THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, WITHIN, IN OR INTO THE UNITED STATES OF AMERICA, INCLUDING ITS TERRITORIES AND DEPENDENCIES. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) or, if you are a person outside of the United Kingdom, from a person otherwise duly qualified in your jurisdiction.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document together with the accompanying Form of Proxy immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was affected for onward delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred some of your Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was affected.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 21 April 2023. The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

This document contains no offer of transferable securities to the public within the meaning of section 102B of FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Regulation Rules or approved by or filed with the FCA or any other competent authority. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List.

Franchise Brands plc

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

Proposed acquisition of Hydraulic Authority I Limited, the owner of Pirtek Europe Limited, Proposed Placing of 51,036,291 Placing Shares at 180 pence per Placing Share Proposed Subscription of 2,663,889 Subscription Shares at 180 pence per Subscription Share and Notice of General Meeting

Allenby Capital Limited
Nominated Adviser, Financial Adviser & Joint Broker

Dowgate Capital Limited
Financial Adviser & Joint Broker

Stifel Nicolaus Europe Limited
Joint Broker

Notice of a General Meeting of the Company to be held at Gateley Plc, 1 Paternoster Square, London EC4M 7DX on 20 April 2023 at 9.00 a.m., is set out at the end of this document. The enclosed Form of Proxy for use in connection with the meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars, SLC Registrars at P.O. Box 5222, Lancing, BN99 9FG, not later than 9.00 a.m. on 18 April 2023. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish. Alternatively, eligible Shareholders may use the CREST Proxy Voting Service, details in respect of which are contained in the notes to the notice of General Meeting.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. This document should not be copied or distributed by recipients and, in particular, should not be distributed, published, reproduced or otherwise made available by any means, including electronic transmission, in, into or from the United States of America, Canada, Australia, the Republic of South Africa or Japan or any other jurisdiction where to do so would be in breach of any other law and/or regulation.

The New Ordinary Shares have not been, and will not be, registered in the United States of America under the U.S Securities Act of 1933 (as amended) (the "Securities Act"). **The New Ordinary Shares are not available to Shareholders in the United Stated that are not QIBS.**

The New Ordinary Shares will not be registered under the securities laws of any state of the United States of America or under the securities laws of any of Canada, Australia, the Republic of South Africa, or Japan and, subject to certain exemptions, may not be offered or sold, directly or indirectly, within or into the United States of America, Canada, Australia, the Republic of South Africa or Japan 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, the Republic of South Africa, or Japan. Neither this document nor any copy of it may be distributed in or sent to or taken into the United States of America, Canada, Australia, the Republic of South Africa or Japan. In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful. Persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

Allenby Capital Limited ("Allenby Capital"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, joint financial adviser and joint broker to the Company in connection with the proposed Placing and Admission 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 Capital or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Allenby Capital's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person.

Dowgate Capital Limited ("Dowgate"), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint financial adviser and joint broker to the Company in connection with the proposed Placing and Admission 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 Dowgate or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document.

Stifel Nicolaus Europe Limited ("Stifel"), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint broker to the Company in connection with the proposed Placing and Admission 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 Stifel or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Allenby Capital, Dowgate or Stifel by the FSMA or the regulatory regime established thereunder, Allenby Capital, Dowgate and Stifel do 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, the Placing and Admission. Each of Allenby Capital, Dowgate and Stifel 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.

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", "envisages", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "could", "seeks", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. 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 Company's and Directors' current intentions, beliefs or expectations concerning, amongst other things, investment strategy, financing strategy, performance, results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements involve risks (including unknown risks) and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not an assurance of future performance. The Company's actual performance, results of operations, financial condition, liquidity and dividend policy and the development of the business sector in which the Group operates, may differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Company's performance, results of operations, financial condition, liquidity and dividend policy and the development of the industry in which the Group operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may or may not occur.

Any forward-looking statement in this document reflects the Company's current view with respect to future events and is subject to risks relating to future events and other risks, uncertainties and assumptions relating to the matters referred to above. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Other than in accordance with the Company's obligations under the AIM Rules for Companies, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Neither the forward-looking statements nor the underlying assumptions have been verified or audited by any third party.

BASIS ON WHICH INFORMATION IS PRESENTED

Various figures and percentages in the tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

In this document, references to "sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

CONTENTS

DEFINITIONS

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

"**Acquisition**"	the acquisition of the entire issued share capital of HAI, the owner of Pirtek
"**Act**"	the Companies Act 2006
"**Adjusted EBITDA**"	earnings before interest, tax, depreciation, amortisation, exchange differences, share based payments and non-recurring items
"**Adjustment Payment**"	£12.2 million for cash, debt and working capital adjustments in Pirtek and HAI
"**Admission**"	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"**AIM**"	AIM, a market operated by the London Stock Exchange
"**AIM Rules**"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as applicable
"**AIM Rules for Companies**"	the rules for AIM companies published by the London Stock Exchange, as amended from time to time
"**AIM Rules for Nominated Advisers**"	the rules for nominated advisers to AIM companies published by the London Stock Exchange, as amended from time to time
"**Allenby Capital**"	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 joint financial adviser, nominated adviser and joint broker
"**Annual General Meeting**" or "**AGM**"	the annual general meeting of the Company which has been convened to take place on 18 April 2023 at 11.00 a.m.
"**Closing Price**"	unless otherwise stated, the closing middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List as published by the London Stock Exchange
"**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
"**Completion**"	completion of the Acquisition pursuant to the Sale and Purchase Agreement
"**Concert Party**"	Stephen Hemsley, Nigel Wray, Tim Harris, Julia Choudhury, Robin Auld and Mark Peters and their respective families, trusts and associates, being those that the Company has agreed with the Takeover Panel are considered to be acting in concert for the purposes of the Code
"**Consideration**"	£200 million, being the consideration payable by the Company to the Vendors plus the Adjustment Payment, of which approximately £17.6 million is payable by the issue of the Consideration Shares at the Issue Price and the remainder shall be settled in cash

"**Consideration Shares**"	9,772,788 new Ordinary Shares to be issued by the Company to the Vendors to settle part of the Consideration
"**Corporate Sellers**"	PNC Capital Finance, LLC, a company incorporated under the laws of the United States, and certain other corporate shareholders of HAI
"**CREST**"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & International Limited is the Operator (as also defined in the CREST Regulations)
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755) (as amended from time to time)
"**CRM**"	Customer Relationship Management, a technology system used to manage interactions with customers and potential customers
"**Directors**" or "**Board**"	the directors of the Company whose names are set out on page 11 of this document, or any duly authorised committee thereof
"**Dowgate**"	Dowgate Capital Limited, a limited liability company incorporated and registered in England and Wales with registered number 02474423, authorised and regulated by the FCA, and the Company's joint financial adviser and joint broker
"**earnings**"	earnings per share before interest, taxes, depreciation and amortisation plus other adjustments for non-recurring items and share based payments
"**Enlarged Group**"	the Group as enlarged by the Acquisition
"**Enlarged Share Capital**"	the enlarged share capital of the Company upon Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
"**Existing Ordinary Shares**"	the 130,311,112 Ordinary Shares in issue as at the date of this document
"**Facilities Agreements**"	the Revolving Credit Facility and the Term Loan
"**FCA**"	the Financial Conduct Authority
"**Filta**"	Filta Group Holdings Limited, a company incorporated and registered in England and Wales with registered number 10095071 and a subsidiary of the Company
"**Form of Proxy**"	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting
"**FRS 102**"	Financial Reporting Standard 102, the principal accounting standard in the UK financial reporting regime
"**FSMA**"	the Financial Services and Markets Act 2000 (as amended) including any regulations made pursuant thereto
"**Fundraise**"	the Placing and the Subscription
"**Fundraise Shares**"	the Placing Shares and the Subscription Shares
"**General Meeting**" or "**GM**"	the general meeting of the Company which has been convened to take place on 20 April 2023 at 9.00 a.m., notice of which is set out at the end of this document

"**Group**"	the Company and its subsidiaries as at the date of this document
"**HAI**"	Hydraulic Authority I Limited, a limited liability company incorporated and registered in England and Wales with registered number 11685895 wholly owned by the Vendor and which is the ultimate parent company of Pirtek
"**IFRS**"	International Financial Reporting Standards, the accounting standards issued by the International Accounting Standards Board
"**ISIN**"	International Securities Identification Number
"**Issue Price**"	180 pence per New Ordinary Share
"**Joint Brokers**"	means each of Allenby Capital, Dowgate and Stifel, and "Joint Broker" shall mean any one of them
"**KPI(s)**"	key performance indicator(s), a quantifiable measure of performance over time for a specific objective
"**London Stock Exchange**"	London Stock Exchange plc
"**Management Sellers**"	Alexander McNutt and certain other employees of Pirtek Europe who are shareholders of HAI
"**MSF**"	managed service fee, the regular fee paid by franchisees to PEL
"**MSTs**"	mobile service technicians
"**New Ordinary Shares**"	the Placing Shares, Subscription Shares and the Consideration Shares
"**Notice of General Meeting**"	the notice convening the General Meeting which is set out at the end of this document
"**Official List**"	the official list of the Financial Conduct Authority
"**Ordinary Shares**"	ordinary shares in the share capital of the Company each with a nominal value of 0.5 pence
"**PEL**"	Pirtek Europe Limited, a limited liability company incorporated and registered in England and Wales with registered number 03232759, a subsidiary of HAI which is the principal operating and holding company of Pirtek Europe
"**PFSPL**"	Pirtek Fluid Systems Pty Ltd, a company incorporated in Australia and the licensor of Pirtek
"**Pirtek**" or "**Pirtek Europe**"	PEL and its direct and indirect subsidiaries, Pirtek (UK) Limited, CH Hydraulics Limited, CSS Hydraulics Limited, CSY Hydraulics Limited, CST Hydraulics Limited, Pirtek France Holdings SAS, Pirtek Hydraulique Service SAS, Pirtek Deutschland GmbH, Pirtek Austria GmbH, Pirtek 24/7 HydraulikService GmbH, Pirtek BV, Pirtek Sweden AB, Pirtek Liege bvba, Pirtek Brussel bvba, Pirtek Lummen bvba, CSK Hydraulics Limited, Pirtek Rotterdam Noord BV and Pirtek Europoort BV
"**Placing**"	the conditional placing of the Placing Shares at the Issue Price pursuant to the Placing Agreement
"**Placing Agreement**"	the conditional agreement dated 3 April 2023 between (1) the Company (2) Allenby Capital (3) Dowgate and (4) Stifel relating to the Placing

"**Placing Shares**"	the 51,036,291 new Ordinary Shares to be issued by the Company pursuant to the Placing
"**Proposed Director**"	Alexander Samuel McNutt, who is proposed to become a director of the Company following Admission
"**Prospectus Regulation Rules**"	the prospectus regulation rules made by the FCA pursuant to the section 73A of the FSMA
"**QIB**"	Qualified Institutional Buyer as defined in Rule 144A under the U.S. Securities Act of 1933 (as amended)
"**Resolutions**"	the resolutions set out in the Notice of General Meeting
"**Revolving Credit Facility**"	the conditional revolving credit facilities provided to the Company for, in aggregate, £55 million from a syndicate of four lenders, the terms of which are summarised in paragraph 6 on page 22 of this document
"**Sale and Purchase Agreement**" or "**SPA**"	The conditional sale and purchase agreement dated 3 April 2023 entered into between the Company and the Vendors in relation to the Acquisition
"**Shareholders**"	holders of the Ordinary Shares from time to time
"**SONIA**"	the sterling overnight index average, the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market
"**sterling**" or "**£**"	pounds sterling, the lawful currency of the United Kingdom
"**Stifel**"	Stifel Nicolaus Europe Limited a limited liability company incorporated and registered in England and Wales with registered number 03719559, the Company's joint broker
"**Subscribers**"	Alex McNutt, Adrian Richards, Christopher Stuckey, Paul Dunlop, Keith Hardy, Dinesh Seetahul, Stephen Martin, Adam Burrows, Jens Schroder and Adrian Campbell, all employees of Pirtek
"**Subscription**"	the conditional subscription of the Subscription Shares at the Issue Price
"**Subscription Agreements**"	the conditional agreements dated 3 April 2023 delivered to the Company by each of the Subscribers pursuant to the Subscription
"**Subscription Shares**"	the 2,663,889 new Ordinary Shares to be issued by the Company pursuant to the Subscription
"**system sales**"	the total sales to third party customers by franchisees, corporate and direct labour organisations
"**Takeover Panel**"	The Panel on Takeovers and Mergers, an independent body that issues and administers the Code and supervises and regulates takeovers and other matters to which the Code applies
"**Term Loan**"	the conditional term loans to the Company of, in aggregate, £55 million from a syndicate of four lenders, the terms of which are summarised in paragraph 6 on page 22 of this document
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland

"**United States**" or "**US**"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
"**US Securities Act**"	the United States Securities Act of 1933 (as amended)
"**Vendors**"	together the Corporate Sellers and the Management Sellers

EXPECTED TIMETABLE

Publication of this document	4 April 2023
Last date and time for receipt of proxy votes and Forms of Proxy for the Annual General Meeting	11.00 a.m. on 14 April 2023
Last date and time for receipt of proxy votes and Forms of Proxy for the General Meeting	9.00 a.m. on 18 April 2023
Annual General Meeting	11.00 a.m. on 18 April 2023
General Meeting	9.00 a.m. on 20 April 2023
Admission of New Ordinary Shares to trading on AIM and completion of the Acquisition	21 April 2023

STATISTICS

Issue Price	180 pence
Ordinary Shares currently in issue	130,311,112
Placing Shares to be issued pursuant to the Placing	51,036,291
Subscription Shares to be issued pursuant to the Subscription	2,663,889
Consideration Shares to be issued pursuant to the Acquisition	9,772,788
Enlarged Share Capital	193,784,080
Percentage of Enlarged Share Capital represented by the Placing Shares	26.0%
Percentage of Enlarged Share Capital represented by the Subscription Shares	1.0%
Percentage of Enlarged Share Capital represented by the Consideration Shares	5.0%
Gross proceeds of the Placing and Subscription at the Issue Price	£96,660,324

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Stephen Hemsley *(Executive Chairman)* Andrew Mallows *(Interim Chief Financial Officer)* Peter Molloy *(Managing Director, B2B Division)* Jason Sayers *(Managing Director, Filta International)* Timothy ("Tim") Harris *(Managing Director, B2C Division)* Julia Choudhury *(Corporate Development Director)* Colin Rees *(Chief Information Officer)* Robin ("Rob") Bellhouse *(Non-Executive Director)* Andrew ("Andy") Brattesani *(Non-Executive Director)* David Poutney *(Non-Executive Director)* Nigel Wray *(Non-Executive Director)*
Proposed Director	Alexander ("Alex") McNutt *(Chief Executive Officer, Pirtek)*
Company Secretary	Mark Peters
Registered Office	Ashwood Court Springwood Close Tytherington Business Park Macclesfield SK10 2XF
Nominated Adviser, Financial 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
Joint Broker to the Company	Stifel Nicolaus Europe Limited 4th Floor 150 Cheapside London EC2V 6ET
Debt Adviser to the Company	Deloitte LLP 1 New Street Square London EC4A 3HQ
Lawyers to the Company	Gateley Legal One Eleven Edmund Street Birmingham B3 2HJ
Lawyers to the Nominated Adviser and Joint Brokers	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT

Accountants and auditors to the Company	BDO LLP 3 Hardman Street Manchester M3 3AT
Financial PR to the Company	MHP Group 60 Great Portland Street London W1W 7RT
Registrars	SLC Registrars Highdown House Yeoman Way Worthing West Sussex BN99 3HH

LETTER FROM THE CHAIRMAN OF FRANCHISE BRANDS PLC

Franchise Brands plc

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

Directors:	*Registered Office:*
Stephen Hemsley *(Executive Chairman)*	Ashwood Court
Andrew Mallows *(Interim Chief Financial Officer)*	Springwood Close
Peter Molloy *(Managing Director, B2B Division)*	Tytherington Business Park
Jason Sayers *(Managing Director, Filta)*	Macclesfield
Timothy ("Tim") Harris *(Managing Director, B2C Division)*	England
Julia Choudhury *(Corporate Development Director)*	SK10 2XF
Colin Rees *(Chief Information Officer)*	
Robin ("Rob") Bellhouse *(Non-Executive Director)*	
Andrew ("Andy") Brattesani *(Non-Executive Director)*	
David Poutney *(Non-Executive Director)*	
Nigel Wray *(Non-Executive Director)*	

Proposed Director:

Alexander ("Alex") McNutt *(Chief Executive Officer, Pirtek)*

4 April 2023

Dear Shareholder

Proposed acquisition of Hydraulic Authority I Limited, the owner of Pirtek Europe Limited, Proposed Placing of 51,036,291 Placing Shares at 180 pence per Placing Share Proposed Subscription of 2,663,889 Subscription Shares at 180 pence per Subscription Share and Notice of General Meeting

1. Introduction

The Company announced on 3 April 2023 that it has conditionally agreed to acquire the entire issued and to be issued share capital of HAI, the owner of Pirtek Europe, an established European provider of on-site hydraulic hose replacement services, for a consideration of £200 million and £12.2 million for cash, debt and working capital adjustments. Pirtek provides its mission-critical, emergency response van-based service within a target one hour arrival time, 24 hours a day, 365 days a year. The Acquisition is highly complementary to the Group's existing businesses and will significantly advance the Board's aim to create a market leading international B2B multi-brand franchisor in the UK, Europe and North America.

The Acquisition is expected to be immediately earnings accretive and is forecast by the Board to generate single digit earnings accretion in the first full year of ownership. Pirtek Europe achieved system sales of £164.1 million and Adjusted EBITDA of £14.7 million in the year to 31 December 2022, as per unaudited management accounts.

Under the terms of the Acquisition the Company will pay a total consideration of £200 million and £12.2 million for cash, debt and working capital adjustments, of which approximately £17.6 million will be satisfied by the issue of the Consideration Shares at the Issue Price. To satisfy the cash consideration, the Company has entered into new bank debt facilities of £110 million, comprising a £55 million revolving credit facility and an amortising term loan of £55 million, and has conditionally raised gross proceeds of £96.66 million through the issue of 53,700,180 Fundraise Shares at the Issue Price with new and existing institutional investors, the Directors and management and employees of Pirtek.

The issue of the New Ordinary Shares pursuant to the Acquisition and the Fundraise is conditional, *inter alia*, upon the passing of the Resolutions to be proposed at the General Meeting convened for 20 April 2023. A notice convening the General Meeting, at which the Resolutions will be proposed, is set out at the end of this document. If the Resolutions are passed at the General Meeting, completion of the Acquisition and Admission are expected to take place on or around 21 April 2023.

The purpose of this document is to (i) provide further details on the Acquisition and the Fundraise, including the background to and reasons for them; (ii) explain why the Board considers the Acquisition and the Fundraise to be in the best interests of the Company and Shareholders as a whole and why the Directors unanimously recommend that Shareholders vote in favour of the Resolutions; and (iii) convene the General Meeting to obtain Shareholder approval for the Resolutions.

The contents of this document are important and Shareholders should read the whole document.

2. Details on Pirtek

Pirtek is an established European provider of on-site hydraulic hose replacement and associated services. It provides this mission-critical, emergency response van-based service within a target one hour arrival time, 24 hours a day, 365 days a year. Time-sensitive service solutions such as this are of great importance in industries where downtime costs typically outweigh the costs of the Pirtek service and which have safety critical needs, high labour costs or well-evolved customer service standards. Pirtek also offers a comprehensive range of related services, underpinned by approximately 2,500 core products that Pirtek supplies to franchisees.

Pirtek Europe was established in 1988 following the grant from the Australian founders of a royalty free, Master Franchise Licence Agreement for an indefinite term in respect of 16 countries in Europe and currently operates in eight countries – the UK, Republic of Ireland, Germany, France, Austria, Belgium, Sweden and the Netherlands – giving it a prominent market presence in western Europe.

Pirtek has 213 service centres and a fleet of 838 mobile service vehicles. System sales are largely generated by its franchise businesses. Pirtek primarily operates a royalty model, with the majority of its 70 franchisees paying a MSF for the use of the brand and ongoing services and support provided by Pirtek, enabling Pirtek to grow as its franchisees grow.

Pirtek has a strong history of growth and in the year to 31 December 2022, Pirtek Europe had system sales of £164.1 million and Adjusted EBITDA of £14.7 million, as per unaudited management accounts.*

Pirtek has a highly experienced management team led by Alex McNutt, who has been Chief Executive Officer since 2015 and will be appointed to the Board following Admission. Each geographic operation of Pirtek has its own Managing Director and support team. All members of Pirtek's senior management team are expected to remain with the Enlarged Group following completion of the Acquisition and together with other Pirtek employees, have committed approximately £4.8 million to the Fundraise. Further details of the participation in the Fundraise by Pirtek's management and employees are set out in paragraph 7 below.

Pirtek's services and operations

Pirtek delivers its services through a combination of service centres and mobile units operated by highly trained MSTs (mobile service technicians), all of which are supported by a head office management team.

Pirtek provides the following services for hydraulic hoses and associated services:

- a target one hour arrival for on-site emergency hose replacement and associated repairs, undertaken from a fleet of 838 mobile service vehicles;
- non-time critical, or planned, on-site hose replacement and associated repairs and maintenance;
- trade counter service and support from 213 service centres which supply parts and hose assemblies to walk-in customers;
- total hose management, which includes:
  - inspection and cataloguing of all hoses in situ, which are then registered and tagged;
  - full preventive maintenance programmes for registered hydraulic hoses; and
  - training courses of customers' own labour and technicians;
- oil spill products;

* unaudited prorated for the year ended 31 December.

- pneumatic products and services;
- hose flushing, testing and fluid analysis;
- ram repair and manufacture;
- systems design and bespoke solutions; and
- training courses.

Jobs are performed by in-house trained MSTs with the aim of ensuring a fast, safe, and high-quality repair or replacement. The MST's primary role includes providing a professional on-site hydraulic hose repair or replacement service, as well as providing routine maintenance checks. The MSTs also assist with marketing the Pirtek service by visiting customers' sites when not engaged in a service call.

Each mobile unit has the capability to perform most of the services that can be carried out at a service centre. Mobile units are well stocked, containing various hoses, fittings and adaptors, as well as specialist tools, such as crimping kits and vices.

Pirtek's mobile units are serviced and managed by 213 service centres, each of which have a trade counter open to the public which sell a diversified range of products for use across a multiplicity of end markets. This includes hoses, fittings, couplings, clamps, fluids and lubricants, valves, pumps and motors.

Franchisees are required to purchase all core products directly from Pirtek. Core hoses are Pirtek branded and delivered to franchisees weekly, or on an overnight basis in the case of an emergency. Pirtek has warehouses in Cologne and Rotterdam and in the UK uses a third party warehouse in Milton Keynes. Pirtek provides franchisees with a nominated supplier list from whom they can purchase tens of thousands of non-core products.

Pirtek uses modern ERP (enterprise resource planning) technology to monitor stock availability and franchisees use Management Information Systems (MIS) to track their inventory profile. Pirtek typically requires franchisees to hold sufficient core product to meet demand.

Pirtek's geographical penetration through its network of service centres and number of mobile units underpins Pirtek's target to be on-site for emergencies within a one hour target, 24 hours a day, 365 days a year.

Country	*No. of franchisees*	*No. of Service centres*	*No. of Mobile units (vans)*
UK & Republic of Ireland	37	86	334
Germany	10	90	321
Benelux	20*	23	99
France	Pirtek operated	7	42
Austria	3	6	20
Sweden	Pirtek operated	1	22
Total	70	213	838

* 3 in Belgium are operated by Pirtek

Customers and sales

Pirtek undertakes more than 500,000 jobs per year and services a diverse portfolio of thousands of customers across a number of end markets, with no single customer representing more than 1 per cent. of total revenues. The wide range of customer sectors includes waste treatment and recycling, industrial, maritime, equipment rental, construction, agriculture, mining, events, logistics and transportation. A number of these sectors have a high degree of resilience. Customers include Veolia, Amey, Biffa, Balfour Beatty, Briggs, CAT, Cemex, Felbermayr, Pre Zero, Tarmac and Wacker Neuson. Sales consist of national accounts, regional accounts and local accounts.

In the UK and the Republic of Ireland, Pirtek has historically outscored its key competitors on purchasing criteria such as speed of response, nationwide service, quality of job, customer service and health and safety, allowing Pirtek to charge premium rates. The Directors believe that Pirtek's target one hour response, scale and business model focused on mobile and trade counter services provide Pirtek with a competitive advantage.

The Directors believe that Pirtek benefits from national and international brand awareness, including through its mobile units, which are regularly on the road in a distinct, recognisable livery. Pirtek has in-house marketing teams based in the UK, Germany and the Netherlands.

Franchisees and central services

Pirtek has a total of 70 franchisees, of which 37 are in the UK and Republic of Ireland, 10 in Germany, 20 in Benelux and 3 in Austria. The markets in Sweden and France are operated corporately by PEL and not franchised, as are some franchises in Belgium. The majority of franchisees have between two and six service centres, with the largest having 15 centres in Germany and Austria.

Franchisees are contractually bound by a franchise agreement with Pirtek (the "**Franchise Agreement**") that contains certain provisions which are intended to ensure compliance with the high standards of the brand. The Franchise Agreement grants the right to operate the Pirtek brand and use the intellectual property in a defined geographical area, on an exclusive basis, with initial and ongoing services and support provided by head office. In return, each franchisee pays an initial franchise fee (or renewal fee as applicable) and an on-going MSF. The MSF is between 15 per cent. (in Germany) and 19.5 per cent. (in the UK) of a franchisee's total sales. Product sales are charged at cost plus a handling fee. Some costs are recharged to franchisees, such as IT, marketing, training and central invoicing services.

Franchise Agreements are typically for a contract term of between five and ten years and, subject to the franchisee having substantially observed and performed the terms of the Franchise Agreement (and certain other conditions), the franchisee can renew the agreement for a further term.

The Directors believe that Pirtek has a high value-added franchisor proposition centred around the provision of a range of central support services to its franchisees. Franchisees are supported by the head office for each country, which is responsible for providing and managing:

- central marketing resources;
- national and regional customer referrals;
- continued support and incentives for new service centres and mobile units;
- core and non-core product procurement support;
- business and commercial support, including assistance with franchisee sales; and
- development and support services such as training, CRM system, uniform, network KPIs and mandatory business planning.

Training and technical support

Pirtek provides training to franchisees and MSTs, including City & Guilds certification in the UK, to provide initial certification and then on a regular basis, to ensure they are kept abreast of developments within the industry and provide good customer service.

Pirtek also seeks to ensure that high health and safety and environmental standards are upheld by all staff. The nature of the work and services provided by Pirtek means there is an elevated level of health and safety requirements and potential risk.

Pirtek operates dedicated training academies in Birmingham (UK), Cologne (Germany) and Rotterdam (the Netherlands). Training includes practical and classroom-based courses ranging from franchisee business planning workshops to hydraulic safety awareness.

Recognised in the market for its high standards, Pirtek also offers health and safety training to customers using its standard MST courses. Pirtek is a recognised trainer by the British Fluid Power Association.

Pirtek also provides franchisees with technical support for complex jobs or where they need specialised products or know how.

Master Franchise Licence Agreement

PEL entered into a royalty free Master Franchise Licence Agreement for an indefinite term with PFSPL, an Australian company, in 1988. There is also a trademark licence agreement alongside the Master Agreement.

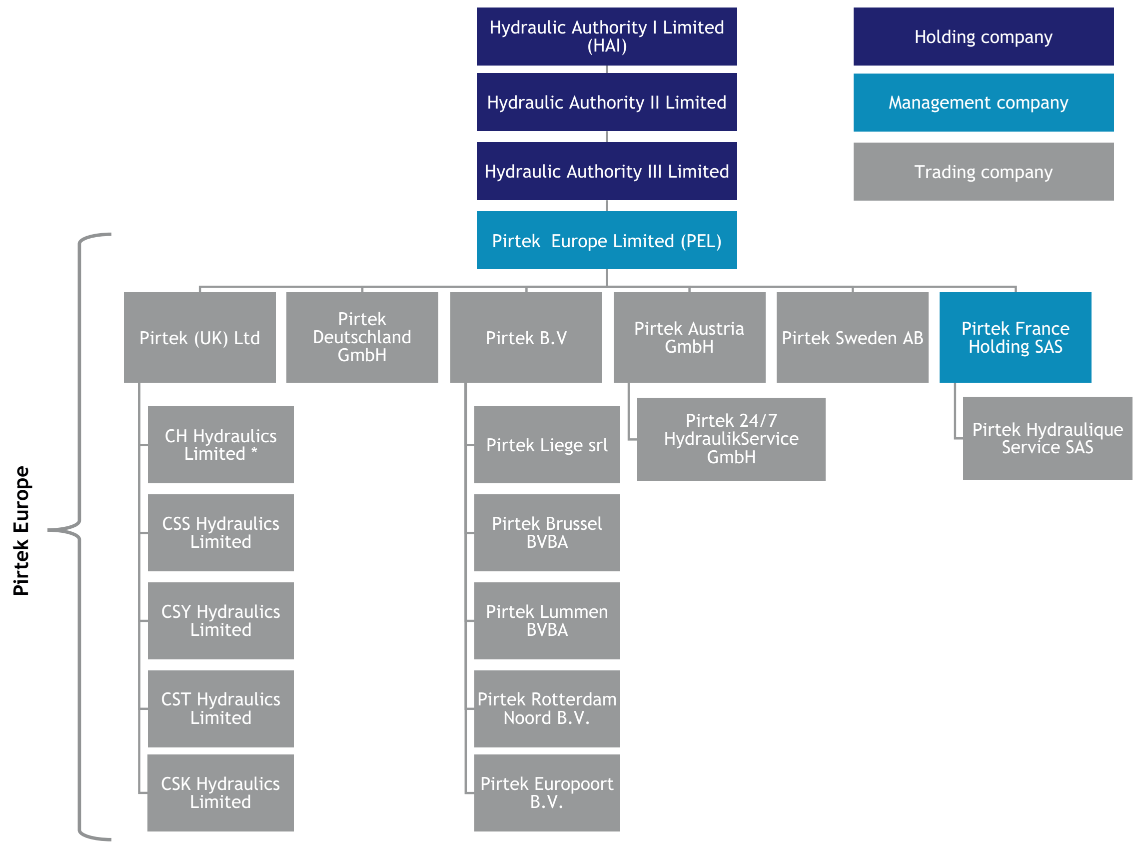
The Master Agreement provides that PFSPL grants to PEL an exclusive licence to use the PFSPL system, trade name and related trademarks within 16 countries in Europe: the UK (including the Isle of Man and the Channel Islands), the Republic of Ireland, Germany, Belgium, Austria, the Netherlands, France and Sweden (all countries that Pirtek currently operates in), as well as Denmark, Finland, Iceland, Italy, Luxembourg, Norway, Spain and Portugal (the latter eight being countries where Pirtek does not currently operate).

The Master Agreement is, in effect, a master licence allowing PEL and its subsidiary undertakings to grant franchises and use the Pirtek name and trademarks in the territories referred to above (or subdivisions thereof) in the operation of a business selling, custom manufacturing and installing hydraulic industrial hoses, fittings and components.

Whilst the grant of rights to PEL is irrevocable, there is a termination right which PFSPL may exercise if PEL becomes insolvent or ceases to carry on trading. There is no right in the Master Agreement to terminate for breach of contract or for change of control.

Financial information on HAI and Pirtek Europe

PEL is an intermediary holding company of Pirtek Europe and the principal operating company of the Pirtek group. The ultimate holding company of PEL is HAI, which will be acquired by Franchise Brands in the Acquisition. The Pirtek group structure is set out below:



* CH Hydraulics Limited has been sold, subject to stamping, and Pirtek (UK) Limited only holds the legal title to the shares.

Pirtek Europe has a strong history of growth, with an Adjusted EBITDA compound annual growth rate of 18.8 per cent. over the five years to 31 December 2022, as per audited and management accounts. Pirtek Europe's unaudited management accounts for the year to 31 December 2022 record system sales of £164.1 million and Adjusted EBITDA of £14.7 million. This equates to a 33.5 per cent. increase in system sales in the three years to 31 December 2022 and a 77.0 per cent. increase in Adjusted EBITDA.

The following table summarises key financial results of Pirtek Europe for three years to 31 December 2022 using Pirtek Europe's audited accounts for the three financial years ended 31 March 2022 and unaudited management accounts to 31 December 2022 prorated to Franchise Brands' financial year end of 31 December.

	Prorated year ended 31 December[1]			
	2020 £m	*2021 £m*	*2022 £m*	*3 year % change 2020 to 2022*
System sales	**122.9**	**139.1**	**164.1**	**33.5%**
Statutory revenue	**34.8**	**40.1**	**49.2**	**41.6%**
Cost of sales	(10.2)	(11.6)	(14.4)	40.4%
Gross profit	**24.5**	**28.5**	**34.8**	**40.2%**
Gross margin	70.6%	71.1%	70.8%	
Administrative expenses	**(16.2)**	**(17.5)**	**(20.2)**	**24.4%**
Administrative expenses as a % of system sales	13.1%	12.6%	12.3%	
Adjusted EBITDA	**8.3**	**11.0**	**14.7**	**77.0%**
Depreciation and amortisation	(0.4)	(0.5)	(0.6)	68.3%
Adjusted profit before tax	**8.0**	**10.5**	**14.0**	**77.4%**

1 Unaudited prorated figures using Pirtek Europe's audited accounts for the three financial years ended 31 March 2022 and unaudited management accounts to 31 December 2022.

Based on the above figures, the £200 million consideration for the Acquisition (excluding the Adjustment Payment) represents a multiple of 13.6 times Pirtek Europe's Adjusted EBITDA for the unaudited prorated year to 31 December 2022, and the Directors forecast this to fall to approximately 12.0 times by 31 December 2023.

The table below shows the geographic split of Pirtek's system sales and the Board's expectation of this for Pirtek's financial year ending 31 March 2023 based on unaudited management accounts.

	System sales				
	Year ended 31 March 2019 £m	*Year ended 31 March 2020 £m*	*Year ended 31 March 2021 £m*	*Year ended 31 March 2022 £m*	*Year ending 31 March 2023*[1] *(actual & forecast)*[1] *£m*
UK & Republic of Ireland	65.1	64.5	55.2	68.2	77.9
Germany	46.9	47.4	47.2	53.3	59.9
Benelux	17.0	17.3	16.4	18.0	20.8
France				1.3	6.4
Austria	1.5	1.7	1.7	2.1	2.5
Sweden	2.6	2.3	2.1	2.6	2.8
Total	133.0	133.1	122.6	145.4	170.3

1 Unaudited management accounts to 31 December 2022 and Director forecasts to 31 March 2023. **The above forecasts are management estimates only, using internal assumptions; not independently verified or reported on; actual results may differ. The Appendix to this letter provides the basis for compilation of forecasts and the principal assumptions used.**

Further information on the Board's forecasts for the Enlarged Group is set out in paragraph 4 below.

The parent company of Pirtek Europe being acquired by Franchise Brands in the Acquisition is HAI. In the most recent financial year ended 31 March 2022, the audited accounts of HAI show revenue of £42.2 million (2021: £33.9 million), Adjusted EBITDA of £12.0 million (2021: £8.1 million), operating profit of £2.6 million (2021: £(0.2) million) and, after £11.1 million of loan interest payable and other finance costs of the Vendor and not being assumed with the Acquisition, a loss before tax of £7.9 million (2021: £(11.1) million). Audited total assets at 31 March 2022 were £94.2 million (2021: £95.2 million).

Growth strategy

Pirtek and the Directors have identified a growth strategy for Pirtek, as summarised below:

- *Grow system sales*

  The Directors see an opportunity to drive local sales, continuing to leverage the embedded growth Pirtek achieves through additional mobile units and additional service centres which create more capacity. The Directors believe this can be achieved through multiple initiatives using CRM, outbound sales capability, targeted marketing campaigns, MST contact calls, incentives and measurement.

- *Expand range of services*

  The Directors believe there is an opportunity to grow the total hose management service (which includes a full preventative maintenance proposition) and expand the amount of planned, as opposed to reactive, business. Technically-driven sales also help franchisees deliver more specialist, high value work.

- *Leverage technology*

  The Directors plan to use business intelligence software to help franchisees improve management information and increase efficiency. This will include increased utilisation of a CRM and Pirtek's customer portal which helps customers to self-serve.

- *Potential for geographical expansion*

  Pirtek currently operates in eight European countries but has rights to an additional eight countries in Europe – Spain, Italy, Portugal, Norway, Denmark, Finland, Iceland and Luxembourg.

3. Background to and reasons for the Acquisition and associated funding

Franchise Brands is an international multi-brand franchisor, focused on B2B van-based reactive and planned services, with operations in the UK, North America and Europe. The Group currently has 586 franchisees across six principal brands. Since its IPO, the business of the Group has grown organically and through selected accretive acquisitions, increasing its Adjusted EBITDA by more than ten times from £1.4 million in the year ended 31 December 2016 to £15.3 million in the year ended 31 December 2022.

Franchise Brands acquired Filta in March 2022, which has brought highly complementary services to the Group, an international footprint in Europe and the US, and considerably enhanced scale of the Group's operations.

In line with Franchise Brands' strategy to selectively make accretive acquisitions of B2B franchise systems of van-based businesses that provide essential services, Pirtek represents the opportunity to acquire a complementary B2B franchise business of scale that will expand the Group's presence across a number of key European countries. The Acquisition is expected to be immediately earnings accretive and is forecast by the Board to generate single digit earnings accretion in the first full year of ownership.

The Board's rationale for the Acquisition is based on the following expected benefits:

- **Significantly advance the Board's aim to create a market-leading international B2B multi-brand franchisor in UK, Europe, North America**

  The size and diversification of the Enlarged Group will provide greater resilience in the services provided, customer base, end markets, franchise networks and geographically.

- **Ability to launch current brands of the Group outside the UK**

  While Franchise Brands owns all its brands, it has yet to significantly develop any of its principal brands (excluding Filta) outside the UK. Pirtek's established overhead will provide a low-cost platform from which to launch the Group's current brands into new markets where Pirtek operates currently.

- **Combined franchising experience of the Enlarged Group will accelerate growth**

  The franchising experience of the management team of the Enlarged Group is expected to help accelerate the growth of the combined business. The Board considers Pirtek to have a strong management team, providing breadth and capacity for further expansion of the Enlarged Group's brands into Europe and the US.

- **Operating leverage from central services for expansion**

  There are a number of opportunities to leverage central services efficiently between Franchise Brands and Pirtek, principally in the areas of technology, marketing and finance, which is expected to allow significant expansion of the Enlarged Group without material additional overhead costs.

Rationale for the Acquisition funding structure

Since its IPO in 2016, Franchise Brands has maintained a strong balance sheet with a net cash position at the end of each financial year. However, the Directors believe that the scale, quality and diversification of the Enlarged Group's earnings and cash flow make it appropriate to use leverage to maximise Shareholder value. The Directors have chosen a capital structure to fund the Acquisition that they believe will be the most beneficial to Shareholders taking into account the prospective risks and returns.

As a result of expected drawdown of £100 million on the Facilities Agreements on Admission, on a pro forma basis, the Company's net debt to Adjusted EBITDA ratio is expected to be 2.3 times at 31 December 2023, with a strong deleveraging profile thereafter where it is forecast by the Board to fall to 1.6 times at 31 December 2024. The strength of the cash flow generation of the Enlarged Group means the Board is forecasting the Company to fully repay the Acquisition leverage within five years, whilst continuing to grow organically.

The Directors believe that the Fundraise is in the best interest of Shareholders. Recognising the significance of the Acquisition, the Fundraise and the Facilities Agreements, aimed at advancing the Company's consistent and well-articulated strategy, the Company has consulted with and received strong support from many of its largest Shareholders. Given the expected earnings accretion of the Acquisition, funded in part with proceeds from the Fundraise, and given the importance of leveraging a key competitive advantage over other potential buyers of the Pirtek business by being able to raise capital quickly on AIM, the Company believes the structure of the Fundraise is aligned with Shareholder and other stakeholder interests. The Fundraise structure allows the Company to secure the Acquisition, reducing both the complexity and time required to raise the capital necessary to acquire a high quality B2B franchise business.

4. Current trading and forecasts

The Group announced its audited annual results on 9 March 2023, which provided an update on the Group's performance in 2022 and the start of 2023, as well as future prospects. The Group's annual report and accounts were published on 20 March 2023 and are available on the Company's website.

The Group has grown rapidly in recent years, increasing revenues from £24.9 million in the financial year ended 31 December 2017 to £57.7 million in the financial year ended 31 December 2021 ("FY21"), through a combination of organic expansion and acquisitions. The financial year ended 31 December 2022 ("FY22") saw a further step change in revenues with more than 70 per cent. growth in revenue to £99.2 million. This significant increase year-on-year was driven by the strong organic growth of the Group's B2B businesses and the acquisition of Filta in March 2022.

The Group's Adjusted EBITDA has also grown strongly, increasing by 79 per cent. from £8.5 million in FY21 to £15.3 million in FY22. This has been driven by the strong performance of the acquired Filta business in North America, record organic growth at Metro Rod, and the continuing benefits to operational gearing provided by the on-going investment in technology and digital infrastructure.

The Board is confident in the prospects for the Enlarged Group and is forecasting the following key financial results, conditional on the Acquisition proceeding:

	Year ending 31 December 2023 forecast[1,2] *£m*	*Pro forma year ending 31 December 2023 forecast*[1,3] *£m*	*Year ending 31 December 2024 forecast*[1] *£m*
Statutory revenue	155.0	168.0	182.0
Adjusted EBITDA	**29.0**	**33.5**	**36.9**
Growth in Adjusted EBITDA	89.5%	n/a	27.2%
Leverage (net debt/Adjusted EBITDA)	**n/a**	**2.3x**	**1.6x**

The above forecasts are the Board's estimates only, using internal assumptions; not independently verified or reported on; actual results may differ. The Appendix to this letter provides the basis for compilation of forecasts and the principal assumptions used.

Notes to forecasts:

1. *Includes B2C division, which has been put up for sale*
2. *Assumes completion of the Acquisition at the end of April, equating to 8 months of ownership of Pirtek Europe*
3. *Pro forma assuming a full year of ownership of Pirtek Europe to 31 December 2023 (i.e. assuming the Acquisition completed on 1 January 2023).*

Following a strategic review in December 2022, the Company has announced that is has appointed advisers to seek a buyer for the Group's B2C division. There can be no certainty as to the timing of any such sale or if it will ultimately go ahead and the proceeds from any disposal are not included in the expected debt repayment profile indicated above.

5. Terms of the Acquisition

The Company has entered into the Sale and Purchase Agreement with the Vendors pursuant to which it has conditionally agreed to acquire the entire issued share capital of HAI, the owner of Pirtek Europe, for a consideration of £200 million and the Adjustment Payment. The Consideration will be satisfied by the issue of 9,772,788 Consideration Shares and the balance paid in cash from the proceeds of the Fundraise and the Facilities Agreements.

The Sale and Purchase Agreement is conditional upon, *inter alia*, the Placing Agreement and the Facilities Agreements each becoming unconditional in all respects (save for any conditions relating to completion of the SPA or Admission becoming effective).

The Sale and Purchase Agreement includes customary warranties relating to title, capacity and insolvency matters ("**Fundamental Warranties**") given to the Company by the Vendors subject to a cap on their liability, save in the case of fraud, of £1.

The Company has also entered into a management warranty deed with the Management Sellers in connection with the Sale and Purchase Agreement, which includes customary warranties in relation to Pirtek's business, assets and trading ("**General Warranties**") subject to a cap on their liability, save in the case of fraud, of £1.

The Company has obtained warranty and indemnity insurance in respect of the Fundamental Warranties and the General Warranties with a maximum sum insured of £20 million. In addition, the Company has obtained a separate title insurance policy in respect of the title to the shares of HAI and the members of its corporate group (including Pirtek Europe) which has a maximum sum insured of £200 million.

Pursuant to the Sale and Purchase Agreement, the Vendors have agreed to provide non-compete covenants to protect the goodwill of Pirtek.

The Corporate Sellers have agreed that they will not dispose of any Consideration Shares for a period of one year from Admission and thereafter for a further period of 12 months will only dispose of any Consideration Shares through the Company's broker on an orderly market basis, save in certain limited circumstances. In addition, the Management Sellers have agreed that for a period of two years from Admission they will only dispose of any Ordinary Shares that they hold at Admission through the Company's brokers on an orderly market basis, save in certain limited circumstances.

6. Details of the Facilities Agreements

The Company will part-finance the Acquisition with new debt facilities comprising a £55 million Term Loan and a £55 million Revolving Credit Facility, of which £100 million is expected to be drawn on Admission to pay part of the Consideration.

The Facilities Agreements have a four year term, with the option of a one year extension, and have a margin of between 200 basis points and 300 basis points over SONIA, dependent on leverage on a last twelve months basis.

The Term Loan requires quarterly repayments of £2.5 million, starting from the quarter ending 30 September 2023 and each quarter thereafter up to and including the quarter ending 31 December 2026, with a £10 million final payment.

The Facilities Agreements are conditional upon, *inter alia*, the Placing Agreement and the Sale and Purchase Agreement each becoming unconditional in all respects (save for any conditions relating to Admission becoming effective).

The Facilities Agreements include typical terms for the facilities granted thereunder, including immediate repayment in the event of default and change of control and also requires the Company to satisfy regular reporting requirements and periodic financial tests.

7. The Placing and Subscription

The Company has conditionally raised £96.66 million, before expenses, by the issue of 53,700,180 Fundraise Shares at 180 pence per Fundraise Share to fund part of the Consideration for the Acquisition, together with associated transaction costs. The Issue Price represents a discount of approximately 27 per cent. to the Closing Price on 31 March 2023, being the latest practicable date prior to the announcement of the Placing and Acquisition.

The issue of the Fundraise Shares is conditional, *inter alia*, upon the Acquisition and the passing of the Resolutions to be sought at the General Meeting and upon Admission becoming effective on 21 April 2023 (or such later date as the Company and each of the Joint Brokers may agree, but in any event not later than 8.00 a.m. on 5 May 2023).

Of the Fundraise Shares, 2,663,889 Subscription Shares have been conditionally subscribed for by Pirtek management and employees at the Issue Price, which will represent approximately 1 per cent. of the Enlarged Share Capital. The remaining Fundraise Shares are represented by the issue of the Placing Shares and which will represent approximately 26 per cent. of the Enlarged Share Capital. The Placing and Subscription are conditional on each other proceeding.

The Company and the Joint Brokers entered into the Placing Agreement on 3 April 2023 pursuant to which the Joint Brokers agreed, subject to certain conditions, to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement contains provisions entitling the Joint Brokers to terminate the Placing (and the arrangements associated with it), at any time prior to Admission in certain circumstances, including in the event of a material breach of the warranties given in the Placing Agreement, the failure of the Company to comply with its obligations under the Placing Agreement, the occurrence of a *force majeure* event which in the Joint Brokers' reasonable opinion may be material and adverse to the Company or the Placing, or a material adverse change affecting the financial position or business or prospects of the Company. If this right is exercised, the Placing will not proceed, any monies that have been received in respect of the Placing will be returned to the applicants without interest, the Acquisition will not complete and Admission will not occur. The Placing is not being underwritten by the Joint Brokers.

The Company has agreed to pay the Joint Brokers, upon Admission, corporate finance fees and a placing commission, together with all other costs and expenses of, or in connection with, the Placing, plus any VAT thereon.

The New Ordinary Shares, when issued, will be credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of issue. The New Ordinary Shares will not qualify for the final dividend announced on 9 March 2023.

Director and Proposed Director participation in the Fundraise and significant Shareholders

Certain Directors, the Proposed Director (Alex McNutt) and senior management and employees of Pirtek Europe have agreed to subscribe for an aggregate of 3,887,061 Fundraise Shares at the Issue Price, representing an aggregate investment of approximately £7.0 million. Details of the Directors', Proposed Director's and Pirtek management's participation and their resultant interests in Ordinary Shares on Admission are set out below:

Director	*Current shareholding*	*No. of Fundraise Shares to be acquired*	*Total shareholding on Admission*	*Percentage held on Admission*
Nigel Wray	22,366,303	555,555	22,921,858	11.83
Stephen Hemsley	22,179,844	570,156	22,750,000	11.74
Jason Sayers	13,438,183	–	13,438,183	6.93
David Poutney	3,696,495	–	3,696,495	1.91
Julia Choudhury	1,546,701	33,333	1,580,034	0.82
Tim Harris	1,385,365	8,574	1,393,939	0.72
Colin Rees	706,039	–	706,039	0.36
Andrew Mallows	115,957	8,333	124,290	0.06
Rob Bellhouse	111,260	41,666	152,926	0.08
Peter Molloy	71,956	–	71,956	0.04
Andy Brattesani	–	5,555	5,555	0.003
Alex McNutt	–	1,182,041	2,074,696	1.07
Senior management and employees of Pirtek Europe	–	1,481,848	10,361,981	5.35

The Concert Party

The Company has agreed with the Takeover 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. As at the date of this document, the Concert Party holds, in aggregate, 50,363,513 Ordinary Shares, representing approximately 38.65 per cent. of the Existing Ordinary Shares. Upon Admission and after taking into account subscriptions for Fundraise Shares as set out in the table above, the Concert Party will hold, in aggregate, 51,590,898 Ordinary Shares, representing approximately 26.62 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, representing approximately 0.002 per cent. of the Enlarged Share Capital.

8. Board appointment

Alex Samuel McNutt will be appointed as a director of the Company as Chief Executive Officer, Pirtek following completion of the Acquisition.

Alex McNutt is aged 59 and currently the Chief Executive Officer of Pirtek, a role he commenced in 2015. Alex led the implementation of Pirtek's current growth strategy and groupwide initiatives. He has a strong track record of growing and acquiring businesses. He was previously CEO at Waterwell Su Hizmelteri, Pronet Guvenlik, Anglian Group and President of ADT Europe and South Africa prior to joining Pirtek. In addition to the directorships he holds with Pirtek Europe and other HAI group companies, Alex is also a director of Bell Fire and Security Ltd, Bell Fire and Security Holdings Ltd and Amecor PLC.

The Board recognises the need to have adequate independent director representatives on the Board and this will continue to be kept under review as the Group develops.

9. General Meeting

A notice of a General Meeting to be held at Gateley Plc, 1 Paternoster Square, London EC4M 7DX on 20 April 2023 at 9.00 a.m. is set out at the end of this document. At this meeting two resolutions will be proposed in order for the Fundraise and Acquisition to proceed:

(1) an ordinary resolution to grant a new authority and power to the Directors to permit them to allot the Placing Shares and the Subscription Shares pursuant to the Fundraise, and the Consideration Shares pursuant to the Acquisition as described in this document; and

(2) a special resolution to grant the Directors the authority to allot the New Ordinary Shares pursuant to the Fundraise and Acquisition on a non-pre-emptive basis.

The Company has received irrevocable undertakings from each of the Directors, save for Andy Brattesani who does not hold Ordinary Shares, to vote in favour of the Resolutions (or procure to be done) in respect of their interests in Ordinary Shares (and those of their family and trusts), representing, in aggregate, approximately 53 per cent. of the Existing Ordinary Shares.

10. Action to be taken by Shareholders

Whether or not you intend to be present at the General Meeting you are requested to complete a Form of Proxy vote either by issuing a CREST proxy instruction, or by completing the Form of Proxy enclosed with this document (or downloaded from the Company's website at https://www.franchisebrands.co.uk/investor-information/reports-presentations/) in accordance with the instructions printed thereon and returning it to SLC Registrars at P.O. Box 5222, Lancing, BN99 9FG (or by scanning a signed copy and emailing this to proxy@slcregistrars.com), in each case as soon as possible but in any event so that the action is completed or the Form of Proxy is received by SLC Registrars **by no later than 9.00 a.m. on 18 April 2023**. The completion of a proxy appointment and/or return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person should you subsequently wish to do so.

Unless the Form of Proxy or a CREST proxy instruction is received by the date and time specified above, it will be invalid.

11. Recommendation

The Directors consider the Acquisition, the Fundraise and the Resolutions to be in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as those Directors that have an interest in Ordinary Shares have irrevocably undertaken to do (or procure to be done) in respect of their shareholdings in the Company (and those of their family and trusts), which, in aggregate, represent approximately 53 per cent. of the Existing Ordinary Shares.

Yours faithfully

Stephen Hemsley
Executive Chairman

APPENDIX

FORECAST ASSUMPTIONS AND BASIS OF PREPARATION

In paragraphs 2, 3 and 4 of the Letter from the Chairman of Franchise Brands contained in this document, the Board forecasts revenues, Adjusted EBITDA, earnings accretion and leverage (net debt/Adjusted EBITDA) for the Enlarged Group for the financial years ending 31 December 2023 and 2024 (the "**Enlarged Group Forecast**").

The Directors have considered the Enlarged Group Forecast, which has been made after due and careful enquiry, and confirm that it remains valid as at the date of this document and that it has been properly compiled on the basis of the assumptions and accounting policies set out below.

Basis of preparation

The Enlarged Group Forecast has been prepared by the Directors by aggregating the management projections of each of Franchise Brands and Pirtek Europe. Pirtek Europe is included in the Enlarged Group's Forecast from 20 April 2023, being the expected date of completion of the Acquisition, on a prorated basis. Therefore, the Enlarged Group Forecast for the financial year ending 31 December 2023 includes Pirtek Europe for approximately eight months and for a full year in the financial year ending 31 December 2024. The latest completed statutory audit for Pirtek Europe was in respect of the financial year ended 31 March 2022 and for Franchise Brands was the financial year ended 31 December 2022.

The Enlarged Group Forecast in respect of Franchise Brands has been prepared on a basis consistent with the accounting policies of Franchise Brands, which are in accordance with IFRS and are those that Franchise Brands will apply in preparing its financial statements for the 2023 and 2024 financial years.

The Enlarged Group Forecast in respect of Pirtek Europe has been prepared on a basis consistent with the accounting policies of Pirtek Europe, which are in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and are those that Pirtek Europe would have applied in preparing its financial statements for the 2024 and 2025 financial years prior to the Acquisition. Whilst there is increasing alignment between IFRS and FRS 102, a key difference resides in the accounting treatment of leases. IFRS 16 eliminates the concept of 'operating' and 'finance' leases from the perspective of the lessee and introduces a single model where the lessee is required to recognise an asset and liability for all leases with a term over 12 months and depreciate all leased assets. The impact of applying IFRS 16 *Leases* over the equivalent FRS 102 accounting standard is an increase in lease assets and liabilities on the balance sheet and an increase in EBITDA as operating lease expenses are replaced by a depreciation charge on leased assets and an interest expense on the lease liabilities, both of which are not included in EBITDA.

Key assumptions

In regard to the Enlarged Group Forecast, the Directors made the following principal assumptions:

- no synergy benefits or integration costs have been assumed from the Acquisition;
- there would be no material acquisitions or disposals (notwithstanding that the Company has appointed advisers to sell the B2C division);
- corporation tax is projected as 25 per cent. of profit before tax for the Enlarged Group;
- a tax deduction of 25 per cent. on the interest charged on the assumed new funding structure. This assumes that all of the interest is tax deductible; and
- the payment of dividends.

In regard to the Franchise Brands forecasts, the Directors made the following principal assumptions:

- revenue growth for the B2B Division (comprising Metro Rod, Filta UK and Willow Pumps) would continue but at growth rates below recent historical levels, underpinned by organic growth in the existing customer base and the winning of new customer accounts, at the current run rate of gross margin, with administrative expenditure increasing to support assumed trading growth;

- that the B2C division (the smallest of the three divisions) would experience a slight contraction in trading compared to historical levels before stabilising over the forecast period, reflective of the assumption of a reduction in new franchisees as a result of the ageing franchisee network and strong labour market which is assumed to negatively impact the number of people moving from employment to franchising. Despite the assumed slight contraction in trading, the administrative cost base in the B2C division is assumed to remain constant, subject to inflationary cost increases;
- revenue growth for Filta International (comprising Filta US, Filta EU and Filta Canada) would continue but at growth rates below recent historical levels;
- no further synergies have been reflected in the Enlarged Group Forecast with regards to the continuing integration of Filta (acquired in March 2022) or strategic initiatives to integrate individual brands within each trading division;
- an increase in costs driven by annual salary increases in response to inflationary pressures in the labour market and further recruitment; and
- there would be no change to the management or operational strategy of the Group.

In regard to the Pirtek Europe forecasts, the Directors made the following principal assumptions:

- the rollout of additional mobile units and additional service centre openings, particularly in the UK, Germany and the Netherlands;
- improved trading performance for owned centres;
- average price increases of 5.6 per cent., across the Pirtek Europe group starting 1 April 2023;
- further leverage of the overhead cost base;
- the full-year effect of the acquisitions in France ramping up; and
- an increase in costs driven by annual salary increases in response to inflationary pressures in the labour market and further recruitment.

The Directors also made the following principal assumptions which are outside the Enlarged Group's influence or control:

- there would be no material changes to existing prevailing macroeconomic or political conditions in the markets and regions in which the Enlarged Group operates;
- there would be no material changes to the conditions of the markets in which the Enlarged Group operates or in relation to customer demand or the behaviour of competitors in those markets and regions;
- the interest, inflation, tax rates and foreign exchange rates in the markets and regions in which the Enlarged Group operates would remain materially unchanged from the prevailing rates (including the increase in UK corporation tax rates to 25 per cent. from 1 April 2023);
- there would be no material adverse events that would have a significant impact on the Enlarged Group's financial performance;
- there would be no business disruptions that materially affect the Enlarged Group or its key customers, including natural disasters, acts of terrorism, cyberattack and/or technological issues or supply chain disruptions;
- there would be no material changes in legislation or regulatory requirements impacting on the Enlarged Group's operations or on its accounting policies (save for the increase in UK corporation tax rates as noted above); and
- there would be no material litigation in relation to any of the Enlarged Group's operations.

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 the Company will be held at Gateley Plc, 1 Paternoster Square, London EC4M 7DX on 20 April 2023 at 9.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution.

ORDINARY RESOLUTION

1. That, in accordance with section 551 of the Companies Act 2006 (the "**Act**"), the directors of the Company (the "**Directors**"), in addition to all previous authorities granted to the Directors, be generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company, and grant rights to subscribe for or convert any securities into shares in the Company, up to an aggregate nominal amount of £317,364.84 (within the meaning of sections 551(3) and (6) of the said Act), in connection with the Fundraise and Acquisition detailed in a circular to shareholders of the Company dated 4 April 2023, provided that, unless previously renewed, extended, varied or revoked by the Company in general meeting, this authority shall expire on the earlier of 15 months after the passing of this resolution and the conclusion of the next Annual General Meeting of the Company unless and to the extent that such authority is renewed, extended, varied or revoked prior to such date. The Company may before such expiry make any offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares in the Company, or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

2. That, subject to and conditional upon the passing of resolution 1 and in addition to all previous authorities granted to the Directors, in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560(1) of the Act) which are the subject of the authority conferred by that resolution as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £317,364.84, in connection with the Fundraise and Acquisition detailed in a circular to shareholders of the Company dated 4 April 2023, and shall, unless previously renewed, extended, varied or revoked by the Company, expire on the earlier of 15 months after the passing of this resolution and the conclusion of the next Annual General Meeting of the Company unless and to the extent that such authority is renewed, extended, varied or revoked prior to such date. The Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, after such expiry, and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board

Mark Peters
Company Secretary

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

Notes:

1. A Shareholder is entitled to appoint another person as his proxy to exercise all of his rights to attend and to speak and vote at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder.
2. A form of proxy is enclosed. The appointment of a proxy (whether by completing the enclosed form of proxy, or by completing a CREST Proxy Instruction as set out below) will not prevent a Shareholder from subsequently attending and voting at the meeting in person.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must either be:

   3.1 sent to the Company's registrars, SLC Registrars at P.O. Box 5222, Lancing, BN99 9FG, or by scanning a signed copy and emailing this to proxy@slcregistrars.com, so as to arrive no later than 48 hours (excluding non working days) before the time for holding the meeting or any adjournment of it or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used; or

   3.2 lodged using the CREST Proxy Voting Service – see note 6 below.

4. Holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. The total number of issued Ordinary Shares in the Company on 3 April 2023, which is the latest practicable date before the publication of this document, was 130,311,112 Ordinary Shares. On a vote by show of hands every Shareholder who is present has one vote and every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote. On a poll vote every Shareholder who is present in person or by proxy has one vote for every Ordinary Share of which he is the holder.

5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that entitlement to attend and vote at the General Meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at 6.30 p.m. on 18 April 2023 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual subject to the provisions of the Company's articles of association. 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.

7. In order for a proxy appointment or instruction made by of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited'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, the revocation of a proxy appointment 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 SLC Registrars (ID CREST 7RA01) by the latest time(s) for receipt of proxy appointments specified in note 3 above. 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 SLC Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him/her by other means.

8. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear UK & International Limited 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, 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 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.

9. The Company may treat as invalid a CREST Proxy Instruction in the circumstance set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

11. A copy of the articles of association is available for inspection at the registered office of the Company during normal business hours from the date of this notice until the close of the General Meeting (Saturdays, Sundays and public holidays excepted), will be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting, and may be downloaded from the Company's website at www.franchisebrands.co.uk.