

Notice of Annual General Meeting – Franchise Brands plc



Company number: 10281033

NOTICE IS HEREBY GIVEN that the annual general meeting of Franchise Brands plc (company number: 10281033) (the **Company**) will be held at the offices of Gateley Plc, 1 Paternoster Square, London EC4M 7DX on Tuesday 23 April 2019 at 11:00 am. Shareholders will be asked to consider and, if thought fit, pass the following resolutions of which resolutions 1 to 14 (inclusive) will be proposed as ordinary resolutions and resolutions 15 to 17 (inclusive) will be proposed as special resolutions.

Notice of Annual General Meeting

Ordinary Resolutions

1. To receive the Company's annual report and accounts for the financial year ended 31 December 2018, the directors' report and the report of the independent auditors on those accounts.
2. To declare a final dividend for the financial year ended 31 December 2018 at the rate of 0.46 pence per ordinary share payable on 20 May 2019 to the shareholders on the register of members of the Company as at the close of business on 3 May 2019.
3. To re-elect Robin Christian Bellhouse, who retires and who, being eligible, offers himself for re-election as a director.
4. To re-elect Julia Rosalind Choudhury, who retires and who, being eligible, offers herself for re-election as a director.
5. To re-elect Timothy John Harris, who retires and who, being eligible, offers himself for re-election as a director.
6. To re-elect Stephen Glen Hemsley, who retires and who, being eligible, offers himself for re-election as a director.
7. To re-elect David John Poutney, who retires and who, being eligible, offers himself for re-election as a director.
8. To re-elect Nigel William Wray, who retires and who, being eligible, offers himself for re-election as a director.
9. To re-elect John Christopher Stewart Dent, who retires and who, being eligible, offers himself for re-election as a director.
10. To re-elect Peter John Molloy, who retires and who, being eligible, offers himself for re-election as a director.
11. To re-elect Colin David Rees, who retires and who, being eligible, offers himself for re-election as a director.
12. To reappoint BDO LLP as auditors of the Company from the conclusion of the meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid.
13. To authorise the directors to determine the remuneration of the auditors of the Company.
14. **THAT**, in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the **Act**) to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as **Relevant Securities**) up to an aggregate nominal value of £129,553 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company) **PROVIDED THAT** this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 15 months from the date of this resolution (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Special Resolutions

15. **THAT**, if resolution 14 above is passed, the directors of the Company be authorised to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution 14 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:
- 15.1 the allotment of equity securities or sale of treasury shares in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any territory; and
- 15.2 the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 15.1 above) up to an aggregate nominal amount of £58,299, representing approximately 15% of the current share capital of the Company, such authority to expire at the end of the next annual general meeting of the Company or on the date which is 15 months from the date of this resolution (if earlier) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the directors of the Company may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.
16. **THAT**, if resolution 14 above is passed, and in addition to any authority granted under resolution 15 above, the directors of the Company be and are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot equity securities for cash under the authority given by that resolution 14 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment of equity securities, such authority to be:
- 16.1 limited to the allotment of equity securities or sale of treasury shares pursuant to the authority granted under resolution 14 up to an aggregate nominal amount of £19,433 representing approximately 5% of the current share capital of the Company; and
- 16.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice of annual general meeting of the Company, such authority to expire at the end of the next annual general meeting of the Company or on the date which is 15 months from the date of this resolution (if earlier) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the directors of the Company may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.
17. **THAT**, the Company be authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of its ordinary shares of 0.5 pence each provided that:
- 17.1 the maximum number of ordinary shares authorised to be purchased is 7,773,203;
- 17.2 the minimum price which may be paid for any such ordinary share is £0.005;
- 17.3 the maximum price which may be paid for an ordinary share shall be the higher of:
- 17.3.1 an amount equal to 105% of the average middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
- 17.3.2 the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and
- 17.4 this authority will expire at the end of the next annual general meeting of the Company or on the date which is 15 months from the date of this resolution (if earlier), but the Company may enter into a contract for the purchase of ordinary shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

BY ORDER OF THE BOARD

Mark Peters

Company Secretary

Date: 29 March 2019

Registered office:

Ashwood Court,
Tytherington Business Park,
Macclesfield,
SK10 2XF

Notes

1. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. A member entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form of proxy. The proxy need not be a member of the Company. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
2. The notes to the form of proxy explain how to direct your proxy how to vote on each resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting. Completion of the form of proxy will not preclude a member from attending and voting in person.
3. A form of proxy is enclosed with this notice. To be valid, the form must be deposited at the offices of the Company's Registrars, SLC Registrars, Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS not less than 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time fixed for holding the meeting or any adjourned meeting.
4. Subject to the following principles, where more than one proxy is appointed, where a form of proxy does not state the number of shares to which it applies (a **"blank proxy"**) then that proxy is deemed to have been appointed in relation to the total number of shares registered in your name (the member's **"entire holding"**). In the event of a conflict between a blank proxy and a form of proxy which does state the number of shares to which it applies (a **"specific proxy"**), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).
5. Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last delivered. Proxies in the same envelope will be treated as sent and delivered at the same time, to minimise the number of conflicting proxies.
6. If conflicting proxies are sent or delivered at the same time in respect of (or deemed to be in respect of) your entire holding, none of them shall be treated as valid.
7. Where the aggregate number of shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or delivered (or they were all sent or delivered at the same time), the number of votes attributed to each proxy will be reduced pro rata (on the basis that as far as possible, conflicting forms of proxy should be judged to be in respect of different shares). Where this gives rise to fractions of shares, such fractions will be rounded down.
8. If you appoint a proxy or proxies and then decide to attend the meeting in person and vote, on a poll, using your poll card, then your vote in person will override the proxy vote(s). If your vote in person is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the meeting in respect of less than your entire holding, if you indicate on your polling card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then your vote in person will be treated in the same way as if it were the last delivered proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.
9. In relation to note 8 above, in the event that you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **“CREST Proxy Instruction”**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company’s agent, SLC Registrars, (ID 7RA01) not less than 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time fixed for holding the meeting or any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means
13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see note 3 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. In order to revoke a proxy instruction you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to SLC Registrars at the address set out at note 3. The revocation notice must be received by SLC Registrars no later than 11:00 am on 19 April 2019. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid.
17. In the case of a member which is a company, the form of proxy and any revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the form of proxy and any revocation notice is signed (or a duly certified copy of such power or authority) must be included with the form of proxy and any revocation notice.
18. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend, speak and vote at the annual general meeting is 6.30 pm on 19 April 2019. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend, speak or vote at the meeting
19. The following documents will be available for inspection at the Company’s registered office address from the date of this notice until the time of the meeting and for at least 15 minutes prior to the meeting and during the meeting:
 - 19.1 copies of contracts of service of executive directors with the Company; and/or
 - 19.2 copies of the letters of appointment of the non-executive directors of the Company.
20. Except as provided above, members who have general queries about the meeting should contact Chris Dent, Chief Financial Officer on +44 (0) 1625 813231 (no other methods of communication will be accepted). You may not use any electronic address provided either:
 - 20.1 in this notice of annual general meeting; or
 - 20.2 any related documents (including the form of proxy), to communicate with the Company for any purposes other than those expressly stated.

Explanatory notes on certain business of the annual general meeting

Resolutions 3 to 11 – Appointments of directors

In line with best practice, each of the other serving directors will retire from office and, being eligible, offers themselves for re-election.

Resolution 14 – Directors' power to allot relevant securities

Under section 551 of the Act, relevant securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £129,553, which is equal to one third of the nominal value of the current ordinary share capital of the Company. Unless previously revoked or varied, the authority will expire on the conclusion of the next annual general meeting of the Company or on the date which is 15 months from the date of the resolution being passed (if earlier).

Resolutions 15 and 16 – Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. These resolutions exclude that statutory procedure as far as rights issues are concerned.

These special resolutions are drawn up in accordance with the Pre-Emption Group's Statement of Principles, and enable the directors to allot shares up to:

- (a) an aggregate nominal value of £58,299, which is equal to 15% of the nominal value of the current ordinary share capital of the Company, which could be used for any purpose; and
- (b) an additional aggregate nominal value of £19,433, which is equal to 5% of the nominal value of the current ordinary share capital of the Company, which could only be used for an acquisition or specified capital investment,

subject in each case to resolution 14 being passed. The directors believe that the limited powers provided by these resolutions will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplications will expire on the conclusion of the next annual general meeting of the Company or on the date which is 15 months from the date of the resolution being passed (if earlier).

Resolution 17 – Authority to make market purchases of the Company's shares

As permitted by the Act, the Company seeks authority to buy back its own shares by way of on-market purchases. Any shares acquired in this way can either be cancelled, or held as treasury shares. No dividends are paid on any shares while held in treasury and no voting rights will attach to treasury shares.

If adopted, this resolution would authorise the Company to purchase up to 7,773,203 ordinary shares of 0.5p each, equating to 10% of the Company's issued share capital, by way of on-market purchases on the London Stock Exchange, subject to the limitations in the resolution on the minimum and maximum prices that may be paid. This authority, and the level of authorisation sought, are in line with best practice. The authority would only be exercised if, in the opinion of the directors, this will result in an increase in earnings per share and would otherwise be in the best interests of the Company. If granted, the directors have the intention of exercising the authority, which will expire at the conclusion of the AGM in 2020 (or, if earlier, on 27 July 2020) unless renewed, varied or revoked at that or any earlier general meeting, in line with the continuation of the limited stock repurchase plan which has previously been announced on the London Stock Exchange to limit the dilution effect of the Company's employee share option plans.

The full exercise of all options outstanding under the Company's employee share plans would, as at the date of this notice of meeting, require the issue of 4,533,530 ordinary shares, representing 5.83% of the number of shares in issue at the same date, or 6.48% if the proposed authority to purchase the Company's own shares had been obtained and exercised in full.

