

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Document or as to the action you should take, you are recommended to seek your own personal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this Document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The forwarding or distribution of this Document and/or any accompanying documents into a jurisdiction other than the United Kingdom may be restricted by law or regulation and therefore should not be distributed, forwarded to or transmitted in or into a Restricted Jurisdiction, nor in or into any other jurisdiction where to do so would breach any applicable law or regulation.

The Directors (whose names and functions appear on page 6 of this Document) accept responsibility, both collectively and individually, for the information contained in this Document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority (“FCA”).**

In addition, this Document does not constitute an admission document drawn up in accordance with the AIM Rules.

Franchise Brands plc

(incorporated and registered in England and Wales with registered number 10281033)

Recommended all-share offer for Filta Group Holdings plc, issue of up to 33,788,060 New Franchise Brands Shares and Notice of General Meeting

This Document should be read as a whole. However, your attention is drawn to the letter from the Executive Chairman of the Company which is set out in this Document and which contains, amongst other things, a recommendation from the Directors that you vote in favour of the Resolution to be proposed at the General Meeting.

Allenby Capital Limited (“**Allenby**”), which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser, nominated adviser and broker to the Company pursuant to the AIM Rules and will not be acting for any other person (including a recipient of this Document) or otherwise be responsible to any person for providing the protections afforded to clients of Allenby or for advising any other person in respect of the matters set out in this Document or any transaction, matter or arrangement referred to in this Document. Allenby’s responsibilities as the Company’s nominated adviser and broker are owed solely to London Stock Exchange and are not owed to the Company or to any Director.

Apart from the responsibilities and liabilities, if any, which may be imposed on Allenby by FSMA or the regulatory regime established thereunder, Allenby does not accept any responsibility whatsoever for the contents of this Document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the matters set out in this Document. Allenby accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this Document or any such statement.

Notice of the General Meeting of Franchise Brands plc, to be held at the Company’s offices at Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF at 9.00 a.m. on 7 March 2022, is set out at the end of this Document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company’s registrars by no later than 9.00 a.m on 3 March 2022 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for the adjourned meeting).

Covid-19

Please note we may have to limit numbers at the General Meeting due to the ongoing Covid-19 pandemic and if you do attend in person you may be requested to wear a mask. The Company is closely monitoring developments relating to Covid-19, if it becomes necessary to alter the arrangements of the General Meeting Shareholders will be notified via our website and, where appropriate, announced via a Regulatory Information Service. Please do not attend the General Meeting in person if you have symptoms that may be caused by Covid-19, or if you are waiting for a test, if you have received a positive Covid-19 test result, or live with someone with Covid-19 symptoms, or with someone who has tested positive for Covid-19.

If you would like to vote on the Resolution, you can appoint a proxy to exercise your right to vote at the General Meeting. As such, you are strongly encouraged to appoint the chairman of the General Meeting to act as your proxy as any other named person is also strongly recommended not to attend in person.

You are requested to register your proxy votes as soon as possible but in any event by no later than 9.00 a.m. on 3 March 2022.

At the General Meeting itself, voting on the Resolution will be conducted by way of a poll.

Application will be made to the London Stock Exchange for the New Franchise Brands Shares to be admitted to trading on AIM, subject to the Resolution being passed at the General Meeting. It is expected that the admission of the New Franchise Brands Shares will become effective and dealings will commence at 8.00 a.m. on the day the Offer becomes wholly unconditional. The New Franchise Brands Shares will, when issued at Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares and otherwise rank *pari passu* in all respects with the Existing Ordinary Shares.

This Document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this Document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, a Restricted Jurisdiction or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries, where to do so would breach any applicable law or regulation. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, a Restricted Jurisdiction or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, New Zealand, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, New Zealand, the Republic of South Africa or Japan.

Overseas shareholders and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this Document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

Any failure to comply with these restrictions may constitute a violation of relevant securities laws or regulations of the jurisdictions concerned.

It is the responsibility of any person receiving a copy of this Document outside the United Kingdom to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. Persons (including, without limitation, custodians, nominees and trustees) receiving this Document should not distribute or send this Document into any jurisdiction when to do so would, or might, contravene local securities laws or regulations.

A copy of this Document is available at www.franchisebrands.co.uk. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this Document.

IMPORTANT NOTICE

Cautionary note regarding forward-looking statements

This Document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Existing Franchise Brands Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Existing Franchise Brands Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Existing Franchise Brands Group’s and the Company’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this Document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this Document.

Notice to overseas persons

The distribution of this Document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Presentation of financial information

Certain data in this Document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this Document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent. In this Document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

Interpretation

Certain terms used in this Document are defined and certain technical and other terms used in this Document are explained at the section of this Document under the heading “Definitions”.

All times referred to in this Document and the Form of Proxy are, unless otherwise stated, references to London time.

All references to legislation in this Document and the Form of Proxy are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>2022</i>
Announcement of the Offer	16 February
Publication and posting of this Document and Form of Proxy	18 February
Latest time and date for receipt of Forms of Proxy	9.00 a.m. on 3 March
General Meeting	9.00 a.m. on 7 March
Announcement of the result of the General Meeting	7 March

Notes:

Each of the above times and/or dates is subject to change at the absolute discretion of the Company and Allenby. If any of the above times and/or dates should change, the revised times and/or dates will be announced through a Regulatory Information Service.

STATISTICS

Number of Existing Ordinary Shares at the Latest Practicable Date	95,865,069
Number of New Franchise Brands Shares	Up to 33,788,060
Enlarged Issued Share Capital	Up to 129,653,669
New Franchise Brands Shares as a percentage of the Enlarged Issued Share Capital	26.1 per cent.*

* Assuming that the Offer becomes or is declared wholly unconditional and it is accepted in full.

DIRECTORS, SECRETARY AND ADVISERS

Directors

Stephen Hemsley, *Executive Chairman*
Chris Dent, *Chief Financial Officer*
Julia Choudhury, *Corporate Development Director*
Tim Harris, *Managing Director–B2C Division*
Peter Molloy, *Managing Director–Metro Rod & Metro Plumb*
Colin Rees, *Chief Information Officer*
Nigel Wray, *Non-Executive Director*
David Poutney, *Non-Executive Director*
Rob Bellhouse, *Non-Executive Director*

all of:

Ashwood Court
Springwood Close
Tytherington Business Park
Macclesfield
England
SK10 2XF

Company Secretary

Mark Peters

Company website

www.franchisebrands.co.uk

Financial Adviser, Nominated Adviser and Joint Broker to the Company

Allenby Capital Limited
5 St. Helen's Place
London
EC3A 6AB

Financial Adviser and Joint Broker to the Company

Dowgate Capital Limited
15 Fetter Lane
London
EC4A 1BW

Lawyers to the Company

Gateley Legal
One Eleven
Edmund Street
Birmingham
B3 2HJ

Accountants and auditors to the Company

BDO LLP
55 Baker Street
London
W1U 7EU

Financial PR to the Company

MHP (a trading division of Engine Partners UK LLP)
60 Great Portland Street
London
W1W 7RT

Registrars to the Company

SLC Registrars
Highdown House
Yeoman Way
Worthing
BN99 3HH

DEFINITIONS

The following definitions apply throughout this Document unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended);
“Admission”	admission of the New Franchise Brands Shares to trading on AIM;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the rules and guidance notes for AIM companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
“Allenby”	Allenby Capital Limited, a limited liability company incorporated and registered in England and Wales with registered number 06706681, authorised and regulated by the FCA, and the Company’s financial adviser, nominated adviser and joint broker;
“Announcement”	the joint announcement made by Franchise Brands and Filta on 16 February 2022 in relation to the Offer pursuant to Rule 2.7 of the Code;
“Business Day”	a day on which dealings in domestic securities may take place on the London Stock Exchange;
“Certificated form” or “in Certificated form”	an Ordinary Share recorded on the Register as being held in certificated form (namely, not in CREST);
“Circular” or “Document”	this document;
“Closing Price”	unless otherwise stated, the closing middle market quotation derived from the AIM Appendix to the Daily Official List;
“Code”	The City Code on Takeovers and Mergers;
“Company” or “Franchise Brands”	Franchise Brands plc, a company incorporated and registered in England and Wales with registered number 10281033;
“Conditions”	the conditions to the Offer, as set out in the Offer Document;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended);
“Directors” or “Board”	the directors of the Company whose names are set out on page 6 of this Document, or any duly authorised committee thereof;
“Enlarged Group”	the Group, as enlarged by the Offer;
“Enlarged Issued Share Capital”	up to 129,653,669 Franchise Brands Shares, being the entire issued Ordinary Share capital of the Company following the Offer, assuming the Offer is declared unconditional and accepted in full;
“Euroclear”	Euroclear UK & International Limited, the operator of CREST;

“Exchange Ratio”	1.157 New Franchise Brands Shares in exchange for each Filta Share;
“Existing Franchise Brands Group”	the Company and its subsidiary undertakings as at the date of this Document;
“Existing Ordinary Shares”	the 95,865,609 Ordinary Shares in issue at the date of this Document, all of which are admitted to trading on AIM;
“Existing Shareholders”	the holders of Existing Ordinary Shares;
“FCA”	the Financial Conduct Authority;
“Filta”	Filta Group Holdings plc, a company incorporated and registered in England and Wales with registered number 10095071;
“Filta Directors” or “Filta Board”	the directors of Filta at the date of the Offer Document;
“Filta EMI Plan”	the 2017 Filta Group Holdings plc Enterprise Management Incentive Scheme (adopted by the Directors of Filta on 20 April 2017);
“Filta Group”	Filta and its subsidiary undertakings as at the date of this Document;
“Filta Incentive Schemes”	together, the Filta EMI Plan and the SARs Plan;
“Filta Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of ten pence each in the capital of Filta and any further ordinary shares which are unconditionally allotted or issued whilst the Offer remains open for acceptance or, subject to the provisions of the Code, by such earlier date as Franchise Brands may determine;
“Filta Shareholders”	holders of Filta Shares from time to time;
“Form of Proxy”	the form of proxy for use in connection with the General Meeting which accompanies this Document;
“Franchise Brands Share Schemes”	the existing Franchise Brands share incentive schemes, under which options are held over Franchise Brands shares;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“General Meeting”	a duly convened general meeting (or any adjournment thereof) of the Shareholders at which the Resolution will be proposed, to be held at the Company’s offices at Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF at 9.00 a.m. on 7 March 2022, notice of which is set out in the Notice of General Meeting;
“ISIN”	International Securities Identification Number;
“Latest Practicable Date”	17 February 2022, being the latest practicable date prior to the posting of this Document;
“London Stock Exchange”	London Stock Exchange plc;
“New Franchise Brands Shares”	up to 33,788,060 new Ordinary Shares to be allotted and issued pursuant to the Offer;

“Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this Document;
“Offer”	the offer made by or on behalf of Franchise Brands to acquire the entire issued and to be issued share capital of Filta and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
“Offer Document”	the offer document issued by Franchise Brands dated 18 February 2022 sent to Filta Shareholders in connection with the Offer;
“Offer Period”	the offer period (as defined by the Code) relating to Filta, which commenced on the date of the Announcement and will end on the earlier of the date the Offer becomes unconditional or the date on which the Offer lapses or is withdrawn;
“Offer Value”	the value of 1.157 Franchise Brands Shares at any particular time, which on the Latest Practicable Date was 168.3 pence;
“Ordinary Shares”	the ordinary shares of 0.5 pence each in the capital of the Company;
“Panel”	The Panel on Takeovers and Mergers;
“Register”	the register of members of the Company maintained by the Registrars;
“Registrars”	SLC Registrars Limited, a company incorporated and registered in England and Wales with registered number 01991542;
“Resolution”	the resolution set out in the Notice of General Meeting;
“Restricted Jurisdiction”	Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States;
“Shareholders”	holders of Ordinary Shares;
“sterling”, “pounds sterling”, “£”, “pence”, “penny” or “p”	the lawful currency of the United Kingdom;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Unconditional Date”	the 60th day following the publication of this document (being 19 April 2022) or such other date as Franchise Brands may specify in accordance with the Code;
“\$” or “US dollar”	the lawful currency of the United States of America;
“US Securities Act”	the United States Securities Act of 1933 (as amended).

**LETTER FROM THE
EXECUTIVE CHAIRMAN OF FRANCHISE BRANDS PLC**

Franchise Brands plc

(Incorporated in England and Wales with registered number 10281033)

Stephen Hemsley, *Executive Chairman*
Chris Dent, *Chief Financial Officer*
Julia Choudhury, *Corporate Development Director*
Tim Harris, *Managing Director – B2C Division*
Peter Molloy, *Managing Director – Metro Rod & Metro Plumb*
Colin Rees, *Chief Information Officer*
Nigel Wray, *Non-Executive Director*
David Poutney, *Non-Executive Director*
Rob Bellhouse, *Non-Executive Director*

Registered Office:
Ashwood Court
Springwood Close
Tytherington Business Park
Macclesfield
England
SK10 2XF

18 February 2022

To holders of Ordinary Shares and to holders of options

Dear Shareholder,

**Recommended all-share offer for Filta Group Holdings plc, issue of up to
33,788,060 New Franchise Brands Shares and Notice of General Meeting**

1. Introduction

On 16 February 2022, the Filta Directors and the Board announced that they had reached agreement on the terms of a recommended all-share offer to be made by Franchise Brands for the entire issued and to be issued share capital of Filta, to be implemented by means of a Code takeover offer.

The purpose of this letter is to explain to Shareholders the background to and reasons for the Offer and to seek Shareholders' approval of the Resolution to enable the Directors to issue the New Franchise Brands Shares pursuant to the Offer. The Notice of General Meeting is set out at the end of this document.

For information purposes only, a copy of the Offer Document sent to Filta Shareholders is enclosed with this Document and is available on our website.

2. Summary of the terms of the Offer

Under the Offer, Franchise Brands is offering to acquire the entire issued and to be issued share capital of Filta on the following basis:

1.157 New Franchise Brands Shares in exchange for each Filta Share

The New Franchise Brands Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive and retain dividends and other distributions declared, made or paid. Application will be made to the London Stock Exchange for the New Franchise Brands Shares to be admitted to trading on AIM.

Upon the Offer becoming or being declared unconditional in all respects and assuming Franchise Brands acquires all the fully diluted share capital of Filta, Filta Shareholders will own approximately 26.1 per cent. of the Enlarged Issued Share Capital (based on the Existing Ordinary Shares and on the assumption that the Offer is accepted in respect of the fully diluted share capital of Filta).

Based on the Exchange Ratio and the Closing Price per Existing Ordinary Share of 145.5 pence on the Latest Practicable Date, the Offer is equivalent in value to 168.3 pence for each Filta Share. The Offer Value values the entire issued and to be issued ordinary share capital of Filta at approximately £49.2 million.

The Offer Value at the Latest Practicable Date represents a premium of approximately:

- 6.2 per cent. to the Closing Price of 158.5 pence per Filta Share on 15 February 2022 (being the latest practicable date prior to the commencement of the Offer Period);
- 8.6 per cent. to the Closing Price of 155.0 pence per Filta Share on the Latest Practicable Date;
- 22.1 per cent. to the volume-weighted average price of 137.9 pence per Filta Share for the three months ended 15 February 2022 (being the latest practicable date prior to the commencement of the Offer Period); and
- 15.5 per cent. to the volume-weighted average price of 145.7 pence per Filta Share for the twelve months ended 15 February 2022 (being the latest practicable date prior to the commencement of the Offer Period).

In addition, the volume-weighted average price for the 30 day period ended 15 February 2022 (being the latest practicable date prior to the commencement of the Offer Period) of 157.1 pence per Franchise Brands Share multiplied by the Exchange Ratio represents a premium of 29.8 per cent. over the volume-weighted average price for the 30 day period ended 15 February 2022 (being the latest practicable date prior to the commencement of the Offer Period) of 140.0 pence per Filta Share.

If, after the date of the Announcement and before the Offer becomes or is declared wholly unconditional, any dividend and/or other distribution and/or other return of capital is announced, declared, made or paid or becomes payable in respect of the Filta Shares, Franchise Brands reserves the right to reduce the Offer Value by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared, made, paid or payable. If Franchise Brands exercises this right or makes such a reduction to the Offer Value in respect of a dividend and/or other distribution and/or return of capital, Filta Shareholders will be entitled to receive and retain that dividend and/or distribution and/or return of capital. Any exercise by Franchise Brands of its right referred to in this paragraph shall be subject of an announcement and, for the avoidance of doubt, shall not constitute a revision or variation to the terms of the Offer for the purposes of the Code.

The Offer is conditional upon, amongst other matters, the passing of the Resolution and Franchise Brands receiving valid acceptances in respect of, and/or having otherwise acquired, Filta Shares which constitute more than 75 per cent. of the voting rights relating to the Filta Shares.

The full terms and conditions of the Offer are set out in the Offer Document.

3. Background to and reasons for the Offer

Franchise Brands is focused on building market-leading businesses primarily through a franchise model. It currently has a combined network of over 425 franchisees across five principal franchise brands in the UK. Its focus is on established brands that can benefit from its shared support services, specialist sector expertise, management experience and group resources.

Franchise Brands has continued to selectively seek earnings-enhancing acquisitions of complementary B2C franchise businesses where we can leverage its existing divisional structure and high-quality shared support services. Having visibility of both franchisees' and franchisors' longer-term viability following the COVID-19 crisis is a key factor. We also remain interested in the acquisition of complementary B2B businesses that will assist in expanding the range of services offered by our B2B franchisees. Finally, we stated in our 2020 annual report that we were searching for additional franchise businesses of scale that could create a third division of the Group.

In Franchise Brands' half year results announced on 22 July 2021, we stated that with all our main businesses growing again and with a positive outlook, we are confident that the Group's organic growth priorities are well supported and on track to deliver and we are, therefore, increasing our focus on growth by acquisition and are actively reviewing acquisition opportunities that would be significantly earnings-enhancing.

The Franchise Brands Board and the Filta Board believe that the merging of the Franchise Brands and Filta businesses, by way of the Offer, if the Offer becomes or is declared wholly unconditional, would deliver significant benefits to all stakeholders including:

- establishing an enlarged Group of greater scale, able to leverage the combined franchising and management experience and expertise, shared support services and resources to drive future growth in revenue and profits;
- enabling the Enlarged Group to offer one-stop solutions to its combined commercial customer base. The businesses of Franchise Brands and Filta in the UK each have a slightly different focus. Franchise Brands' Metro Rod, Metro Plumb and Willow Pumps businesses are primarily focused on reactive work serviced from a national network of 50 depots across the UK. In contrast, the Filta businesses are focused on planned maintenance and installation services. By combining these strengths, the Franchise Brands Directors believe the Enlarged Group would have the ability to offer a broader range of services to its combined customer base and provide competitive advantages in its ambition to offer a "Water In, Waste Out" service to the commercial sector in the UK;
- the complementary nature of the services provided by the Enlarged Group, together with the breadth of the customer base of the combined direct labour businesses in the UK, will also provide significant opportunities for future growth. When combined with the Metro Rod national depot network, the Enlarged Group will have a comprehensive service offering for customers requiring planned maintenance and reactive services in a wide range of sectors;
- Filta has a well-established and successful franchise business in North America. The combination of the strength and depth of experienced management and Filta's high-quality support infrastructure and services means the Enlarged Group will be well placed to expand both organically and by acquisition in this very large market;
- the opportunity for Filta to grow its UK franchise business using Franchise Brands' established franchise recruitment and support infrastructure;
- the opportunity for Filta to continue to develop its European franchise business supported by Franchise Brands' management experience and expertise, shared support services and established UK support infrastructure.
- leveraging the investment Franchise Brands has made in the digital transformation of its businesses, which has provided it with scaleable, customisable, proprietary IT systems, for the benefit of the Enlarged Group;
- the combination of the experienced management teams of Franchise Brands and Filta will enhance the growth opportunities of the Enlarged Group both in the UK and internationally;
- Jason Sayers and Brian Hogan will join the Franchise Brands Board as Managing Director-Filta and Chief Financial Officer respectively, and will both strengthen the Enlarged Group's board and help to facilitate the smooth integration of the two businesses;
- cost savings through the elimination of duplicated public quoted company costs and certain UK operational costs and overheads;
- enhancing the Enlarged Group's ability to make acquisitions due to the additional managerial resources, balance sheet strength and international presence of the Enlarged Group;
- as an enlarged group with a higher market capitalisation and potentially increased liquidity in its shares, the opportunity to attract wider institutional investor interest providing greater access to capital. The Enlarged Group will be one of the UK's largest franchise businesses in terms of market capitalisation; and
- helping to attract and retain key people due to the increased size and scale of the Enlarged Group with increased opportunities for the employees of both businesses.

The Franchise Brands Board and Filta Board believe that the strategic rationale for the Offer as set out above is compelling, and the financial rationale for combining the businesses of Franchise Brands and Filta is sound, with the potential to deliver substantial benefits to customers, employees, franchisees, shareholders and other stakeholders of both Franchise Brands and Filta. The Offer is expected to result in enhanced value for Filta Shareholders and Franchise Brands Shareholders, reflecting a combination of the recommended Offer Value and the significant synergy potential of the Offer.

The share for share offer enables Filta Shareholders to participate fully in the potential value creation of the Enlarged Group and benefit from future shareholder returns, including participating in the continuation of Franchise Brands' progressive dividend policy following the Offer. In particular, Filta Shareholders that validly accept the Offer will be entitled to receive any final dividend that Franchise Brands might recommend, subject to shareholder approval, for the year ended 31 December 2021 in respect of the New Franchise Brands Shares they receive as a result of the Offer.

The Franchise Brands Board and Filta Board believe that the terms of the Offer fairly reflect both Franchise Brands' and Filta's respective standalone businesses and their prospects as well as an appropriate sharing of the anticipated synergies resulting from the Offer. In addition, Filta will have ongoing representation on the board of the Enlarged Group, with Jason Sayers and Brian Hogan joining the Franchise Brands Board as Managing Director-Filta and Chief Financial Officer respectively.

4. Management, employees and locations

Upon the Offer becoming or being declared wholly unconditional, the Franchise Brands Board intends that the existing business activities of Filta will operate as a standalone division of the Enlarged Group.

Franchise Brands recognises the quality of Filta's employees and management team and their importance to the success of Filta and believes that they will be a key factor in maximising the opportunities available to the Enlarged Group. Management and employees of both Franchise Brands and Filta will have the potential to benefit from new opportunities within the Enlarged Group following the Offer becoming or being declared wholly unconditional.

On the Offer becoming or being declared wholly unconditional, Jason Sayers will join the Franchise Brands Board as Managing Director-Filta. As announced on 7 December 2021, Franchise Brands' current Chief Financial Officer, Chris Dent, will be leaving Franchise Brands shortly after the announcement of its final results for the year ended 31 December 2021 in order to take up a new role. Franchise Brands is therefore pleased that Brian Hogan will also join the Franchise Brands Board as Chief Financial Officer. These appointments will both strengthen the Enlarged Group's board and help facilitate the smooth integration of the two businesses. On the Offer becoming or being declared wholly unconditional, it is intended that all of the Filta non-executive directors will resign from the Filta Board, with such resignation to take effect from the date of cancellation of Filta Shares from trading on AIM. Victor Clewes and JIubomir Urosevic, currently executive directors of Filta, will remain in the Filta business in senior management roles. No incentivisation arrangements for Filta's senior managers and employees have been discussed or agreed, and Franchise Brands expects to commence a review of the Filta and Franchise Brands compensation arrangements shortly after the Offer becoming or being declared wholly unconditional.

Franchise Brands intends to safeguard the existing statutory and contractual employment rights of Filta Group's management and employees and has no plans to make any material changes to the terms and conditions of employment.

The Franchise Brands Board believes that some cost savings will be available from an operational and administrative review of the Enlarged Group, which is likely to be required following the Offer to reduce costs arising from duplicated head office functions. It is anticipated that such review may lead to a small reduction in headcount of head office functions given the overlap in expertise between the Franchise Brands Group and the Filta Group, however, Franchise Brands will seek to redeploy such employees elsewhere within the Enlarged Group. Whilst any review is subject to detailed planning, Franchise Brands intends to engage with appropriate stakeholders, including employee representative bodies, to assess the overall impact of the finalisation of any such plans. Otherwise, Franchise Brands does not expect a material reduction in headcount or to make any material change to the balance of skills and functions of employees and management of Filta Group and Franchise Brands Group.

Filta operates two defined contribution pension schemes. There is no intention to make any changes to the current levels of pension contributions for existing members of, or admission of new members to, Filta's defined contribution pension schemes. Over time, Franchise Brands will seek to harmonise employee benefits across the Enlarged Group.

Franchise Brands has no intention to redeploy any material fixed assets of Filta or change Filta or Franchise Brands' locations of business or employment, including locations of their respective headquarters for at

least the next 12 months, as a consequence of the Offer. Franchise Brands has no intention to change, relocate or curtail Filta's existing new product research and development function. Franchise Brands has no intention of changing Filta's operational brand given its position in the market.

5. Information on the Filta Group

The Filta Directors believe that Filta is one of the market leaders in the commercial kitchen services sector, servicing restaurants, supermarkets, stadiums, healthcare, education, hotels and amusement parks. Trusted by many global brands, the Filta Group specialises in fryer management and grease and drain management, servicing businesses that require regular maintenance.

Filta provides cooking oil filtration and fryer management services to restaurants and other food establishments throughout North America, the UK and mainland Europe, servicing thousands of customers every week. This is Filta's core and original service, FiltaFry, which is operated by 180 Franchise Partners across the UK, USA and Europe.

Over the years, other products and services have been developed to be provided to the same customer base, taking advantage of Filta's market knowledge and working relationships to provide:

- fryer management and cooking oil services;
- fats, oils and grease management;
- wastewater pumping and treatment;
- commercial refrigeration seal replacement service; and
- automated extraction duct cleaning.

6. Financial Information on the Filta Group

In the year ended 31 December 2020, the Filta Group generated revenue of approximately £16.4 million, a loss before tax of approximately £0.9 million and had net assets on its balance sheet as at 31 December 2020 of approximately £7.7 million. In the unaudited interim results for the Filta Group for the six months to 30 June 2021, revenue was £9.7 million (H1 2020: £8.3 million) and it achieved a gross profit of £3.9 million (H1 2020: £3.4 million), giving an adjusted EBITDA of £1.3 million (H1 2020: £0.2 million). The reported unaudited profit before tax of £0.2 million (2020: loss of £0.8 million) was after incurring £1.0 million of non-cash or non-recurring charges (H1 2020: £0.9 million). Filta had net assets on its unaudited balance sheet as at 30 June 2021 of approximately £7.6 million.

Filta Current trading

On 7 February 2022, Filta announced a trading update confirming, *inter alia*, that revenues recovered strongly through 2021 and are now running at higher levels than they were before the impact of the pandemic. The record-setting third and fourth quarters helped the Group to finish the year with revenues of £23.6 million (2020: £16.4 million) (unaudited). This performance was led by a strong and early recovery in North America, where sales grew 82 per cent. year-on-year to a record of £14.2 million (2020: £7.8 million). Although the return to normality was slower in the UK operations, second half revenues increased by 37 per cent. over the first half, resulting in full year UK revenues of £8.9 million, up 10 per cent. on 2020.

Filta announced that its Group's cash position has continued to improve with net cash (including lease liabilities) of £0.7 million as of 31 December 2021 (31 December 2020: net debt £1.6 million).

7. Current trading of the Existing Franchise Brands Group

On 11 January 2022, Franchise Brands announced a trading update for the financial year ended 31 December 2021. Metro Rod system sales grew by 24 per cent. to a record £50.4 million (2020: £40.6 million). Willow Pumps' service division has continued to grow and contributed to the overall business growing sales for the year by 11 per cent. to £13.8 million (unaudited) (2020: £12.4 million). However, the supply and install division of Willow Pumps has been slower to recover. The Group's B2C division continues to perform robustly with 57 new recruits year-to-date (2020: 58), strong cash generation and continued tight cost control.

The strong cash generative nature of Franchise Brands' business allowed the early full repayment of its term loan. At the year end, Franchise Brands had cash of £9.0 million and an additional £5.0 million of unutilised debt facilities. The strength of the deleveraged balance sheet and high level of liquidity puts Franchise Brands in a strong position to support its franchisees, invest in the business and people, support a progressive dividend policy, and take advantage of earnings-enhancing acquisition opportunities.

Franchise Brands expects to announce its annual results for the year ended 31 December 2021 on 3 March 2022.

8. Dividends and dividend policy

As reported in Franchise Brands' annual report and accounts for the financial year ended 31 December 2020, the Franchise Brands Board has adopted a dividend policy to provide sustainable dividends to shareholders, consistent with the Group's earnings growth and debt gearing levels, to attract long-term investors and to enable shareholders to enjoy returns on their investment in tandem with the Group's growth. The payment and amount of any dividends or distributions to shareholders is at the discretion of the Board and, in the case of any final dividends, will be subject to shareholder approval.

Franchise Brands' recent dividend payment record (figures stated as pence per share)

<i>Year ending 31 December</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Interim (p)	0.17	0.21	0.30	0.30	0.60
Final (p)	0.33	0.46	0.65	0.80	*
Total (p)	0.50	0.67	0.95	1.10	*
per cent. increase	194.1	34.0	41.8	15.8	n.a.

* the final dividend for the year ending 31 December 2021 has not yet been recommended by the Board or approved by shareholders.

The increased diversification of the Enlarged Group, enhanced financial profile and earnings accretion are expected to support the generation of attractive and sustainable returns for shareholders in the Enlarged Group, including through dividends.

Following the Offer becoming or being declared wholly unconditional, Filta Shareholders that are issued Franchise Brands Shares pursuant to the Offer will receive any dividend that might be declared by Franchise Brands in respect of the year ended 31 December 2021 (if any).

9. Structure of the Offer

The Offer

It is intended that the Offer will be implemented by means of a Code takeover offer. Franchise Brands has reserved the right, with the consent of the Panel, to implement the acquisition of Filta by means of a court-sanctioned scheme of arrangement between Filta and the Filta Shareholders under Part 26 of the Act rather than the Offer, whether before or after the posting of the Offer Document, if Filta provides its prior written consent.

Conditions of the Offer

The Offer is subject to the Conditions and further terms and conditions as set out in the Offer Document. The Conditions include, among other things:

- (A) valid acceptances of the Offer having been received (and not validly withdrawn in accordance with the rules and requirements of the Code and the terms of the Offer) by no later than 1.00 pm on the Unconditional Date (or such other times and/or dates as Franchise Brands may specify, subject to the rules of the Code and where applicable with the consent of the Panel) in respect of such number of Filta Shares which, when aggregated with the Filta Shares held by Franchise Brands at the date of the Offer and any Filta Shares acquired or agreed to be acquired by Franchise Brands on or after such date, carry more than 75 per cent. (or, subject to the Code, such lower percentage as Franchise Brands may decide) of the voting rights then exercisable at a general meeting of Filta, provided that the Condition in this paragraph will not be satisfied unless Franchise Brands has acquired or agreed to

acquire (whether pursuant to the Offer or otherwise) Filta Shares carrying, in aggregate, over 50 per cent. of the voting rights then normally exercisable at general meetings of Filta;

- (B) the Resolution having been passed by the requisite majority at the General Meeting; and
- (C) Admission.

The Conditions relating to the acceptance condition of the Offer, the approval of the Resolution by Franchise Brands Shareholders and Admission are not capable of being waived in whole or in part.

10. Employee Share Schemes

Participants in the Filta Incentive Plans will be written to separately to inform them of the effect of the Offer on their rights under the Filta Incentive Plans, including details of any appropriate proposals being made. The Offer will extend to any Filta Shares which are unconditionally allotted, issued or transferred to satisfy the exercise of options or vesting of awards under the Filta Incentive Plans prior to the closing, or lapsing, of the Offer.

Outstanding options and awards under the Franchise Brands Share Schemes will not vest as a result of the Offer and will continue on the same terms as prior to the Offer.

11. Issue and Admission of New Franchise Brands Shares

The New Franchise Brands Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

Following the Offer becoming or being declared wholly unconditional, the New Franchise Brands Shares will be issued as fully paid and will rank equally in all respects with the Franchise Brands Shares in issue at the time the New Franchise Brands Shares are issued pursuant to the Offer, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Franchise Brands, and the right to receive and retain any dividends and/or other distributions declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, by Franchise Brands in respect of the Franchise Brands Shares with a record date falling after the Offer becoming or being declared wholly unconditional and to participate in the assets of Franchise Brands upon a winding-up of Franchise Brands.

Irrespective of the date on which the Offer becomes or is declared wholly unconditional falls, Filta Shareholders will not be entitled to receive any dividend declared, made or paid by Franchise Brands for the benefit of the Franchise Brands Shareholders by reference to a record date falling on or before the date on which the Offer becomes or is declared wholly unconditional.

Application will be made to the London Stock Exchange for the New Franchise Brands Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement in respect of the New Franchise Brands Shares issued to Accepting Shareholders who submit valid acceptances on or before the date the Offer becomes or is declared wholly unconditional, will commence on AIM within 14 days of such a date. It is expected that Admission will become effective and that dealings for normal settlement in respect of the New Franchise Brands Shares issued to Accepting Shareholders who submit valid acceptances after the date the Offer becomes or is declared wholly unconditional will commence on AIM within 14 days of submitting such acceptance.

No application has been made or is currently intended to be made by Franchise Brands for the New Franchise Brands Shares to be admitted to listing or trading on any other exchange.

12. Compulsory acquisition, cancellation of admission to trading of Filta Shares on AIM and re-registration

If Franchise Brands receives acceptances under the Offer in respect of, and/or otherwise acquires, both 90 per cent. or more in value of the Filta Shares to which the Offer relates (as defined in the Companies Act) and 90 per cent. or more of the voting rights carried by those shares, and assuming that all of the other conditions of the Offer have been satisfied or waived (if capable of being waived), Franchise Brands intends to exercise its rights in accordance with sections 974 to 991 of the Companies Act to acquire compulsorily the remaining Filta Shares on the same terms as the Offer.

Following the Offer becoming or being declared unconditional, if Franchise Brands receives acceptances under the Offer in respect of, and/or otherwise acquires 75 per cent. or more of the voting rights carried by the Filta Shares, Franchise Brands intends to procure that Filta will cancel the admission of the Filta Shares to trading on AIM and to re-register Filta as a private limited company under the relevant provisions of the Companies Act. It is anticipated that cancellation of admission to trading on AIM would take effect, as soon as practicable, after 15 March 2022, being 20 Business Days following the Announcement, assuming the Offer is declared or becomes wholly unconditional. A further announcement confirming the cancellation date will be made upon the Offer becoming or being declared unconditional.

Cancellation of admission to trading on AIM of the Filta Shares and the re-registration of Filta as a private limited company would significantly reduce the liquidity and marketability of any Filta Shares in respect of which the Offer has not been accepted at that time, and Filta's reporting and disclosure requirements will be significantly reduced. Any remaining Filta Shareholders would become minority shareholders in a majority controlled private limited company and may, therefore, be unable to sell their Filta Shares. There can be no certainty that Filta would pay any dividends or other distributions or that such minority Filta Shareholders would again be offered an opportunity to sell their Filta Shares on terms which are equivalent to, or no less advantageous than, those under the Offer.

13. Irrevocable undertakings and lock-in arrangements

Irrevocable undertakings

Franchise Brands has received irrevocable undertakings from certain of the Filta Directors and their connected parties (including the Meredian Settlement Trust) who are interested in Filta Shares to accept or procure acceptance of the Offer in respect of a total of 18,095,280 Filta Shares, representing, in aggregate, approximately 62.1 per cent. of the share capital of Filta in issue as at the date of this document. Under the terms of the irrevocable undertakings these Filta Directors have also agreed to enter into irrevocable undertakings on analogous terms should Franchise Brands implement the Offer by way of a Scheme. These undertakings will remain binding in the event of a competing offer being made.

In addition, Franchise Brands has received an irrevocable undertaking to accept or procure acceptance of the Offer (or, if the Offer is implemented by way of a Scheme to vote, or procure the vote, in favour of the Scheme at the Court meeting and the resolutions at the general meeting) from Gresham House Asset Management Limited, in respect of 5,715,020 Filta Shares, representing approximately 19.6 per cent. of the issued ordinary share capital of Filta as at the date of this document. This undertaking will remain binding in the event of a competing offer being made unless (i) the value of such competing offer is more than 10 per cent. higher than the value of the consideration under the Offer and is not matched or bettered by Franchise Brands (where such competing offer has been announced as a firm intention to make an offer in accordance with Rule 2.7 of the Code); (ii) the Offer Document is not published within 28 days of the Announcement Date; or (iii) the Offer lapses or is otherwise withdrawn.

Therefore, in aggregate, Franchise Brands has received irrevocable undertakings to accept or procure acceptance of the Offer in respect of a total of 23,810,300 Filta Shares, representing, in aggregate, approximately 81.7 per cent. of the share capital of Filta in issue as at the date of this document. A condition of the Offer will be for Franchise Brands to receive valid acceptances in respect of, and/or having otherwise acquired, Filta Shares which constitute more than 75 per cent. of the voting rights relating to the Filta Shares, which would be satisfied by the receipt of valid acceptances of the Offer in respect of these irrevocable undertakings.

Further details of these irrevocable undertakings are set out in paragraph 8 of Appendix 3 to the Offer Document.

In addition, Franchise Brands has received an irrevocable undertaking from Gresham House Asset Management Limited to vote in favour of the Resolution in respect of 5,479,878 Ordinary Shares, representing approximately 5.72 per cent. of the Existing Ordinary Shares.

Lock-in agreements

Each of the executive Filta Directors, Roy Sayers and the Meredian Settlement Trust, who are interested in 18,095,280 Filta Shares, have entered into lock-in agreements with Franchise Brands, Allenby Capital and Dowgate in respect of a total of 20,936,238 New Franchise Brands Shares (representing, in aggregate,

approximately 16.1 per cent. of the Enlarged Share Capital) to be issued to them pursuant to the Offer and should the Offer become or is declared wholly unconditional. Pursuant to these agreements these Filta Shareholders have agreed that they will not, and will use all their reasonable endeavours to procure that, save in certain limited circumstances, each of their connected persons will not, directly or indirectly effect or agree to effect a disposal of any legal or beneficial interest in any such New Franchise Brands Shares during the period from Admission until the first anniversary of Admission and thereafter, for a further 12 months, to only dispose of such shares in an orderly manner as Allenby Capital and Dowgate shall reasonably determine.

14. Dilution

The issue of the New Franchise Brands Shares will result in Franchise Brands' issued ordinary share capital increasing by up to 35.2 per cent. Assuming that the Offer is implemented in full in respect of the fully diluted share capital of Filta, immediately following Admission of all the New Franchise Brands Shares, former Filta Shareholders will hold approximately 26.1 per cent. of the Enlarged Issued Share Capital (based on the Existing Ordinary Shares and the fully diluted share capital of Filta).

15. The General Meeting and the Resolution

The Directors do not currently have sufficient authority to issue all the New Franchise Brands Shares in the event that the Offer is declared or becomes wholly unconditional. Accordingly, the Directors are seeking the approval of Shareholders at the General Meeting to allot and issue the New Franchise Brands Shares. You will find set out at the end of this Document a Notice of General Meeting to be held at the Company's offices at Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF on 7 March 2022 at 9.00 a.m. at which the Resolution will be proposed.

The Resolution is being proposed to grant the Directors the authority to allot and issue the New Franchise Brands Shares. The majority required to pass the Resolution is more than 50 per cent. of the votes cast. If the Resolution is passed, this authority will expire on conclusion of the next annual general meeting of the Company (unless previously revoked, renewed, varied or extended).

The full text of the Resolution is set out in the Notice of General Meeting, which is attached to this Document. If the Resolution is not passed, the Offer will lapse.

The attention of Shareholders is also drawn to the voting intentions of the Directors and connected parties as set out in the paragraph entitled "Recommendation" below.

Shareholders will find accompanying this Document a Form of Proxy for use in connection with the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions thereon so as to be received by SLC Registrars, as soon as possible and in any event not later than 48 hours (excluding non-Business Days) before the time of the General Meeting.

Covid-19

Please note we may have to limit numbers at the General Meeting due to the ongoing Covid-19 pandemic and if you do attend in person, you may be requested to wear a mask. The Company is closely monitoring developments relating to Covid-19, if it becomes necessary to alter the arrangements of the General Meeting Shareholders will be notified via our website and, where appropriate, announced via a Regulatory Information Service. Please do not attend the General Meeting in person if you have symptoms that may be caused by Covid-19, or if you are waiting for a test, if you have received a positive Covid-19 test result, or live with someone with Covid-19 symptoms, or with someone who has tested positive for Covid-19.

If you would like to vote on the Resolution, you can appoint a proxy to exercise your right to vote at the General Meeting. As such, you are strongly encouraged to appoint the chairman of the General Meeting to act as your proxy as any other named person is also strongly recommended not to attend in person.

You are requested to register your proxy votes as soon as possible but in any event by no later than 9.00 a.m. on 3 March 2022.

At the General Meeting itself, voting on the Resolution will be conducted by way of a poll.

16. Franchise Brands Concert Party

Franchise Brands has agreed with the Panel that Stephen Hemsley, Nigel Wray, Tim Harris, Julia Choudhury, Robin Auld and Mark Peters and their respective families, trusts and associates should be considered to be acting in concert for the purposes of the Code (the “**Concert Party**”). As at the date of this document, the Concert Party holds, in aggregate, 50,584,795 Franchise Brands Shares, representing approximately 52.77 per cent. of the share capital of Franchise Brands in issue as at the date of this document. Upon the Offer becoming or being declared wholly unconditional and following the issue of the maximum number of New Franchise Brands Shares under the Offer, the Concert Party will hold, in aggregate, 50,584,795 Franchise Brands Shares, representing approximately 39.02 per cent. of the Enlarged Share Capital. In addition, the Franchise Brands Concert Party holds, in aggregate, 308,183 options over new Franchise Brands Shares pursuant to the Franchise Brands Option Schemes (the “**Concert Party Options**”), representing approximately 0.32 per cent. of the issued share capital of Franchise Brands at the date of this document.

The holdings of the members of the Concert Party at the Latest Practicable Date, the percentage of the voting rights of Franchise Brands at that date and at Admission, assuming full acceptance of the Offer, are as follows:

<i>Name of Shareholder</i>	<i>Shares</i>	<i>Percentage of Franchise Brands Shares held on the Latest Practicable Date</i>	<i>Percentage of Franchise Brands Shares held on the Latest Practicable Date</i>
Stephen Hemsley (inc. close relatives)	23,302,996	24.31	17.97
Nigel Wray	22,366,303	23.33	17.25
Tim Harris	1,385,365	1.45	1.07
Julia Choudhury	1,546,701	1.61	1.19
Robin Auld	516,385	0.54	0.40
Mark Peters	1,467,045	1.53	1.13
Total	50,584,795	52.77	39.02

Certain members of the Concert Party have been granted options over Franchise Brands Shares under the Franchise Brands Option Schemes and details of those which remain outstanding are set out below (the “**Concert Party Options**”):

<i>Name</i>	<i>Number of options over Ordinary Shares</i>	<i>Scheme</i>	<i>Exercise Price per Ordinary Share (£)</i>	<i>Date of Grant</i>	<i>Expiry Date</i>
Julia Choudhury	71,970	2016 EMI Scheme	0.69	11/12/2018	11/12/2028
Julia Choudhury	34,091	2020 CSOP Scheme	0.88	15/09/2020	15/09/2030
Tim Harris	71,970	2016 EMI Scheme	0.69	11/12/2018	11/12/2028
Tim Harris	34,091	2020 MSO Scheme	0.88	15/09/2020	15/09/2030
Robin Auld	21,970	2016 EMI Scheme	0.69	11/12/2018	11/12/2028
Robin Auld	34,091	2020 CSOP Scheme	0.88	15/09/2020	15/09/2030
Sarah Stoten	25,000	2016 EMI Scheme	0.69	11/12/2018	11/12/2028
Sarah Stoten	15,000	2020 CSOP Scheme	0.88	15/09/2020	15/09/2030
Total	308,183				

Under Rule 9 of the Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the Code) which when taken together with shares already held by him/her or held or acquired by persons acting in concert with him/her, carry 30 per cent. or more of the voting rights of a company which is subject to the Code or is interested in 30 per cent. or more but does not hold more than 50 per cent. of the shares carrying voting rights of such a company and acquires an interest in any additional shares carrying voting rights of that company, is normally required to make a general cash offer to all the remaining shareholders of the company to acquire their equity shares and transferable securities carrying voting rights in the company. An offer under Rule 9 of the Code must be in cash at the highest price paid by the person or the group of persons acting in concert in the preceding 12 months.

Accordingly, pursuant to Rule 9 of the Code, if the Concert Party were to exercise all the Concert Party Options, resulting in an increase to the percentage of the voting rights which the Concert Party controls, the Concert Party may be required to make a general cash offer to all other shareholders of the Company to acquire their Ordinary Shares, unless such obligation has been waived by the Panel.

On the basis that the Concert Party Options were granted when the Concert Party held shares carrying more than 50 per cent. of the voting rights in Franchise Brands, the Panel has agreed that the Concert Party Options can be exercised by the Concert Party without triggering the obligation for the Concert Party to make a general offer to all Shareholders under Rule 9 of the Code, which may otherwise arise as a result of the exercise of the options.

Therefore, should the Offer become or be declared wholly unconditional and the maximum number of New Franchise Brands Shares are issued pursuant to the Offer and if the Concert Party Options were to be exercised in full by the Concert Party and assuming the Concert Party does not acquire any further Franchise Brands Shares and no other Franchise Brands Shares are issued by the Company, then the Concert Party would, in aggregate, hold 50,892,978 Franchise Brands Shares, representing approximately 39.25 per cent. of the Enlarged Share Capital.

17. Action to be taken by Existing Shareholders

A Form of Proxy for use at the General Meeting accompanies this Document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company’s registrars, SLC Registrars at P.O. Box 5222, Lancing, BN99 9FG, as soon as possible, but in any event so as to be received by no later than 9.00 a.m. on 3 March 2022 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for the adjourned meeting).

If you are in any doubt as to what action you should take, you are recommended to seek your own personal advice from your broker, bank manager, solicitor, accountant, or other independent financial adviser

authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

18. Further information

A copy of the Offer Document sent to Filta Shareholders is enclosed with this Document for information purposes only.

19. Recommendation

The Directors consider the Offer to be in the best interests of Shareholders as a whole and recommend unanimously to Shareholders that they vote in favour of the Resolution to be proposed at the General Meeting, as all the Directors who are interested in Franchise Brands Shares have irrevocably undertaken to do (or procure to be done) in respect of their own holdings (and those of their family members and trusts) of, in aggregate, 51,822,535 Franchise Brands Shares, representing, approximately 54.1 per cent. of the issued share capital of Franchise Brands as at the date of this document.

Yours faithfully,

Stephen Hemsley
Executive Chairman

NOTICE OF GENERAL MEETING

Franchise Brands plc

(Incorporated and registered in England and Wales with registered number 10281033)

NOTICE IS HEREBY GIVEN THAT a general meeting of Franchise Brands plc (the “**Company**”) will be held at the Company’s offices at Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF at 9.00 a.m. on 7 March 2022 to consider and, if thought fit, to pass the following resolution, which will be proposed as an ordinary resolution:

Ordinary Resolution

THAT, in addition to all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised under section 551 Companies Act 2006 (the **Act**) to exercise all or any of the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (those shares and rights being together referred to as **Relevant Securities**) up to a total nominal value of £168,940.30 to the Filta Shareholders pursuant to the terms of the Offer, 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 of the Company save that the directors of the Company may, before the expiry of that period, make an offer or agreement which would or might require Relevant Securities to be allotted after the expiry of that period and the directors of the Company may allot Relevant Securities under that offer or agreement as if the authority conferred by this resolution had not expired.

Dated: 18 February 2022

Registered Office:

Ashwood Court
Springwood Close
Tytherington Business Park
Macclesfield
England
SK10 2XF

By order of the Board

Mark Peters
Company Secretary

Explanatory Notes:

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at:
 - 6.30 p.m. on 3 March 2022; or,
 - if this meeting is adjourned, the time and date that is 48 hours prior to the adjourned meeting (excluding any part of a day that is not a Business Day),

shall be entitled to attend (please see note 2 below) and vote at the meeting in accordance with Regulation 41 of the Uncertificated Securities Regulations 2001. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Covid-19

2. The Board strongly recommends that, due to the ongoing Covid-19 pandemic, continued uncertainty and risk of infection, Shareholders do not attend the meeting but instead appoint the chairman of the meeting to exercise their right to vote. At the meeting itself, voting on the resolution will be conducted by way of a poll. Further details on the arrangements for the meeting can be found at the beginning of this Notice of General Meeting.

Appointment of proxies

3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. 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 however, please see note 2 above in regards to appointing the chairman as proxy so that the votes are counted at the meeting.
5. You may appoint more than one proxy 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 the same share. To appoint more than one proxy please refer to the notes on the proxy form.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy to vote on the Resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - completed and signed; sent or delivered to SLC Registrars at either:
 - P.O. Box 5222, Lancing, BN99 9FG; or
 - by scanning the completed form as a PDF and sending it by email to proxy@slcregistrars.com; and
 - received by SLC Registrars by no later than 9.00 a.m. on 3 March 2022.
7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint holders

9. 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).

Appointment of proxy by CREST nominees

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which can be viewed at www.euroclear.com/CREST. 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.
11. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 issuer's agent, SLC Registrars (ID 7RA01) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer'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.

12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. 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(s), 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. 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.

Changing proxy instructions

14. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
15. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact SLC Registrars at P.O. Box 5222, Lancing, BN99 9FG .Alternatively, please contact SLC Registrars at proxy@slcregistrars.com if you require a new blank form to be emailed to you.
16. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointment

17. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to SLC Registrars at P.O. Box 5222, Lancing, BN99 9FG. Alternatively, please contact SLC Registrars at proxy@slcregistrars.com if you would like to amend an instruction submitted electronically.
18. In the case of a member which is a Company, the 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.
19. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
20. The revocation notice must be received by SLC Registrars at P.O. Box 5222, Lancing, BN99 9FG no later than 9.00 a.m. on 3 March 2022.
21. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid.

Corporate representative

22. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.