

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014 ("MAR")

1 November 2016

FRANCHISE BRANDS PLC
("Franchise Brands", the "Group", or the "Company")

Acquisition of Barking Mad Limited

Franchise Brands, a multi-brand international franchisor, is pleased to announce that on 31 October 2016 it acquired the entire issued share capital of Barking Mad Limited ("**Barking Mad**" or the "**Acquisition**") for a total consideration of £900,000. This represents the Group's first acquisition as part of its stated buy and build strategy following the recent successful IPO.

Highlights:

- Barking Mad is a pioneer and leading franchise provider of dog sitting services in the UK. It currently has 75 franchised territories across the UK, operated by 71 franchisees. Based on unaudited statutory accounts, Barking Mad's revenue for the year ended 30 April 2016 was £616,000 (2015: £561,000) and profit before tax was £155,000 (2015: £103,000). Barking Mad had net assets of £115,000 as at 30 April 2016.
- Consideration for the Acquisition is £900,000, of which £400,000 has been satisfied via the issue of 761,193 new ordinary shares of 0.5 pence each in the capital of Franchise Brands ("Consideration Shares") at a price of 52.54914 pence per share. All these shares will be issued to Barking Mad's founder and Managing Director, Lee Dancy, and her husband and will be subject to a three year selling restriction.
- The remaining £500,000 of the consideration was paid in cash from the Company's existing cash resources. It is warranted by the vendors that the cash in Barking Mad's balance sheet at completion of the Acquisition will not be less than £150,000.
- The Board of Franchise Brands ("Board") believes the Acquisition will be earnings enhancing in the first full year following acquisition.
- Barking Mad's founder and majority shareholder, Lee Dancy, has agreed to continue to manage the company and will join the Franchise Brands leadership team.
- The Acquisition broadens Franchise Brands' portfolio of businesses with a market leading brand which has an attractive model for franchisees, a strong management team and a similar customer base to the Group's existing franchise brands. Following the Acquisition, Franchise Brands has over 400 franchisees in 12 countries.
- The Board believes that there is substantial scope for Barking Mad to increase the number of franchised territories and also grow system sales by supporting franchisees' growth with the Group's established central services, particularly marketing.

Stephen Hemsley, Executive Chairman of Franchise Brands, said:

"I am delighted to announce our first acquisition following the recent successful IPO. Barking Mad is the leading franchise provider of dog sitting services in the UK and its franchisees benefit from very high levels of customer satisfaction and repeat business.

"The acquisition of Barking Mad fits very well with our stated strategy of acquiring franchise businesses which could benefit from our central services, whilst addressing the same B2C market as our existing brands. We see a substantial opportunity to work with Lee Dancy, Managing Director of Barking Mad, and her team to grow the Barking Mad franchise network and to help Barking Mad's franchisees continue to successfully build their businesses."

Further information on Barking Mad is set out below.

Issue of Equity/ Total Voting Rights

Application has been made for the Consideration Shares to be admitted to trading on AIM ("Admission"). Admission is expected to occur on or around 4 November 2016. Following Admission, the total number of ordinary shares of 0.5p each in the Company in issue will be 47,881,286. The Consideration Shares will rank *pari passu* in all respects with the existing ordinary shares.

There are no ordinary shares held in treasury and so the total number of voting rights in the Company is 47,881,286. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules.

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Further information on Barking Mad:

Barking Mad is a pioneer in the market for professionally-organised dog sitting services. It was founded in 2000 by Lee Dancy, Managing Director. Barking Mad's customer proposition is that it provides peace of mind for dog owners while they are away by providing a professional, tailor made, and fully insured, dog sitting service and it is an alternative to kennels. Barking Mad's franchisees market to individual customers and then recruit "host" families who look after customers' dogs in their own houses when they are away.

Barking Mad has an estimated 20,000 active customers. Barking Mad is ranked number 1 on Trust Pilot out of 172 companies in the Pets category with an average score of 9.9 out of 10. This level of trust in the brand and service has enabled franchisees to achieve substantial repeat revenue.

The market for Barking Mad's services is substantial. According to the Pet Food Manufacturers' Association's annual Pet Population Report 2016, 24% of UK households have a dog.

Barking Mad currently has 75 franchised territories across the UK, operated by 71 franchisees. The number of franchisees has grown nearly 30% over the past 4 years. In the year to 30 April 2016, Barking Mad recruited 12 new franchisees and resold 7 franchises to new owners.

The initial franchise fee is £15,102 (plus VAT). The term of the franchise agreement is 5 years, after which franchisees have the right to enter into a new franchise agreement provided that they have substantially observed and performed the terms of the agreement.

Barking Mad is a royalty-based franchise whereby franchisees pay a Management Service Fee of 10% each month based on the prior month's turnover as well as make a contribution to a national marketing fund. System sales (i.e. turnover of all franchisees) in the year to 30 April 2016 were £3,109,000.

Barking Mad is a member of the Pet Services Association, a division of the Pet Industry Federation and a full member of the British Franchise Association.

Further information on Franchise Brands:

Franchise Brands is a group of international multi-brand franchisors with a combined network of over 400 franchisees in 12 countries, but predominantly in the UK. Prior to the acquisition of Barking Mad, the Group's two main brands were ChipsAway, a mobile car paintwork repair specialist with over 225 franchisees, and Ovenclean, a mobile domestic oven cleaning business with close to 100 franchisees. These businesses deliver services to individuals of a similar socio-economic group through the Group's franchisees.

Founded in September 2008 by Stephen Hemsley (Executive Chairman) and Nigel Wray (Non-Executive Director), the Group's principal shareholders, Franchise Brands has a highly experienced management team and Board with extensive expertise in franchising (gained through their notable involvement with Domino's Pizza), operating and growing profitable businesses and investigating acquisition targets.

Franchise Brands has developed a highly professional central services platform including marketing, franchise recruitment and support services such as IT, which enables it to support the acquisition of some new franchise brands without significantly increasing its central overhead.

The Board has a clear strategy to build the Group by the selective, earnings enhancing acquisition of high quality franchise businesses that can benefit from its central services, whilst addressing the same B2C market as its existing brands. Selective acquisitions are intended to supplement organic growth derived from increasing the number of franchisees in the existing brands and supporting existing franchisees who wish to grow their businesses.

Franchise Brands was admitted to AIM in August 2016 (ticker code: FRAN.L).