

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

MATTHEW MCKNIGHT,

Plaintiff,

v.

ALLIANCE ENTERTAINMENT
HOLDING CORP. F/K/A ADARA
ACQUISITION CORP., ADARA
SPONSOR LLC, THOMAS FINKE, PAUL
G. PORTER, BEATRIZ ACEVEDO-
GREIFF, W. TOM DONALDSON III,
DYLAN GLENN and FRANK QUINTERO,

Defendants.

C.A. No. 2023-0383-LWW

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF STOCKHOLDER
CLASS ACTION, SETTLEMENT HEARING, AND RIGHT TO APPEAR**

The Delaware Court of Chancery authorized this Notice.

This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights will be affected by the above-captioned stockholder class action (the “Action”) pending in the Court of Chancery of the State of Delaware (the “Court”) if you were a record or beneficial owner of Alliance Entertainment Holding Corp. f/k/a Adara Acquisition Corp. (the “Company”) Class A Common Stock (“Stock”) that: (i) held redeemable Stock but chose not to redeem by December 8, 2022; or (ii) held unredeemed Stock at the time of the Merger.¹

NOTICE OF SETTLEMENT: Please also be advised that Plaintiff Matthew McKnight (“Plaintiff”), individually and on behalf of the Class (defined in Paragraph 11 below); Defendants Alliance Entertainment Holding Corp. f/k/a Adara Acquisition Corp., Thomas Finke, Beatriz Acevedo-Greiff, W. Tom Donaldson III, Dylan Glenn, Frank Quintero, Paul G. Porter, and Adara Sponsor LLC (collectively, “Defendants,” and together with Plaintiff, the “Parties,” and each a “Party”); and the Company have reached a proposed settlement for \$511,000 in cash (the “Settlement Amount”) as set forth in the Stipulation (the “Settlement”). The Settlement, if approved, will resolve all claims in the Action.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. This Notice explains how Class Members will be affected by the Settlement. The following table provides a brief summary of the rights you have as a Class Member and the relevant deadlines, which are described in more detail later in this Notice.

¹ Any capitalized terms used in this Notice that are not otherwise defined in this Notice shall have the meanings given to them in the Amended Stipulation and Agreement of Compromise, Settlement, and Release between Plaintiff, Defendants, and the Company, dated January 17, 2025 (the “Stipulation”). A copy of the Stipulation is available at www.strategicclaims.net/Alliance.

| CLASS MEMBERS' LEGAL RIGHTS IN THE SETTLEMENT: | |
|---|--|
| RECEIVE A PAYMENT FROM THE SETTLEMENT. CLASS MEMBERS <u>DO NOT</u> NEED TO SUBMIT A CLAIM FORM. | If you are a member of the Class (defined in Paragraph 11 below), you may be eligible to receive a <i>pro rata</i> distribution from the Settlement proceeds. Eligible Class Members (defined in Paragraph 23 below) <u>do not</u> need to submit a claim form in order to receive a distribution from the Settlement, if approved by the Court. Your distribution from the Settlement will be paid to you directly. <i>See</i> Paragraphs 23-28 below for further discussion. |
| OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS <i>RECEIVED</i> NO LATER THAN JUNE 2, 2025. | If you are a member of the Class and would like to object to the proposed Settlement, the proposed Plan of Allocation, or Plaintiff's Counsel's request for a Fee and Expense Award, you may write to the Court and explain the reasons for your objection. |
| ATTEND A HEARING ON JUNE 17, 2025, AT 11:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS <i>RECEIVED</i> NO LATER THAN JUNE 2, 2025. | Filing a written objection and notice of intention to appear that is received by June 2, 2025 allows you to speak in Court, at the discretion of the Court, about your objection. In the Court's discretion, the June 17, 2025 hearing may be conducted by telephone or videoconference (<i>see</i> Paragraphs 33-37 below). If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection. |

| WHAT THIS NOTICE CONTAINS | |
|---|---------|
| What Is The Purpose Of This Notice? | Page 3 |
| What Is This Case About? | Page 3 |
| How Do I Know If I Am Affected By The Settlement? | Page 4 |
| What Are The Terms Of The Settlement? | Page 4 |
| What Are The Parties' Reasons For The Settlement? | Page 4 |
| Will I Receive Payment from the Settlement? How Much Will My Payment From The Settlement, If Any, Be? How Would I Receive My Payment? | Page 5 |
| What Will Happen If The Settlement Is Approved? What Claims Will The Settlement Release? | Page 6 |
| How Will Plaintiff's Counsel Be Paid? | Page 9 |
| When And Where Will The Settlement Hearing Be Held? Do I Have To Come To The Hearing? May I Speak At The Hearing If I Do Not Like The Settlement? | Page 9 |
| Can I See The Court File? Whom Should I Contact If I Have Questions? | Page 10 |
| What If I Held Stock On Someone Else's Behalf? | Page 11 |

WHAT IS THE PURPOSE OF THIS NOTICE?

1. The purpose of this Notice is to notify Class Members of the existence of the Action and the terms of the proposed Settlement. The Notice is also being sent to inform Class Members of a hearing that the Court has scheduled to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation for the Settlement proceeds, and the application by Plaintiff's Counsel for a Fee and Expense Award in connection with the Settlement (the "Settlement Hearing"). See Paragraphs 33-35 below for details about the Settlement Hearing, including the location, date, and time of the hearing.

2. The Court directed that this Notice be mailed to you because you may be a member of the Class. The Court has directed us to send you this Notice because, as a Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how the Action and the proposed Settlement generally affects your legal rights. Please Note: The Court may approve the proposed Settlement with such modifications as the Parties may agree to, if appropriate, without further notice to the Class.

3. The issuance of this Notice is not an expression by the Court of any findings of fact or any opinion concerning the merits of any claim in the Action, and the Court has not yet decided whether to approve the Settlement. If the Court approves the Settlement, then payments to Eligible Class Members (see paragraphs 23-28 below) will be made after any appeals are resolved.

PLEASE NOTE: Receipt of this Notice does not mean that you are a Class Member or an Eligible Class Member or that you will be entitled to receive a payment from the Settlement.

WHAT IS THIS CASE ABOUT?

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. THE COURT HAS MADE NO FINDINGS WITH RESPECT TO THE FOLLOWING MATTERS, AND THESE RECITATIONS SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

4. Adara Acquisition Corp. ("Adara") was formed in Delaware as a special purpose acquisition company ("SPAC"). On September 25, 2020, Adara filed its Draft Registration Statement with the U.S. Securities and Exchange Commission ("SEC"), announcing that it planned to offer 11,500,000 Units in its upcoming initial public offering ("IPO"). Each unit would include one share of Class A Common Stock (with \$0.0001 par value) and one-half of one redeemable warrant. In total, there would be 11.5 million shares of Class A common stock and 5.75 million redeemable warrants included as part of the units, with an offering of the units at \$10.00 per security. On February 3, 2021, Adara filed an amended Registration Statement that gave its investors the opportunity to redeem their shares.

5. On February 11, 2021, Adara consummated its IPO on the NYSE American Exchange. Ultimately, 11.5 million units, including the full exercise of the underwriters' over-allotment, were sold in the IPO, rating a total of \$115 million.

6. On June 22, 2022, Adara, Adara Merger Sub, Inc. (a Delaware corporation and wholly-owned subsidiary of Adara, "Merger Sub"), and Alliance Entertainment ("Legacy Alliance"), entered into a business combination agreement and reorganization plan, pursuant to which, Legacy Alliance would merge with and into Merger Sub, with Alliance surviving the de-SPAC Acquisition as a wholly owned subsidiary of Adara (the "Business Combination" or "Merger").

7. On January 18, 2023, the de-SPAC Acquisition was approved, subject to the minimum cash requirement and the listing of the surviving corporation's securities on a national securities exchange.

8. On February 10, 2023, the Merger was completed.

9. On March 31, 2023, Plaintiff commenced this Action. After much negotiation, on January 9, 2024, the Parties reached a settlement in principal and notified the Court.

10. On April 2, 2025, the Court entered a Scheduling Order directing that this Notice of the Settlement be provided to potential Class Members, and scheduling the Settlement Hearing to, among other things, consider whether to grant final approval of the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

11. If you are a member of the Class, you are subject to the Settlement. The Class preliminarily certified by the Court solely for purposes of the Settlement consists of:

All record and beneficial owners of Alliance Entertainment Holding Corp. f/k/a Adara Acquisition Corp. (the “Company”) Class A common stock (“Stock”) that: (i) held redeemable Stock but chose not to redeem by December 8, 2022; or (ii) held unredeemed Stock at the time of the Merger. Excluded from the Class are: (a) Defendants; (b) members of the immediate family of any individual Defendant; (c) any person who was an officer, director, or partner of any Defendant between December 8, 2022 and February 10, 2023 and any members of their immediate family; (d) any parent, subsidiary, or affiliate of Defendants; (e) any entity in which any Defendant or any other excluded person or entity has or had a controlling interest between December 8, 2022 and February 10, 2023; and (f) the legal representatives, agents, affiliates, heirs, estates, successors, or assigns of any such excluded persons or entities (the “Excluded Persons”).

Please Note: The Settlement Class is a non-“opt-out” class pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2). Accordingly, Class Members do not have the right to exclude themselves from the Settlement Class.

WHAT ARE THE TERMS OF THE SETTLEMENT?

12. In consideration of the settlement of Plaintiff’s Released Claims (defined in Paragraph 30 below) against Defendants’ Released Parties (defined in Paragraph 30 below), Defendants will pay the Settlement Amount, \$511,000, into an interest-bearing escrow account for the benefit of the Class in accordance with the Stipulation. See Paragraphs 23-28 below for details about the distribution of the Settlement proceeds to Eligible Class Members.

13. If the Settlement is approved by the Court and the Effective Date occurs, the “Net Settlement Fund” will be distributed in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

14. Defendants’ Released Parties (except for Defendants or their successors-in-interest) shall bear no personal responsibility for any payment in connection with the Stipulation or the Settlement.

WHAT ARE THE PARTIES’ REASONS FOR THE SETTLEMENT?

15. Plaintiff believes that the claims asserted in the Action have merit, but also believes that the Settlement set forth in the Stipulation provides substantial and immediate benefits for the Class. In addition to these substantial benefits, Plaintiff and Plaintiff’s Counsel have considered: (i) the attendant risks of continued litigation and the uncertainty of the outcome of the Action; (ii) the probability of success on the merits; (iii) the inherent problems of proof associated with, and possible defenses to, the claims asserted in the Action; (iv) the desirability of permitting the Settlement to be consummated according to its terms; (v) the expense and length of continued proceedings necessary to prosecute the Action through trial and appeals; and (vi) the conclusion of Plaintiff and Plaintiff’s Counsel that the terms and conditions of the Settlement and the Stipulation are fair, reasonable, and adequate, and that it is in the best interests of the Class to settle the claims asserted in the Action on the terms set forth in the Stipulation.

16. Based on Plaintiff’s Counsel’s thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, Plaintiff’s Counsel believe that the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon the Class. Based upon

Plaintiff's Counsel's evaluation, as well as their own evaluations, Plaintiff has determined that the Settlement is in the best interests of the Class, and have agreed to the terms and conditions set forth in the Stipulation.

17. Defendants deny any and all allegations of wrongdoing, fault, liability, or damages with respect to Plaintiff's Released Claims, including, but not limited to, any allegations that Defendants have committed any violations of law or breach of any duty owed to the Company's stockholders, that the Merger was not entirely fair to, or in the best interests of, the Company's stockholders, that Defendants have acted improperly in any way, that Defendants have any liability or owe any damages of any kind to Plaintiff and/or the Class, and/or that Defendants were unjustly enriched in the Business Combination. Defendants maintain that their conduct was at all times proper, in the best interests of the Company and its stockholders, and in compliance with applicable law. Defendants also deny that the Company's stockholders were harmed by any conduct of Defendants that was alleged, or that could have been alleged, in the Action. Each of the Defendants asserts that, at all relevant times, such Defendant acted in good faith and in a manner believed to be in the best interests of the Company and all of its stockholders.

18. Nevertheless, Defendants have determined to enter into the Settlement on the terms and conditions set forth in the Stipulation solely to put Plaintiff's Released Claims to rest, finally and forever, without in any way acknowledging any wrongdoing, fault, liability, or damages. For the avoidance of doubt, nothing in the Stipulation or the Settlement shall be construed as an admission by Defendants or the Company of any wrongdoing, fault, liability, or damages whatsoever.

WILL I RECEIVE PAYMENT FROM THE SETTLEMENT? HOW MUCH WILL MY PAYMENT FROM THE SETTLEMENT, IF ANY, BE? HOW WOULD I RECEIVE MY PAYMENT?

19. Please Note: If you are eligible to receive a payment from the Net Settlement Fund, you do not have to submit a claim form in order to receive your payment.

20. As stated above, the Settlement Amount will be deposited into an interest-bearing escrow account for the benefit of the Class. If the Settlement is approved by the Court and the Effective Date of the Settlement occurs, the Net Settlement Fund (that is, the Settlement Amount plus any interest accrued thereon after its deposit in the Escrow Account, less any (i) Taxes or Tax Expenses, (ii) Administration and Notice Costs, (iii) Fee and Expense Award awarded by the Court, and (iv) other costs or fees approved by the Court) will be distributed in accordance with the proposed Plan of Allocation stated below or such other plan of allocation as the Court may approve.

21. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

22. The Court may approve the Plan of Allocation as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any order(s) regarding any modification of the Plan of Allocation will be posted on the Settlement website, www.strategicclaims.net/Alliance/.

PROPOSED PLAN OF ALLOCATION

23. The Net Settlement Fund will be distributed on a *pro rata* basis to Eligible Class Members. "Eligible Class Members" means Eligible Closing Date Beneficial Holders (defined in Paragraph 24 below) and Eligible Closing Date Record Holders (defined in Paragraph 25 below).

24. "Eligible Closing Date Beneficial Holder" means the ultimate beneficial owner of any Eligible Shares (defined in Paragraph 26 below) held of record by Cede & Co. ("Cede") at the closing of the Business Combination on February 10, 2023 (the "Closing"), provided that no Excluded Persons and no Persons who exercised redemption rights (the "Redeeming Stockholders") in connection with the Business Combination may be an Eligible Closing Date Beneficial Holder.

25. "Eligible Closing Date Record Holder" means the record holder of any unredeemed shares of any Eligible Shares, other than Cede, at the Closing, provided that no Excluded Persons and no Redeeming

Stockholders may be Eligible Closing Date Record Holders. Any shares purchased and sold during the Class Period are not Eligible Shares.

26. “Eligible Shares” means shares of Adara Acquisition Corp. Class A common stock held at the Closing, excluding all Class A shares held by Excluded Persons and all Class A shares that were redeemed in connection with the Business Combination.

27. Each Eligible Class Member will be eligible to receive a *pro rata* payment from the Net Settlement Fund equal to the product of (i) the number of Eligible Shares held by the Eligible Class Member and (ii) the “Per-Share Recovery” for the Settlement, which will be determined by dividing the total amount of the Net Settlement Fund by the total number of Eligible Shares held by all Eligible Class Members, provided, however, that no cash payment for less than \$1.00 will be made.

28. Subject to Court approval in the Class Distribution Order,² Plaintiff’s Counsel will direct the Settlement Administrator to conduct the distribution of the Net Settlement Fund to Eligible Class Members as follows:

(i) With respect to Eligible Shares held of record by the Depository Trust & Clearing Corporation, including its subsidiary the Depository Trust Company (collectively, “DTC”), through its nominee Cede, the Settlement Administrator has obtained from DTC, and DTC has, and will continue to provide as appropriate, to the Settlement Administrator, an allocation report setting forth each and every DTC Participant at the Closing on February 10, 2023 (“DTC Allocation Report”), which report will set forth the number of Eligible Shares held by each DTC Participant at the Closing and additional information necessary to conduct a distribution of the Net Settlement Fund to Eligible Class Members.

(ii) Using that information, the Settlement Administrator will cause that portion of the Net Settlement Fund to be allocated to Eligible Class Members who held their Eligible Shares through DTC Participants to be paid to the DTC Participants by paying each the Per-Share Recovery times its respective Closing Security Position,³ subject to payment suppression instructions with respect to shares held by Excluded Persons and all other shares ineligible for recovery from the Settlement. The DTC Participants and their respective customers, including any intermediaries, shall then ensure *pro rata* payment to each Eligible Class Member based on the number of Eligible Shares beneficially owned by such Eligible Class Member at the Closing. Consistent with this method of distribution, if your Eligible Shares were held in “street name” in a brokerage account, your broker will be responsible for depositing your Settlement payment into that same brokerage account.

(iii) With respect to Eligible Shares held of record at the Closing other than by Cede, as nominee for DTC (a “Closing Non-Cede Record Position”), the payment with respect to each such Closing Non-Cede Record Position will be made by the Settlement Administrator from the Net Settlement Fund directly to the Eligible Closing Date Record Holder of each Closing Non-Cede Record Position in an amount equal to the Per-Share Recovery times the number of Eligible Shares comprising such Closing Non-Cede Record Position.

(iv) Any Person who purchased Eligible Shares but had not settled those Eligible Shares by the Closing (“Non-Settled Shares”) shall be treated as an Eligible Class Member with respect to those Non-Settled Shares, and any Person who sold those Non-Settled Shares on or before the Closing shall not be treated as an Eligible Class Member with respect to those Non-Settled Shares.

| |
|--|
| WHAT WILL HAPPEN IF THE SETTLEMENT IS APPROVED? WHAT CLAIMS WILL THE SETTLEMENT RELEASE? |
|--|

29. If the Settlement is approved, the Court will enter an Order and Final Judgment (the “Order and

² “Class Distribution Order” means any order entered by the Court permitting the distribution of the Net Settlement Fund to Eligible Class Members.

³ For each DTC Participant, the “Closing Security Position” is the number of Eligible Shares held by such DTC Participant at the Closing, as reflected on the DTC Allocation Report.

Final Judgment”). Pursuant to the Order and Final Judgment, the claims asserted against Defendants in the Action will be dismissed with prejudice and the following releases will occur:

(i) **Release of Claims by Plaintiff and the Class:** Upon the Effective Date, Plaintiff and each and every Class Member, on behalf of themselves and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns, and transferees, immediate and remote, and any Person acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors-in-interest, predecessors, successors-in-interest, successors, and assigns, each of the foregoing in their capacities as such only, shall have fully, finally, and forever released, settled, and discharged Defendants’ Released Parties (as defined below) from and with respect to every one of Plaintiff’s Released Claims (as defined below), and shall thereupon be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any of Plaintiff’s Released Claims against any of Defendants’ Released Parties.

(ii) **Release of Claims by Defendants:** Upon the Effective Date, Defendants, on behalf of themselves and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns, and transferees, immediate and remote, and any Person acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors-in-interest, predecessors, successors-in-interest, successors, and assigns, each of the foregoing in their capacities as such only, shall have fully, finally, and forever released, settled, and discharged Plaintiff’s Released Parties (as defined below) from and with respect to every one of Defendants’ Released Claims (as defined below), and shall thereupon be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any of Defendants’ Released Claims against any of Plaintiff’s Released Parties.

30. The following capitalized terms used in the above paragraphs shall have the meanings specified below:

“Defendants’ Released Parties” means the Defendants Alliance Entertainment Holding Corp. f/k/a Adara Acquisition Corp., Thomas Finke, Beatriz Acevedo-Greiff, W. Tom Donaldson III, Dylan Glenn, Frank Quintero, Paul G. Porter, and Adara Sponsor LLC and any and all of their respective current and former directors, officers, employees, employers, parent entities, controlling persons, owners, members, principals, affiliates, subsidiaries, managers, partners, limited partners, general partners, stockholders, representatives, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, agents, heirs, executors, trustees, personal representatives, estates, administrators, predecessors, successors, assigns, insurers, and reinsurers.

“Plaintiff’s Released Claims” means any and all actions, causes of action, suits, liabilities, claims, rights of action, debts, sums of money, covenants, contracts, controversies, agreements, promises, damages, contributions, indemnities, and demands of every nature and description, whether or not currently asserted, whether known claims or Unknown Claims (as defined below), suspected, existing, or discoverable, whether arising under federal, state, common, or foreign law, whether based in contract, tort, statute, law, equity, or otherwise (including, but not limited to, federal and state securities laws), that Plaintiff or any other Class Member (a) asserted in the Action or (b) ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity that (1) in full or in part, concern, relate to, arise out of, or are any way connected to the claims, allegations, transactions, facts, circumstances, events, acts, disclosures, statements, representations, omissions, or failures to act alleged, set forth, referred to, or involved in the Action, or (2) arise out of, are based upon, relate to, or concern the rights of, duties owed to, and/or ownership, purchase or sale of the Company’s Stock, including, but not limited to, any claims related to (i) the Merger, (ii) the Company’s Proxy Statement Filed with the SEC on December 12, 2022, (iii) any other disclosures relating to or concerning the Merger or the Company, or (iv) the control or participation of any of Defendants’ Released Parties with respect to any of the foregoing. For the avoidance of doubt, Plaintiff’s Released Claims shall not include the right to enforce the Stipulation or the Settlement.

“Plaintiff’s Released Parties” means Plaintiff, all other Class Members, Plaintiff’s Counsel, Settlement Administrator, and any and all of their respective current and former directors, officers, employees, employers, parent entities, controlling persons, owners, members, principals, affiliates, subsidiaries, managers, partners, limited partners, general partners, stockholders, representatives, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, agents, heirs, executors, trustees, personal representatives, estates, administrators, predecessors, successors, assigns, insurers, and reinsurers.

“Defendants’ Released Claims” means any and all actions, causes of action, suits, liabilities, claims, rights of action, debts, sums of money, covenants, contracts, controversies, agreements, promises, damages, contributions, indemnities, and demands of every nature and description, whether or not currently asserted, whether known claims or Unknown Claims (as defined below), suspected, existing, or discoverable, whether arising under federal, state, common, or foreign law, whether based in contract, tort, statute, law, equity, or otherwise that Defendants ever had, now have, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity that, in full or in part, concern, relate to, arise out of, or are any way connected to the institution, prosecution, or settlement of the claims in the Action. For the avoidance of doubt, Defendants’ Released Claims shall not include the right to enforce the Stipulation or the Settlement.

“Unknown Claims” means (i) any Plaintiff’s Released Claims that any Plaintiff or any other Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of Defendants’ Released Parties, and (ii) any Defendants’ Released Claims that any Defendant or the Company does not know or suspect to exist in his, her, or its favor at the time of the release of Plaintiff’s Released Parties, including, without limitation, those which, if known, might have affected the decision to enter into the Settlement or to object or not to object to the Settlement. With respect to the Released Claims, the Parties stipulate and agree that, upon the occurrence of the Effective Date, the Parties shall expressly, and by operation of the Order and Final Judgment, each Class Member shall be deemed to have, and shall have, expressly waived, relinquished, and released any and all provisions, rights, and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, that is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Parties acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of the Parties and Class Members (by operation of law), to completely, fully, finally, and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The Parties acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of “Plaintiff’s Released Claims” and “Defendants’ Released Claims” was separately bargained for and was a material element of the Settlement and was relied upon by each and all of Plaintiff and Defendants in entering into the Stipulation.

31. By Order of the Court, all proceedings in the Action, except for those related to the Settlement, have been stayed, and Plaintiff and all other Class Members, and anyone acting or purporting to act on behalf of, in the stead of, or derivatively for, any Class Member, are barred and enjoined from commencing, pursuing, prosecuting, instigating, maintaining, or in any way participating in the commencement, pursuit, continuation, or prosecution of any action asserting any of the Plaintiff’s Released Claims against any of Defendants’ Released Parties pending final determination of whether the Settlement should be approved.

HOW WILL PLAINTIFF'S COUNSEL BE PAID?

32. Plaintiff's Counsel have not received any payment for their services in pursuing claims in the Action on behalf of the Class, nor have Plaintiff's Counsel been paid for their litigation expenses incurred in connection with the Action. Before final approval of the Settlement, Plaintiff's Counsel will apply to the Court for an award of fees and expenses to be paid from the Settlement Fund and approved by the Court in accordance with the Settlement, in full satisfaction of any and all claims for attorneys' fees or expenses that have been, could be, or could have been asserted by Plaintiff's Counsel or any other counsel for any Class Member (the "Fee and Expense Award"). Plaintiff's Counsel will seek a Fee and Expense Award consisting of attorneys' fees in an amount not to exceed 20% of the Settlement Fund, plus payment of litigation expenses in an amount not to exceed \$10,000. The Court will determine the amount of the Fee and Expense Award. The Fee and Expense Award will be paid solely from (and out of) the Settlement Fund in accordance with the terms of the Stipulation. Class Members are not personally liable for any such fees or expenses.

WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DO NOT LIKE THE SETTLEMENT?

33. **Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Class Member does not attend the Settlement Hearing. Class Members can recover from the Settlement without attending the Settlement Hearing.**

34. Please Note: The date and time of the Settlement Hearing may change without further written notice to Class Members. In addition, the Court may decide to conduct the Settlement Hearing remotely by telephone or videoconference, or otherwise allow Class Members to appear at the hearing remotely by phone or video, without further written notice to Class Members. **In order to determine whether the date and time of the Settlement Hearing have changed, or whether Class Members must or may participate remotely by phone or video, it is important that you monitor the Court's docket and the Settlement website, www.strategicclaims.net/Alliance, before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing, or updates regarding in-person or remote appearances at the hearing, will be posted to the Settlement website, www.strategicclaims.net/Alliance. Also, if the Court requires or allows Class Members to participate in the Settlement Hearing remotely by telephone or videoconference, the information needed to access the conference will be posted to the Settlement website, www.strategicclaims.net/Alliance.**

35. The Settlement Hearing will be held on **June 17, 2025, at 11:00 a.m.**, before The Honorable Lori W. Will, Vice Chancellor, either in person at the Court of Chancery of the State of Delaware, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware, 19801, or remotely by telephone or videoconference (in the discretion of the Court), to, among other things: (i) determine whether to finally certify the Class for settlement purposes only, pursuant to Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2); (ii) determine whether Plaintiff and Plaintiff's Counsel have adequately represented the Class, and whether Plaintiff should be finally appointed as Class representative for the Class and Plaintiff's Counsel should be finally appointed as Class counsel for the Class; (iii) determine whether the proposed Settlement should be approved as fair, reasonable, and adequate to the Class and in the best interests of the Class; (iv) determine whether the Action should be dismissed with prejudice and the Releases provided under the Stipulation should be granted; (v) determine whether the Order and Final Judgment approving the Settlement should be entered; (vi) determine whether the proposed Plan of Allocation of the Net Settlement Fund is fair and reasonable, and should therefore be approved; (vii) determine whether and in what amount any Fee and Expense Award should be paid to Plaintiff's Counsel out of the Settlement Fund; (viii) hear and rule on any objections to the Settlement, the proposed Plan of Allocation, and/or Plaintiff's Counsel's application for a Fee and Expense Award; and (ix) consider any other matters that may properly be brought before the Court in connection with the Settlement.

36. Any Class Member may file a written objection to the Settlement, the proposed Plan of Allocation, and/or Plaintiff's Counsel's application for the Fee and Expense Award (an "Objector"); provided, however, that no Objector shall be heard or entitled to object unless **on or before June 2, 2025**, such person (1) files his/her/its written objection, together with copies of all other papers and briefs supporting the objection

specified in Paragraph 37 below, with the Register in Chancery at the address set forth below; **(2)** serves such papers (electronically by File & ServeXpress, by hand, by first class U.S. mail, or by express service) on Plaintiff’s Counsel and Defendants’ Counsel, at the addresses set forth below; and **(3)** emails a copy of the written objection to the below email addresses for Plaintiff’s Counsel and Defendants’ Counsel.

| REGISTER IN CHANCERY | PLAINTIFF’S COUNSEL | DEFENDANTS’ COUNSEL |
|---|---|---|
| Register in Chancery Court of Chancery of the State of Delaware Leonard L. Williams Justice Center 500 North King Street Wilmington, DE 19801 | Daniel Tyre-Karp THE ROSEN LAW FIRM, P.A. 275 Madison Avenue 40th Floor New York, NY 10016 (212) 686-1060 dtyrekarp@rosenlegal.com | Evan H. Lechtman Adam V. Orlacchio BLANK ROME LLP 1201 N. Market Street, Suite 800 Wilmington, DE 19801 (302) 425-6429 evan.lechtman@blankrome.com adam.orlacchio@blankrome.com |

37. Any objections must: (i) identify the case name and civil action number, “*Matthew McKnight v. Alliance Entertainment Holding Corp., et al.*, C.A. No. 2023-0383-LWW”; (ii) state the name, address, and telephone number of the Objector and, if represented by counsel, the name, address, and telephone number of the Objector’s counsel; (iii) be signed by the Objector; (iv) contain a specific, written statement of the objection(s) and the specific reason(s) for the objection(s), including any legal and evidentiary support the Objector wishes to bring to the Court’s attention, and if the Objector has indicated that he, she, or it intends to appear at the Settlement Hearing, the identity of any witnesses the Objector may call to testify and any exhibits the Objector intends to introduce into evidence at the hearing; and (v) include documentation sufficient to prove that the Objector is a member of the Class. Documentation establishing that an Objector is a member of the Class must consist of copies of monthly brokerage account statements or an authorized statement from the Objector’s broker containing the transactional and holding information found in an account statement. Plaintiff’s Counsel may request that the Objector submit additional information or documentation sufficient to prove that the objector is a Class Member.

38. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

39. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Plaintiff’s Counsel and Defendants’ Counsel at the mailing and email addresses set forth in Paragraph 36 above so that the notice is **received on or before June 2, 2025**.

40. The Settlement Hearing may be adjourned by the Court without further written notice to Class Members. If you intend to attend the Settlement Hearing, you should confirm the date and time with Plaintiff’s Counsel or the Settlement Administrator.

41. **Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection (including the right to appeal) and shall be forever foreclosed from making any objection to the Settlement, the proposed Plan of Allocation, Plaintiff’s Counsel’s application for the Fee and Expense Award, or any other matter related to the Settlement or the Action, and will otherwise be bound by the Order and Final Judgment to be entered and the releases to be given. Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

42. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in the Action, you are referred to the papers on file in the Action,

including the Stipulation, which may be inspected during regular office hours at the Office of the Register in Chancery in the Court of Chancery of the State of Delaware, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware, 19801. Additionally, copies of the Stipulation, the Complaint, and any related orders entered by the Court will be posted on the Settlement website, www.strategicclaims.net/Alliance. If you have questions regarding the Settlement, you may contact the Settlement Administrator: Alliance Entertainment Holding Corp. Stockholders Litigation, c/o Strategic Claims Services, P.O. Box 230, 600 N. Jackson St., Ste. 205, Media, PA 19063, 866-274-4004, info@strategicclaims.net; or Plaintiff's Counsel, Daniel Tyre-Karp, The Rosen Law Firm, P.A., 275 Madison Avenue, 40th Floor, New York, NY 10016, Tel (212) 686-1060; dtyrekarp@rosenlegal.com.

WHAT IF I HELD STOCK ON SOMEONE ELSE'S BEHALF?

43. If you are a broker or other nominee that held Stock for the beneficial interest of persons or entities other than yourself, you are requested, within seven (7) calendar days of receipt of this Notice, to either: (i) request from the Settlement Administrator sufficient copies of this Notice or the Notice link to forward to all such beneficial owners, and within seven (7) calendar days of receipt of those Notices or the Notice link forward them to all such beneficial owners either by mail or email; or (ii) provide a list of the names, addresses, and, if available, email addresses of all such beneficial owners to the Settlement Administrator at: Alliance Entertainment Holding Corp. Stockholders Litigation, c/o Strategic Claims Services, P.O. Box 230, 600 N. Jackson St., Ste. 205, Media, PA 19063. If you choose the second option, the Settlement Administrator will send a copy of the Notice to the beneficial owners. The Settlement Administrator shall, if requested, reimburse nominees or custodians out of the Settlement Fund solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners, which expenses would not have been incurred except for the providing names, addresses, and email addresses, of up to \$0.03 per name, address, and email address provided to the Settlement Administrator; up to \$0.03 per unit for each Notice actually mailed, plus postage at the pre-sort rate used by the Settlement Administrator; or up to \$0.03 per email notice sent, and subject to further order of the Court with respect to any dispute concerning such reimbursement.

44. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred by providing the Settlement Administrator with proper documentation supporting the expenses for which reimbursement is sought. A copy of this Notice may also be obtained from the Settlement website, www.strategicclaims.net/Alliance, by calling the Settlement Administrator toll free at 866-274-4004, or by emailing the Settlement Administrator at info@strategicclaims.net.

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE REGISTER IN CHANCERY REGARDING THIS NOTICE.

BY ORDER OF THE
COURT OF CHANCERY
OF THE STATE OF DELAWARE

Dated: April 2, 2025

Alliance Entertainment Holding Corp. Stockholders Litigation
c/o Strategic Claims Services
600 N. Jackson Street, Suite 205
Media, PA 19063

IMPORTANT LEGAL NOTICE – PLEASE FORWARD