

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, or otherwise about the Offer, you should, if you are resident in the United Kingdom, immediately consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 or, if you are not resident in the United Kingdom, another appropriately authorised independent financial adviser. This document should not be distributed, forwarded or transmitted in or into any jurisdiction if to do so would constitute a violation of the laws of such jurisdiction.

This communication is not being issued by, nor has it been approved by, an authorised person within the meaning of the Financial Services and Markets Act 2000. It is being distributed in reliance on Articles 43 (promotions to members of a body corporate) and 60 (promotions relating to employee share schemes) of the Financial Services and Markets Act 2000 (Financial Promotion Order 2005 (SI 2005/1529)).

ACTION TO BE TAKEN

To accept the Proposal, you should complete the accompanying Form of Instruction and return it duly completed, signed and witnessed to Harriet Morley at Filta at The Locks, Hillmorton, Rugby, Warwickshire, CV21 4PP, to be received **by no later than 5.00 p.m. on 14 March 2022 to take advantage of the “cashless exercise” facility set out in 2(ii) in the Form of Instruction or within 21 days of the Offer becoming or being declared wholly unconditional (such deadline currently expected to be 29 March 2022).**

22 February 2022

To: The holders of Enterprise Management Incentive option(s) (“**Options**”) granted under the 2017 Filta Group Holdings Enterprise Management Incentive Scheme (“**Scheme**”)

Dear Optionholder,

1. Recommended all share offer for Filta Group Holdings plc (“**Filta**”) by Franchise Brands plc (“**Franchise Brands**”)

An offer document (“**Offer Document**”) dated 18 February 2022 which sets out details of the all-share offer (“**Offer**”) made by Franchise Brands to acquire the entire issued and to be issued ordinary share capital of Filta can be found at www.franchisebrands.co.uk/investor-information/. Definitions set out in the Offer Document apply to this letter, unless the context requires otherwise. The Offer was announced on 16 February 2022, at which time the Offer effectively valued each Filta Share at 170.7 pence (“**Offer Value**”).

We are writing to you as the holder of one or more Option(s), granted under the Scheme, to explain the effect on your Option(s) of the Offer and to make a proposal to you in relation to your Option(s), subject to the Offer becoming or being declared wholly unconditional (“**Proposal**”). A form of instruction (“**Form of Instruction**”) is enclosed with this letter to allow you to confirm your acceptance of the Proposal. The Proposal does not apply to any Filta Shares you already own.

The Offer extends to all existing Filta Shares and any Filta Shares which may be issued while the Offer remains open for acceptance as a result of the exercise of the Option(s).

You should read this letter and the Offer Document carefully. If you are in any doubt about what you should do, you should seek advice from an independent financial adviser.

2. Summary of the terms of the Offer

Under the terms of the Offer, Filta Shareholders will receive:

For each Filta Share

1.157 Franchise Brands Shares

This is the “Exchange Ratio”. Further details of the Exchange Ratio can be found on page 10 of the Offer Document. There will be no credit for fractional entitlements and entitlements under the Exchange Ratio will be rounded down to the nearest whole number of New Franchise Brands Shares.

Based on the Closing Price of 147.5 pence per Franchise Brands Share on 15 February 2022 (the latest practicable date before the commencement of the Offer Period) the Exchange Ratio represents an equivalent value of 170.7 pence per Filta Share (as explained in the Offer Document).

Based on the Closing Price of 150.0 pence per Franchise Brands Share on 21 February 2022 (the latest practicable date before the posting of this letter), the Exchange Ratio represents an equivalent value of 173.55 pence per Filta Share.

3. Position under the Scheme

Under the rules of the Scheme, each of your individual Options will fall into one of three categories:

- Vested and “in the money” (in other words the price you are required to pay for your Filta Shares, if you exercise your Option, is less than the Offer Value);
- Vested and “out of the money” (in other words the price you are required to pay for your Filta Shares, if you exercise your option, is more than the Offer Value). You may consider that these options are not worth exercising as you will be required to pay more for your Filta Shares than their Offer Value, which was 170.7 pence per share based on the Closing Price of 147.5 pence per Franchise Brands Share on 15 February 2022 but will vary as the share price of Franchise Brands Shares changes; or
- Unvested Options – these are not exercisable and will be allowed to lapse.

All outstanding Option(s) which have vested are now exercisable and will remain exercisable until the earlier of: (i) the end of a period of 90 days from the date Franchise Brands obtains control of Filta; and (ii) the end of any period where Franchise Brands ceases to be bound and entitled to acquire Filta Shares (this period is referred to as the “**squeeze-out period**”). Any Option(s) that has/have not been exercised by the earlier of these two dates will lapse and cease to be of any value.

Section 4 below details the procedure for exercising your Option(s) and accepting the Offer.

4. Exercise your Option(s) and accept the Offer using the enclosed Form of Instruction

The Proposal being made to you is to exercise your Option(s) and to agree to the Filta Shares you receive (after selling such Filta Shares as necessary under the cashless exercise facility explained below) being acquired by Franchise Brands on the Offer terms outlined above, that is, 1.157 New Franchise Brands Shares for every Filta Share (the “**Offer Consideration**”).

To exercise your Option(s) and accept the Offer on this basis you should use the enclosed Form of Instruction. Provided that your Form of Instruction is received by Filta on or before **5.00 p.m. on Monday 14 March 2022**, you can take advantage of the “cashless exercise” facility set out in 2(ii) of the Letter of Instruction and the exercise of your Option(s) will take effect on or around 16 March 2022, subject to the Offer becoming or being declared wholly unconditional. Otherwise, Forms of Instruction must be completed and received within 21 days of the Offer becoming or being declared wholly unconditional (such deadline currently expected to be **29 March 2022**) and the exercise of Option(s) will take effect shortly thereafter but must be paid for in full in accordance with 2(i) of the Form of Instruction.

If you need any assistance in completing the Form of Instruction, please contact Harriet Morley at Filta on

If you are in any doubt as to what to do, you should contact an independent financial adviser.

5. Settlement

If you validly complete and return the enclosed Form of Instruction to Harriet Morley at Filta at its registered office, The Locks, Hillmorton, Rugby, Warwickshire, CV21 4PP, **to be received as soon as possible and**

in any event to arrive no later than 5.00 p.m. on 14 March 2022 you will receive your New Franchise Brands Shares by no later than 28 March 2022 and otherwise by 13 April 2022.

6. Taxation considerations

A brief summary of the tax implications for UK employees of exercising their EMI Option(s) is set out in the attached Tax Appendix. **If you reside in any other jurisdiction, or if you are in any doubt as to your tax position in respect of your Option(s), you should consult an appropriate independent professional adviser without delay.**

7. If you do not accept the Offer

If you do not accept the Offer by completing the enclosed Form of Instruction, you will still be able to exercise your Option(s) by providing Filta with a cheque to The Filta Group Holdings plc for your aggregate exercise price on the exercise of your Option(s) or by paying The Filta Group Holdings plc via banker transfer (sort code: , account number) and providing the relevant notice of exercise of Options to the Company Secretary of Filta.

If you do not then accept the Offer and the Offer becomes or is declared wholly unconditional, you should be aware that Franchise Brands has announced that the Filta Shares will in due course cease to be traded on the AIM market, in which case there may not be a market for your Filta Shares. Franchise Brands has also indicated that if the Offer becomes or is declared wholly unconditional and it receives acceptances in respect of 90 per cent. or more of the Filta Shares to which the Offer relates, it intends to implement the statutory process during the squeeze-out period in order to compulsorily acquire all outstanding Filta Shares for the Offer Consideration. Further details are set out in paragraph 18 on page 37 of the Offer Document.

8. Action to be taken

If you wish to exercise your Option(s) but do not want to accept the Offer and would prefer to sell the Filta Shares you receive, please do not complete this Form of Instruction but contact Harriet Morley at Filta on

If you wish to exercise your Option(s) using the cashless exercise facility explained in the Form of Instruction and accept the Offer and receive the Offer Consideration (as set out at section 4 above) you will need to complete and return the enclosed Form of Instruction to Harriet Morley at Filta's registered office, The Locks, Hillmorton, Rugby, Warwickshire, CV21 4PP, **to arrive as soon as possible and in any event to arrive no later than 5.00 p.m. on 14 March 2022 if you wish to be able to receive your Offer Consideration at the earliest practicable date.** Otherwise, Forms of Instruction must be completed and received within 21 days of the Offer becoming or being declared wholly unconditional (such deadline currently expected to be **29 March 2022**) and the exercise of Option(s) will take effect shortly thereafter but must be paid for in full in accordance with 2(i) of the Form of Instruction.

YOU ARE ABLE TO ACCEPT THE OFFER AFTER THIS DATE BUT YOU SHOULD ALSO NOTE THAT IF YOU DO NOT EXERCISE YOUR OPTION(S) WITHIN 90 DAYS FOLLOWING THE DATE FRANCHISE BRANDS OBTAINS CONTROL OF FILTA, OR BY THE END OF THE SQUEEZE-OUT PERIOD (IF SOONER), YOUR OPTION(S) WILL LAPSE AND CEASE TO BE OF ANY VALUE.

9. Independent advice and recommendation

The Filta Directors, who have been so advised by Cenkos Securities plc ("**Cenkos**"), consider the terms of the Proposal to the holders of Option(s), details of which are contained in this letter, to be fair and reasonable in the context of the Offer. In providing advice to the Filta Directors, Cenkos has taken into account the commercial assessments of the Filta Directors.

Having considered the Proposal, the Filta Directors recommend the following:

- If you are in the category holding vested and "in the money" Options, that you accept the Proposal.*
- If you are in the category holding "vested and out of the money" Options, that you do not accept the Proposal, as you may be required to pay more for your Filta Shares than the Offer Value.*

*Option holders should note that the Offer Value changes as the price of Franchise Brands Shares changes. If you are in any doubt as to which category you fall into, please contact Harriet Morley at Filta on 07713 664969. You should consider your own personal circumstances, including your tax position, when deciding whether to accept the Proposal.

10. What if my Options have lapsed or I leave employment?

This letter does not apply to any Options which have been exercised or which have lapsed at the time Filta receives your Form of Instruction.

If you leave employment before Filta receives your Form of Instruction, the leaver provisions under the terms of the Scheme will apply and you will not be able to use the cashless exercise facility to exercise your Options, and this letter will not apply to you. In this case you will need to contact Harriet Morley on

11. What if the Offer does not become or is not declared wholly unconditional?

If the Offer does not become or is not declared wholly unconditional and you complete this Form of Instruction, you will be deemed not to have exercised your Option(s) and they will remain capable of exercise in accordance with the terms of such Option(s).

12. Further information

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

If you have any general queries on this letter or how to complete the Form of Instruction you should contact Harriet Morley on . You are reminded that if you take no action, your Option(s) will lapse and cease to be of any value as set out in section 8 (above).

Yours faithfully,

For and on behalf of
Franchise Brands plc

For and on behalf of
Filta Group Holdings plc

Tax Appendix

Options granted pursuant to the Scheme- Employee tax information

This information is for guidance only and may differ according to your personal circumstances. It assumes that you are a domiciliary of, and resident and ordinarily resident for tax purposes in, the United Kingdom, and have been/will be at all material times. It also assumes that you are an employee of Filta in the United Kingdom and have been/will be at all material times. If you have any doubts or concerns about your personal tax position, you should contact a professional tax advisor.

The information is understood to be correct as at 21 February 2022. Any future changes in legislation or changes to tax rates may affect this advice.

Any tax advice included in this written communication is not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed by any governmental taxing authority or agency.

1. EMI Option(s)

1.1 **Will I have to pay income tax and/or NIC when I exercise my EMI Option(s)?**

No. The exercise of EMI options is not subject to income tax on employees' National Insurance Contributions, provided the shares are purchased at a price which is at least equal to their market value when the employee was granted the option.

1.2 **Will I incur a further tax liability when I sell the Filta Shares?**

Yes, you may be required to pay capital gain tax ("CGT") when you sell your Filta Shares to Franchise Brands for the Offer Consideration.

The taxable amount will be the amount by which your aggregate disposal proceeds exceeds the aggregate exercise price on the exercise of your EMI Option(s).

Depending on your personal circumstances, your annual exemption may be available (£12,300) for 2021/22).

CGT will be payable on gains in excess of the annual exemption in any tax year. NIC liability is not due on this amount. You will need to work out your "total taxable income" for 21/22 before calculating what rate of CGT applies to you. Your total taxable income is calculated as follows:

- (a) First work out your taxable income by deducting any tax-free allowances and reliefs that you are entitled to.
- (b) Next see how much of your basic rate band is already being used against your taxable income. The maximum basic rate band for 2021/22 is £50,270.
- (c) Allocate any remaining basic rate band first against gains that qualify for Business Asset Disposal Relief these are charged at 10 per cent.
- (d) Next allocate any remaining basic rate band against your other gains, these are charged at 10 per cent.
- (e) Any remaining gains above the basic rate band are charged at 20 per cent.

1.3 **Will I have any reporting obligations?**

If CGT is due, you should normally report the taxable amount on your annual income tax return and pay the tax directly to HM Revenue & Customs.

Notes

A copy of the rules of the Scheme is available for inspection at the registered office of Filta during usual business hours (or upon prior request).

Unless the context otherwise requires, words and expressions defined in the Offer Document have the same meaning in this letter and the enclosed Form of Instruction. Your Option(s) are governed by the rules of the Scheme and applicable legislation. In the event of any differences between this letter and the rules of the Scheme and the relevant legislation, the rules of the Scheme and the legislation will prevail. References to taxation are for guidance only.

The directors of Franchise Brands, whose names are set out in Part II of the Offer Document, accept responsibility for the information contained in this letter and the Form of Instruction other than that in section 9 of this letter entitled "Independent advice". To the best of the knowledge and belief of the directors of Franchise Brands (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the Form of Instruction for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of Filta, whose names are set out in Part I of the Offer Document, accept responsibility for the information contained in section 9 of this letter entitled "Independent advice". To the best of the knowledge and belief of directors of Filta (who have taken all reasonable care to ensure that such is the case), the information contained in section 9 of the letter entitled "Independent advice", is in accordance with the facts and does not omit anything likely to affect the import of such information.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any applicable restriction. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Accidental omission to despatch this letter and/or the Form of Instruction to, or any failure to receive the same by, any person to whom the proposals are made or should be made, shall not invalidate the proposal in any way. Receipt of documents will not be acknowledged.

Cenkos, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Filta and no-one else in connection with the Offer and will not be responsible to anyone other than Filta for providing the protections afforded to clients of Cenkos or for providing advice in relation to the Offer or any matter referred to herein.

Cenkos has given and not withdrawn its consent to the inclusion of its name in the Offer Document in the form and context in which it appears.

The letter and Form of Instruction are governed by and to be construed in accordance with English law.

