution of the Net Cash Settlement Fund to Authorized Claimants is **APPROVED**. Accordingly:

(a) The administrative determinations of the Court-approved Claims Administrator, JND Legal Administration (“JND”), to accept the Timely Eligible Claims stated in Exhibit D to the Segura Affidavit and the Late But Otherwise Eligible Claims stated in Exhibit E to the Segura Affidavit are adopted.

(b) The Claims Administrator’s administrative determinations to reject the Rejected Claims, as stated in Exhibit F to the Segura Affidavit, are adopted.

(c) JND is directed to conduct the Initial Distribution of the Net Cash Settlement Fund, after eliminating Authorized Claimants whose allocated payment from the Net Cash Settlement Fund calculates to less than \$5.00, while maintaining a 5% reserve from the Net Cash Settlement Fund to address any tax liability or claims administration-related contingencies that may arise.

Specifically, as stated in paragraph 45(a) of the Segura Affidavit:

(1) JND will calculate the Net Cash Settlement Fund, which will be the remaining balance of the Cash Settlement Fund after deducting (i) any Taxes; (ii) any Administration Costs; and (iii) any Cash Settlement Fund Award; (2) JND will calculate the total “Shares,” which will be the total number of Eligible Shares based on the valid Claims submitted by Authorized Claimants; (3) JND will calculate the “Per-Share

Payout,” which will be calculated by dividing the Net Cash Settlement Fund by the total number of Shares; and (4) Since the Per-Share Payout equals less than \$1.44 per share, the entire Net Cash Settlement Fund will be distributed to Authorized Claimants and there will be no remaining funds to allocate among Authorized Claimants. Each Authorized Claimant will receive a *pro rata* distribution from the Net Cash Settlement Fund equal to the product of (i) the Per-Share Payout; and (ii) the Claimant’s total number of Eligible Shares, subject to the \$5.00 minimum payment threshold for payments from the Net Cash Settlement Fund.

(d) To encourage Authorized Claimants to cash their checks promptly, all distribution checks will bear the following notation: “CASH PROMPTLY. VOID AND SUBJECT TO REDISTRIBUTION IF NOT CASHED BY [DATE 90 DAYS AFTER ISSUE DATE].” Lead Counsel and JND are authorized to take appropriate action to locate and contact Authorized Claimants who have not cashed their checks within said time as detailed in paragraph 45(b) of the Segura Affidavit.

(e) Authorized Claimants who do not cash their Initial Distribution checks within the time allotted or on the conditions stated in paragraph 45(b) of the Segura Affidavit will irrevocably forfeit all recovery from the

Settlement, and the funds allocated to these stale-dated checks will be available to be distributed to other Authorized Claimants in the Second Distribution. Similarly, Authorized Claimants who do not cash their distribution checks in the Second Distribution or subsequent distributions, should such distributions occur, within the time allotted or on the conditions stated in paragraph 45(b) of the Segura Affidavit will irrevocably forfeit any further recovery from the Net Cash Settlement Fund.

(f) After JND has made reasonable and diligent efforts to have Authorized Claimants cash their Initial Distribution checks (as provided in paragraph 45(b) of the Segura Affidavit), but not earlier than six (6) months after the Initial Distribution, JND will, after consulting with Lead Counsel, conduct the Second Distribution, in which any amount remaining in the Net Cash Settlement Fund, after deducting any unpaid fees and expenses incurred, will be distributed to all Authorized Claimants who cashed their Initial Distribution check and are entitled to receive at least \$5.00 from the Second Distribution based on their *pro rata* share of the remaining funds. Additional distributions, after deduction of costs and expenses as described above and subject to the same conditions, may occur thereafter in six (6)-month intervals until Lead Counsel, in consultation with JND, determines that further distribution is not cost-effective.

(g) At such time as Lead Counsel, in consultation with JND, determines that further distribution of the funds remaining in the Net Cash Settlement Fund is not cost-effective, the remaining balance of the Net Cash Settlement Fund, after payment of any unpaid fees or expenses incurred in connection with administering the Net Cash Settlement Fund and after the payment of any estimated taxes, the costs of preparing appropriate tax returns, and any escrow fees, shall be deemed a recovery with respect to Plaintiffs' derivative claims and will be paid to the Company.

(h) No new Claims may be accepted after April 20, 2022, and no further adjustments to Claims received on or before April 20, 2022, may be made for any reason after April 20, 2022.

4. The Court finds that the administration of the Settlement and the proposed distribution of the Net Cash Settlement Fund comply with the terms of the Stipulation and Plan of Allocation approved by this Court and that all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the Claims submitted, or who are otherwise involved in the administration or taxation of the Settlement Fund or the Net Cash Settlement Fund, are hereby released and discharged from any and all claims arising out of that involvement, and all Settlement Class Members and other Claimants, whether or not they receive payment from the Net Cash Settlement Fund, are hereby barred from

making any further claims against the Net Cash Settlement Fund, Plaintiffs, Lead Counsel, the Claims Administrator, the Escrow Agent or any other agent retained by Plaintiffs or Lead Counsel in connection with the administration or taxation of the Settlement Fund or the Net Cash Settlement Fund, or any other person released under the Settlement beyond the amounts allocated to Authorized Claimants.

5. All of JND's fees and expenses incurred in the administration of the Settlement and estimated to be incurred in connection with the Distribution of the Net Cash Settlement Fund as stated in the invoices attached as Exhibit G to the Segura Affidavit are approved, and Lead Counsel is directed to pay the outstanding balance of \$176,963.10 out of the Settlement Fund to JND.

6. Unless otherwise ordered by the Court, JND may destroy the paper copies of the Claims and all supporting documentation one year after the Initial Distribution, and one (1) year after all funds have been distributed may destroy the electronic copies of the same.

7. This Court retains jurisdiction to consider any further applications concerning the administration of the Settlement, and any other and further relief that this Court deems appropriate.

IT IS SO ORDERED this _____ day of _____ 2022.

Vice Chancellor Sam Glasscock III