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16 February 2022

Franchise Brands plc

Recommended All Share Offer

for

Filta Group Holdings plc ("Filta")

by

Franchise Brands plc ("Franchise Brands")

The directors of Franchise Brands and Filta are pleased to announce that they have reached agreement on the terms of a recommended all share offer by Franchise Brands for Filta to be effected by means of a takeover offer within the meaning of Part 28 of the Companies Act 2006 ("Offer").

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

Irrevocable undertakings have been given by certain of the Filta Directors and their connected parties who control, in aggregate, 62.1 per cent. of the issued ordinary share capital of Filta. Franchise Brands has also received an irrevocable undertaking to accept or procure acceptance of the Offer from Gresham House Asset Management Limited, which controls approximately 19.6 per cent. of the issued ordinary share capital of Filta.

Overview of the Offer

Under the terms of the Offer holders of Filta Shares will be entitled to receive:

1.157 New Franchise Brands Shares in exchange for each Filta Share

Based on a closing price of 147.5 pence per Franchise Brands Share on 15 February 2022 (being the Latest Practicable Date), the acquisition of Filta by Franchise Brands ("Offer") will value:

- each Filta Share at approximately 170.7 pence, a premium of 7.7 per cent. to Filta's closing share price of 158.5 pence on the Latest Practicable Date and a 23.8 per cent. and 17.1 per cent. premium to the volume-weighted average price of 137.9 pence and 145.7 pence per Filta Share for the three months and twelve months ended 15 February 2022 respectively;
- the entire issued and to be issued share capital of Filta at approximately £49.8million; and
- the Enlarged Group at a combined market capitalisation of approximately £191.2 million (assuming full acceptance of the Offer).

In addition, the volume-weighted average price for the 30 day period ended 15 February 2022 of 157.1 pence per Franchise Brands Share multiplied by the Offer Value represents a premium of 29.8 per cent. over the volume-weighted average price for the 30 day period ended 15 February 2022 of 140.0 pence per Filta Share.

The share for share offer enables Filta Shareholders to participate fully in the potential value creation of the Enlarged Group and benefit from future shareholder returns, including participating in the continuation of Franchise Brands' progressive dividend policy following the Offer. In particular, Filta Shareholders that have validly accepted the Offer will be entitled to receive any final dividend that Franchise Brands might recommend in respect of the year ended 31 December 2021 which, if recommended and approved, would be expected to be paid in May 2022.

Background to the Offer

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

Franchise Brands is organised into a B2B division comprised of Metro Rod, Metro Plumb and Willow Pumps, and a B2C division that incorporates ChipsAway, Ovensclean and Barking Mad. Metro Rod is a commercial drainage expert, providing one-stop solutions nationally; Metro Plumb provides specialist plumbing services; and Willow Pumps is a leading pump design, installation and servicing business.

In November 2021, Franchise Brands acquired Azura Group, a leading franchise management software system developer which was an important step in Franchise Brands' digital journey and gave Franchise Brands full ownership of its core IT systems.

Franchise Brands has continued to selectively seek earnings-enhancing acquisitions of complementary B2B and B2C franchise businesses where Franchise Brands can leverage its existing divisional structure and high-quality shared support services. This includes Franchise Brands seeking an additional franchise business of scale that could create a third division of the group. In Franchise Brands' half year results announced on 22 July 2021, it stated that all its main businesses were growing and, with a positive outlook, the Board felt confident that the Group's organic growth priorities are well supported and on track to deliver. In this context, the Board stated that it would increase its focus on growth by acquisition and that it was actively reviewing acquisition opportunities that would be significantly earnings enhancing.

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

servicing businesses that require regular maintenance.

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

The Filta Board believes that there are a number of opportunities to grow and diversify its business and that, whilst Filta has a powerful and successful franchise formula in North America, it has found it more challenging to grow its franchise network in the UK, a major market. The Offer provides an opportunity for Filta to become part of a more diversified group, with greater scale, highly complementary services, and a strong balance sheet, offering Filta enhanced growth potential.

Key reasons for the Offer

The Franchise Brands Board and the Filta Board believe that combining the businesses by way of the Offer would deliver significant benefits to all stakeholders, including:

- establishing an enlarged Group of greater scale, able to leverage the combined franchising and management experience and expertise, shared support services and resources to drive future growth in revenue and profits;
- enabling the Enlarged Group to offer one-stop solutions to its combined commercial customer base. The businesses of Franchise Brands and Filta in the UK each have a slightly different focus. Franchise Brands' Metro Rod, Metro Plumb and Willow Pumps businesses are primarily focused on reactive work serviced from a national network of 50 depots across the UK. In contrast, the Filta businesses are focused on planned maintenance and installation services. By combining these strengths, the Franchise Brands Directors believe the Enlarged Group would have the ability to offer a broader range of services to its combined customer base and provide competitive advantages in its ambition to offer a "Water In, Waste Out" service to the commercial sector in the UK;
- the complementary nature of the services provided by the Enlarged Group, together with the breadth of the customer base of the combined direct labour businesses in the UK, will also provide significant opportunities for future growth. When combined with the Metro Rod national depot network, the Enlarged Group will have a comprehensive service offering for customers requiring planned maintenance and reactive services in a wide range of sectors;
- Filta has a well-established and successful franchise business in North America. The combination of the strength and depth of experienced management and Filta's high-quality support infrastructure and services means the Enlarged Group will be well placed to expand both organically and by acquisition in this very large market;
- the opportunity for Filta to grow its UK franchise business using Franchise Brands' established franchise recruitment and support infrastructure;
- the opportunity for Filta to continue to develop its European franchise business supported by Franchise Brands' management experience and expertise, shared support services and established UK support infrastructure;
- leveraging the investment Franchise Brands has made in the digital transformation of its

businesses, which has provided it with scaleable, customisable, proprietary IT systems, for the benefit of the Enlarged Group;

- the combination of the experienced management teams of Franchise Brands and Filta will enhance the growth opportunities of the Enlarged Group both in the UK and internationally;
- Jason Sayers and Brian Hogan will join the Franchise Brands Board as Managing Director–Filta and Chief Financial Officer, respectively, and will both strengthen the Enlarged Group’s board and help to facilitate the smooth integration of the two businesses;
- cost savings through the elimination of duplicated public quoted company costs and certain UK operational costs and overheads;
- enhancing the Enlarged Group’s ability to make acquisitions due to the additional managerial resources, balance sheet strength and international presence of the Enlarged Group;
- as an enlarged group with a higher market capitalisation and potentially increased liquidity in its shares, the opportunity to attract wider institutional investor interest providing greater access to capital. The Enlarged Group will be one of the UK’s largest franchise businesses in terms of market capitalisation; and
- helping to attract and retain key people due to the increased size and scale of the Enlarged Group, with increased opportunities for the employees of both businesses.

The Franchise Brands Board and Filta Board believe that the terms of the Offer fairly reflect both Franchise Brands’ and Filta’s respective standalone businesses and their prospects as well as an appropriate sharing of the anticipated synergies resulting from the Offer.

Filta Recommendation and Irrevocable Undertakings

The Filta Directors unanimously consider the terms of the Offer to be fair and reasonable and the Independent Filta Directors intend to recommend that Filta Shareholders accept the Offer, as certain of the Filta Directors who are interested in Filta Shares have irrevocably undertaken to do (or procure to be done) in respect of their own holdings (and those of their connected parties, including the Meredian Settlement trust) of, in aggregate, 18,095,280 Filta Shares, representing, in aggregate, approximately 62.1 per cent. of the share capital of Filta in issue as at the Latest Practicable Date. These undertakings will remain binding in the event of a competing offer being made.

In addition, Gresham House Asset Management Limited has irrevocably undertaken to direct (and to use all reasonable endeavours to procure that) its nominees, or, where relevant, that itself accepts the Offer in respect of its own beneficial holdings totalling 5,715,020 Filta Shares, representing in aggregate approximately 19.6 per cent. of Filta’s issued share capital as at the Latest Practicable Date. This irrevocable undertaking is binding save in the event of a higher offer of not less than a 10 per cent. premium to the Offer.

In total, therefore, Filta Shareholders holding, in aggregate, 23,810,300 Filta Shares (representing approximately 81.7 per cent. of the issued share capital of Filta as at the Latest Practicable Date) have given irrevocable undertakings to accept the Offer. A condition of the Offer will be for Franchise Brands to receive valid acceptances in respect of, and/or having otherwise acquired, Filta Shares which constitute more than 75 per cent. of the voting rights relating to the Filta Shares, which would be satisfied by the

receipt of valid acceptances of the Offer in respect of these irrevocable undertakings.

Cancellation of trading of Filta Shares on AIM

Filta Shares are currently admitted to trading on AIM. Filta Shareholders should be aware that once Franchise Brands has received acceptances under the Offer in respect of, and/or otherwise acquires, 75 per cent. or more of the voting rights carried by the Filta Shares and upon the Offer becoming or being declared unconditional, Franchise Brands intends that application will be made to cancel the admission of the Filta Shares to trading on AIM. Application will be made to London Stock Exchange for New Franchise Brands Shares issued pursuant to the Offer to be admitted to trading on AIM.

It is anticipated that cancellation of admission to trading on AIM would take effect, as soon as practicable, after 15 March 2022, being 20 Business Days following the date of this announcement, assuming the Offer becomes or is declared unconditional in all respects. A further announcement confirming the cancellation date will be made upon the Offer becoming or being declared unconditional. Cancellation of admission to trading on AIM would significantly reduce the liquidity and marketability of all Filta Shares not assented to the Offer at that time.

Enlarged Group and Board

Upon the Offer becoming or being declared wholly unconditional, it is intended that:

- Jason Sayers and Brian Hogan, currently Chief Executive Officer and Chief Financial Officer of Filta respectively, will join the board of directors of Franchise Brands as Managing Director–Filta and Chief Financial Officer respectively, and together with the current Franchise Brands management team will lead the Enlarged Group;
- Victor Clewes and JIubomir Urosevic, current executive directors of Filta, will remain in the Filta business in senior management roles;
- all of the Filta non-executive directors will resign from the Filta Board, such resignation to take effect upon cancellation of Filta's Shares from trading on AIM; and
- the existing business activities of Filta will operate as a division of the Enlarged Group.

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

Further information on the Proposed Franchise Brands Directors is set out below in paragraph 19 of this announcement.

Franchise Brands General Meeting and associated irrevocable undertakings

In order to allot the New Franchise Brands Shares, Franchise Brands will seek authority from Franchise Brands Shareholders at the Franchise Brands General Meeting by way of an ordinary resolution. The completion of the Offer will, accordingly, be conditional on such authority being approved.

The Franchise Brands Directors consider the Offer to be in the best interests of Franchise Brands Shareholders as a whole and intend to recommend unanimously that Franchise Brands Shareholders vote in favour of the Resolution to be proposed at the Franchise Brands General Meeting, as those Franchise Brands Directors who are interested in Franchise Brands Shares intend to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 51,822,535 Franchise Brands Shares, representing, in aggregate, approximately 54.1 per cent. of Franchise Brands' issued ordinary share capital as at the Latest Practicable Date.

In addition, Gresham House Asset Management Limited has irrevocably undertaken to vote in favour of the Resolution in respect of its own beneficial holdings totalling 5,479,878 Franchise Brands Shares, representing in aggregate approximately 5.7 per cent. of Franchise Brands' issued ordinary share capital as at the Latest Practicable Date.

In aggregate, irrevocable undertakings to vote in favour of the Resolution have been received in respect of 57,302,413 Franchise Brands Shares, representing approximately 59.8 per cent. of Franchise Brands' issued ordinary share capital as at the Latest Practicable Date.

Commenting on the Offer, Stephen Hemsley, Executive Chairman of Franchise Brands, said:

"As we operate in similar markets to Filta, we know the business well, so we are delighted that Filta will be joining Franchise Brands. Bringing the businesses together will enable us to offer a broader range of complementary services to our combined customer base, providing competitive advantages in our ambition to offer a "Water In, Waste Out" service to commercial customers and significant opportunities for future growth.

"With the benefit of greater scale, we will be able to leverage the combined group's expertise and shared services, including our scaleable technology, to drive future growth in revenue and profits, including by growing and developing Filta's UK and European franchise business. The Enlarged Group will also be well positioned to expand in North America, given Filta's well-established and successful franchise business in the region.

"I am also very pleased that Jason Sayers and Brian Hogan will join our board as Managing Director–Filta and Chief Financial Officer, respectively, following our previous announcement that Chris Dent, our current Chief Financial Officer, will be leaving the Group in the next few weeks to pursue new challenges. We look forward to working with the entire Filta team to take advantage of the significant opportunities ahead of us.

"The Enlarged Group will have a strong balance sheet, with a high level of liquidity, putting it in a strong position to support our franchisees, invest in the business and our people, pursue a progressive dividend policy and take advantage of selective complementary acquisition opportunities."

Commenting on the Offer, Jason Sayers, Chief Executive Officer of Filta, said:

"Filta delivered a strong performance in 2021 as the restaurant and hospitality market recovered from the impact of Covid-19. Despite some ongoing Covid challenges, new contracts were won, and we bounced back to deliver a record second half, which is testament to the resilience of our business model and the exemplary efforts of the entire team.

"Franchise Brands offers an ideal home for our customers, business, talented staff and franchisees. Our Board believes there are greater benefits to be had from the more diversified

range of services the larger group will offer, as well as a broader customer base and greater shared resources to support future growth. The share structure of the Offer will also allow Filta's shareholders, alongside our broader stakeholders, to benefit from the significant synergy potential the combination represents."

"We look forward to bringing together our market leading businesses to deliver one-stop solutions to our customers and grow our franchise business as part of a larger, more diversified and well capitalised group."

Other key information and conditions to the Offer

Subject to the requirements of the Panel in accordance with the Code, the Offer will be conditional upon, amongst other matters:

- (i) Franchise Brands receiving valid acceptances in respect of, and/or having otherwise acquired, Filta Shares which constitute more than 75 per cent. of the voting rights relating to the Filta Shares;
- (ii) an ordinary resolution relating to Franchise Brands Directors' authority to issue shares being proposed at the Franchise Brands General Meeting and passed (without amendment); and
- (iii) Admission of the New Franchise Brands Shares to trading on AIM.

The Conditions and other terms of the Offer are set out in Appendix 1 to this announcement.

General

It is intended that the Offer will be implemented by way of a takeover offer (as defined in Part 28 of the Companies Act 2006), further details of which are contained in the full text of this announcement and which will be set out in the Offer Document. However, Franchise Brands reserves the right, with the consent of the Panel and Filta or, in certain circumstances, without the consent of Filta, to implement the Offer by way of a court-sanctioned scheme of arrangement between Filta and Filta Shareholders under Part 26 of the Companies Act 2006

Appendix 1 to this announcement sets out the conditions and further terms to which the Offer will be subject and to be set out in the Offer Document. The Offer Document will include full details of the Offer and the expected timetable, and will specify the action to be taken by Filta Shareholders to accept the Offer. The Offer will lapse if it does not become wholly unconditional by 11.59 pm on the Long Stop Date.

The summary above should be read in conjunction with the full text of this announcement and the Appendices.

Appendix 1 contains the conditions and further terms of the Offer.

Appendix 2 contains the sources and bases of certain information used in this summary and this announcement.

Appendix 3 contains details of the irrevocable undertakings received in relation to the Offer that are referred to in this announcement.

Appendix 4 contains definitions of certain terms used in this summary and this announcement.

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Gateley plc is acting as legal adviser to Franchise Brands.

Howard Kennedy LLP is acting as legal adviser to Filta.

IMPORTANT NOTICES

Allenby Capital, which is authorised and regulated by the FCA in the UK, is acting as financial adviser, nominated adviser and joint broker exclusively for Franchise Brands and no one else in connection with the Offer and this announcement and will not be responsible to anyone other than Franchise Brands for providing the protections afforded to clients of Allenby Capital or for providing advice in relation to the Offer, the content of this announcement or any matter referred to herein.

Dowgate, which is authorised and regulated by the FCA in the UK, is acting as financial adviser and joint broker exclusively for Franchise Brands and no one else in connection with the Offer and this announcement and will not be responsible to anyone other than Franchise Brands for providing the

protections afforded to clients of Dowgate or for providing advice in relation to the Offer, the content of this announcement or any matter referred to herein.

Cenkos, which is authorised and regulated by the FCA in the UK, is acting as financial adviser and Rule 3 adviser exclusively for Filta and no one else in connection with the Offer and the matters set out in this announcement and will not be responsible to any person other than Filta for providing the protections afforded to clients of Cenkos, nor for providing advice in relation to the Offer, the content of this announcement or any matter referred to herein.

Further Information

This announcement is for information purposes only and is not intended to and does not constitute or form part of an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise nor shall there be any sale, issuance or transfer of securities of Franchise Brands or Filta pursuant to the Offer in any jurisdiction in contravention of applicable laws. The Offer will be implemented solely pursuant to the terms of the Offer Document (or, in the event that the Offer is to be implemented by means of a scheme, the Scheme Document), which will contain the full terms and conditions of the Offer, including details of how to accept the Offer. Any decision in respect of, or other response to, the Offer should be made solely on the basis of the information contained in the Offer Document.

Allenby Capital and Cenkos urge Filta Shareholders to read the Offer Document carefully when it becomes available because it will contain important information in relation to the Offer, the New Franchise Brands Shares and the Enlarged Group, and to take appropriate advice. Any action in relation to the Offer or related matters should be made only on the basis of the information contained in the Offer Document.

This announcement does not constitute a prospectus or prospectus equivalent document.

Dealing and Opening Position Disclosure Requirements

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified.

Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure. Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities

exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Information relating to Filta Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by Filta Shareholders, persons with information rights and other relevant persons for the receipt of communications from Filta may be provided to Franchise Brands during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c).

Overseas jurisdictions

The attention of Filta Shareholders who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 2 of Part C of Appendix 1 of this announcement. Further details (including guidance for US shareholders) will be set out in the Offer Document.

Cautionary note regarding forward-looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Offer, and other information published by Filta and Franchise Brands contain certain forward-looking statements, beliefs or opinions with respect to the financial condition, results of operations and business of the Wider Filta Group and the Franchise Brands Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements may often, but not always, be identified by the use of forward-looking terms such as "may", "will", "expects", "believes", "hopes", "anticipates", "aims", "plans", "estimates", "projects", "targets", "intends", "forecasts", "outlook", "impact", "potential", "confidence", "improve", "continue", "optimistic", "deliver", "comfortable", "trend", "seeks" or variations of such words and phrases or statements that certain actions, events or results "could", "should", "would" or "might" be taken, occur or be achieved or the negative of such terms or other variations on such terms or comparable terminology.

Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. These statements are based on assumptions and assessments made by Filta and/or Franchise Brands, as the case may be, in light of their experience and their perception of historical trends, current conditions, future developments and other factors that they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors that could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements are unknown.

Although it is believed that the expectations reflected in such forward-looking statements were reasonable at the time the statements were made, no assurance is given by Filta and/or Franchise Brands that such expectations or the assumptions and assessments underlying them will prove to have been correct and the circumstances may change. You are, therefore, cautioned not to place undue reliance on these forward-looking statements. Neither Filta nor Franchise Brands assumes any obligation, and Filta and Franchise Brands disclaim any intention or obligation, to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law or regulation.

Save as specifically stated in this announcement, any such forward-looking statements have not been reviewed by the auditors of Filta or Franchise Brands or their respective financial advisers. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. There are many factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements is the satisfaction of any conditions to the Offer, as well as additional factors such as changes in global, political, economic, business, competitive, market and regulatory forces (including as a result of governmental, business or individual responses to the COVID-19 pandemic and any variant thereof), future exchange and interest rates, changes in tax rates and future business combinations or dispositions. Such forward looking statements should, therefore, be construed in the light of such factors. Neither Filta nor Franchise Brands, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.

No Profit Forecasts or Estimates

No statement in this announcement (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share or dividend per share for Franchise Brands, Filta or the Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for Franchise Brands, Filta or the Enlarged Group, as appropriate.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Rule 2.9

In accordance with Rule 2.9 of the Takeover Code, Franchise Brands confirms that, as at the date of this announcement, it has 95,865,609 ordinary shares of 0.5p each in issue with International Securities Identification Number (ISIN) GB00BD6P7Y24. Franchise Brands does not hold any shares in treasury.

In accordance with Rule 2.9 of the Takeover Code, Filta confirms that, as at the date of this announcement, it has 29,138,164 ordinary shares of 10p each in issue with International Securities Identification Number (ISIN) GB00BDB7J920. Filta does not hold any shares in treasury.

Publication on website

Pursuant to Rule 26.1 of the Code, a copy of this announcement and other documents in connection with the Offer as detailed in paragraph 16 of this announcement will, subject to certain restrictions, be available for inspection on Franchise Brands' website at <https://www.franchisebrands.co.uk/investor-information/> and by Filta on its website at <https://filtapl.com/investor-relations> no later than 12 noon (London time) on the business day following this announcement. The contents of the websites referred to in this announcement are not incorporated into, and do not form part of, this announcement.

Requesting hard copy documents

Pursuant to Rule 30.3 of the Code, a person so entitled may request a copy of this announcement and any information incorporated into it by reference to another source in hard copy form by writing to Chris Dent at Franchise Brands plc, Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield SK10 2XF. A person may also request that all future documents, announcements and information to be sent to that person in relation to the Offer should be in hard copy form.

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16 February 2022

Franchise Brands plc

Recommended All Share Offer

for

Filta Group Holdings plc

by

Franchise Brands plc

1. Introduction

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

2. The Offer

Under the Offer, Franchise Brands will be offering to acquire, subject to the Conditions and the further terms set out in Appendix 1 to this announcement, the entire issued and to be issued share capital of Filta on the following basis:

1.157 New Franchise Brands Shares in exchange for each Filta Share

The New Franchise Brands Shares will be issued credited as fully paid and will rank pari passu in all respects with the Franchise Brands Shares already in issue, including the right to receive and retain dividends and other distributions declared, made or paid, including any dividend that might be recommended by Franchise Brands in respect of the year ended 31 December 2021 and future periods (if any), subject to requisite shareholder approval. Application will be made to the London Stock Exchange for the New Franchise Brands Shares to be admitted to trading on AIM.

Upon the Offer becoming or being declared unconditional in all respects and assuming Franchise Brands acquires all the fully diluted share capital of Filta, Filta Shareholders will own approximately 26.1 per cent. of the share capital of the Enlarged Group (based on the existing issued ordinary share capital of Franchise Brands and the fully diluted share capital of Filta, in each case as at the Latest Practicable Date).

Based on the Offer Value and the Closing Price per Franchise Brands Share of 147.5 pence on the Latest Practicable Date, the Offer will be equivalent in value to 170.7 pence for each Filta Share and the Offer values the entire issued and to be issued ordinary share capital of Filta at approximately £49.8 million.

The Offer Value represents a premium of approximately:

- 7.7 per cent. to the Closing Price of 158.5 pence per Filta Share on 15 February 2022 (being the latest practicable date prior to the commencement of the Offer Period);
- 23.8 per cent. to the volume-weighted average price of 137.9 pence per Filta Share for the three months ended 15 February 2022 (being the latest practicable date prior to the commencement of the Offer Period); and
- 17.1 per cent. to the volume-weighted average price of 145.7 pence per Filta Share for the twelve months ended 15 February 2022 (being the latest practicable date prior to the commencement of the Offer Period).

In addition, the volume-weighted average price for the 30 day period ended 15 February 2022 of 157.1 pence per Franchise Brands Share multiplied by the Offer Value represents a premium of 29.8 per cent. over the volume-weighted average price for the 30 day period ended 15 February 2022 of 140.0 pence per Filta Share.

The Filta Shares will be acquired under the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any).

Upon the Offer becoming or being declared wholly unconditional, New Franchise Brands Shares to be issued and allotted to Filta Shareholders who accept the Offer in accordance with the Offer Value will be rounded down to the nearest whole number. There will be no credit for fractional entitlements. Under the terms of the Offer, Accepting Shareholders will receive 1.157 New Franchise Brands Shares for every Filta Share held. An Accepting Shareholder will receive such number of New Franchise Brands Shares as is equal to such number of Filta Shares they hold multiplied by 1.157 and rounded down to the nearest whole number. By way of illustration, if an Accepting Shareholder holds 1,000 Filta Shares, they will receive 1,157 New Franchise Brands Shares calculated as follows: 1,000 Filta Shares multiplied by 1.157 equates to 1,157 New Franchise Brands Shares (rounded down to the nearest whole number).

If, after the Announcement Date and before the Offer becomes or is declared wholly unconditional, any dividend and/or other distribution and/or other return of capital is announced, declared, made or paid or becomes payable in respect of the Filta Shares (other than dividends and other distributions or returns of capital that are declared, made or paid by Filta on or after the Announcement Date, including any dividend that might be declared by Filta in respect of the year ended 31 December 2021 (if any), which are payable to Franchise Brands as Filta Shareholders at the time the payment is made), Franchise Brands reserves the right to reduce the Offer Value by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared, made, paid or payable. If Franchise Brands exercises this right or makes such a reduction to the Offer Value in respect of a dividend and/or other distribution and/or return of capital, Filta Shareholders will be entitled to receive and retain that dividend and/or distribution and/or return of capital. Any

exercise by Franchise Brands of its right referred to in this paragraph shall be subject of an announcement and, for the avoidance of doubt, shall not constitute a revision or variation to the terms of the Offer for the purposes of the Code.

The Offer will extend to any Filta Shares not already owned, or agreed to be acquired, by Franchise Brands and which are unconditionally allotted or issued and fully paid (or credited as fully paid) on or before Day 60 or, if earlier the Unconditional Date including any such shares allotted or issued pursuant to the exercise of existing options granted under the Filta EMI Plan. Franchise Brands intends to write to the participants of the Filta EMI Plan with such appropriate proposals as it is required to make pursuant to Rule 15 of the Code.

Conditions to the Offer

The Offer will be conditional upon, amongst other matters:

- (i) Franchise Brands receiving valid acceptances in respect of, and/or having otherwise acquired, Filta Shares which constitute more than 75 per cent. of the voting rights relating to the Filta Shares;
- (ii) an ordinary resolution relating to Franchise Brands Directors' authority to issue shares being proposed at the Franchise Brands General Meeting and passed (without amendment); and
- (iii) Admission of the New Franchise Brands Shares to trading on AIM.

The Offer will lapse if these conditions are not satisfied or, if capable of waiver, waived.

The conditions to the Offer are set out in full in Appendix 1 of this announcement.

3. Background to and reasons for the Offer

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

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

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

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

- establishing an enlarged Group of greater scale, able to leverage the combined franchising and management experience and expertise, shared support services and resources to drive future growth in revenue and profits;

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

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

The share for share offer enables Filta Shareholders to participate fully in the potential value creation of the Offer and benefit from future shareholder returns, including participating in the continuation of Franchise Brands' progressive dividend policy following the Offer. In particular, Filta Shareholders that validly accept the Offer will be entitled to receive any final dividend that Franchise Brands might recommend, subject to shareholder approval, for the year ended 31 December 2021 in respect of the New Franchise Brands Shares they receive as a result of the Offer and Filta Shareholders are referred to paragraph 7 below and the paragraph entitled Current Trading in this regard.

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

4. Management, employees and locations

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

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

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

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

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

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

Franchise Brands has no intention to redeploy any material fixed assets of Filta or change Filta or Franchise Brands' locations of business or employment, including the locations of their respective headquarters for at least the next 12 months, as a consequence of the Offer. Franchise Brands has no intention to change, relocate or curtail Filta's existing new product research and development function. Franchise Brands has no intention of changing Filta's operational brand given its position in the market.

5. Background to and reasons for Filta's Board recommending the Offer

Since its admission to trading on AIM in November 2016, Filta has made significant operational progress, growing its franchise network and direct sales business across North America and mainland Europe. Filta now provides commercial kitchen services to thousands of customers, specialising in fryer, grease and drain management. Filta's revenues have almost tripled since its IPO from £7.9 million in 2015 to £23.6 million (unaudited) in 2021, through a combination of organic growth and the acquisitions of Grease Management Limited in August 2017 and WatBio Limited in December 2018.

The Company's share price performed well during the two years post flotation, with the share price reaching a high of 269p in September 2018. This followed strong growth in adjusted EBITDA of 67 per cent. to £2.2m in 2017. Subsequent strong trading from new franchisees and an increased contribution from Grease Management Limited and the sale of the Company's refrigeration business at the end of 2017, the combination of which led to higher overall gross margins and improved profitability.

The emergence of COVID in the first quarter of 2020 impacted the Company's share price more severely than the wider AIM market as a result of the Company's exposure to the food retailing and hospitality industries. It fell to its lowest level of 48p in April 2020 as the Company announced material uncertainties facing its business.

Notwithstanding these trading difficulties, Filta's business demonstrated resilience throughout the pandemic and the Filta Board, more confident in Filta's trading outlook, reinstated market guidance for 2022. The Filta Board considers that renewed investor confidence in the Company's outlook supported a reasonable share price recovery, although it believes that recent market turbulence and negative investor sentiment surrounding concerns over the Omicron variant, supply chain issues, interest rate rises and rapid inflation rate increases curtailed the share price recovery, as it has certain other sectors of the UK market.

Filta announced in November 2021 that it expected to finish the year slightly ahead of analysts' forecasts of revenue and adjusted EBITDA and, as a result of a strong performance in the third and fourth quarters of 2021, Filta was able to further update the market earlier this month with a confirmation that revenues are now running

at higher levels than before the coronavirus pandemic and that, for the year just ended, they would be £23.6m (2020: £16.4m).

Notwithstanding the resilience demonstrated by Filta, the COVID pandemic has had a significant impact on its business over the last two years. Filta's financial performance is clearly heavily reliant on the state of the restaurant, food retailing and hospitality industries, which account for the greatest proportion of customers. Filta's acquisition of Watbio in late 2018 had been a very significant step in terms of positioning Filta as one of the leading providers of its commercial kitchen services in the UK and, with the franchised activities in North America already one of the market leaders, the Filta Board believed that this provided a strong base for growth over the coming years.

The Board of Filta remains confident in the standalone prospects of Filta and is pleased with the progress made over the last few years in pursuing its strategic priorities. Despite the challenging market conditions resulting from the pandemic, a record setting third and fourth quarter in the financial year ended 31 December 2021 saw Filta generate revenues of £23.6 million (unaudited). Sales in North America grew 82 per cent. year-on-year to a record £14.2 million. Although the return to normality was slower in Filta's UK operations, second half revenues increased by 37 per cent. over the first half of the year. Pleasingly, this positive momentum across the Filta business has continued in 2022 with January revenue up 62 per cent. over the same period in the prior year.

However, the pandemic, the effects of which were unavoidable by Filta, highlighted the risks of being entirely dependent on a relatively narrow service offering (albeit to one significant sector of the world economy) as Filta's business endured a three month period of almost complete shutdown followed by continuing adverse effects which are still being felt, to some extent, more than 18 months later. It has only been through taking fast actions, particularly in managing Filta's cash, being supportive to its franchisees and customers and using the "downtime" to improve products and services, that Filta has been able to navigate its way to a currently robust financial and encouraging trading position, albeit that the growth and development was stalled for almost two years.

Filta has sought to mitigate such risks by broadening its customer base, by continually improving key products, such as the Cyclone GRU, and by adding new products, such as a vent-cleaning system, but Filta's future still remains very dependent on the same single business sector as previously.

Whilst Filta has a powerful and successful franchise formula in North America, it has found it more challenging to grow its franchise network in the UK, a major market. Accordingly, growing the footprint to encompass activities beyond those provided to commercial kitchens and food-driven activities, generally, will be taking Filta into unknown territories as regards the knowledge of the industries and, in the UK, is likely to require capital investment to support more Company-owned businesses, if the group remains independent.

The Filta Board believes that, as the economy rebounds after the Covid-impacted last two years, there will be a number of opportunities to grow but it is also acutely aware that another similar event, either worldwide or in Filta's two major operating territories, would re-create the financial pressures that Filta has spent the last two years managing. It considers, that, as a small company, albeit with a strong balance sheet, Filta would need to be very cautious in venturing into new areas of business, in taking on debt to help with expansion and in stretching the management team as it integrates newly acquired or develops new business areas.

The Filta Board has, since IPO, continually monitored the market for attractive opportunities with a view to achieving increased scale, diversifying its services and enhancing value for Filta's Shareholders.

The Filta Board believes the Offer provides the opportunity to combine two highly complementary businesses into a single group with a comprehensive suite of commercial waste management services from which to create a one stop solution to the combined commercial customer base.

The merger with Franchise Brands, which has established itself in franchising across a range of activities and business sectors, provides the diversification which Filta is seeking and to mitigate the risk of being single sector dependent. Moreover, Franchise Brands, through its Metro Rod (a commercial drainage expert) and Willow Pumps (a leading provider of pump design, installation and servicing) businesses, offers services which are complementary to Filta's commercial kitchen services and, therefore, provide opportunities for the extension of its offering to Franchise Brands' customers. Additionally, with its greater franchise infrastructure in the UK, Franchise Brands can help to grow that area of Filta's UK business, which has been relatively static under Filta's ownership.

The Filta Board believes that the merging of the Franchise Brands and Filta businesses, by way of the Offer, if the Offer becomes or is declared wholly unconditional, would deliver several benefits to Filta shareholders including, inter alia the following:

- **Offer structure** – The Offer gives Filta shareholders flexibility. Filta shareholders are being offered shares in Franchise Brands enabling them to continue to benefit from being shareholders in the Enlarged Group as it pursues its growth opportunities over the coming years or, should they so wish, to realise their investment by selling their shares in the market.
- **Increased scale** – the Filta board believes that the Offer has compelling strategic and financial rationale. The share for share offer enables Filta shareholders to participate fully in the potential value creation of the Enlarged Group, including participating in the continuation of Franchise Brands' progressive dividend policy following the Offer. The Offer would lead to an Enlarged Group with a greater market capitalisation. The increased scale is also expected to enhance the liquidity of the New Franchise Brands Shares held by Filta Shareholders compared to that of the existing Filta Shares. Furthermore, the Filta Board believes that the Enlarged Group would attract a greater range of institutional investors compared to Filta as a standalone business and smaller AIM-quoted company.
- **Reduced risk exposure through diversified sectors and customers** – Filta currently has exposure principally to food retailing and hospitality and, as a result, has limited customer diversification. Whilst Franchise Brands' services are complementary to Filta's, its operations are multi-franchise, providing a greater variety of services including plumbing and drainage, both B2C and B2B, to a more diversified customer base. As has been demonstrated by Filta's more severe share price impact compared to Franchise Brands', following the COVID pandemic, the Filta Board believes that it is important to reduce sector exposure risk by enhancing diversification through entry into new markets and servicing new customers. The Offer would provide immediate and substantial diversification.
- **Enhanced ability to grow through acquisition** – Franchise Brands has a strong balance sheet and track record of acquiring and integrating new companies. The Offer would enable Filta to benefit from an enhanced ability to identify, acquire and integrate new acquisitions across all its geographic markets. Whilst Filta has completed two acquisitions since IPO, by comparison, Franchise Brands has completed four acquisitions since its IPO in 2016.
- **Enhanced management team** – the Enlarged Group would benefit from the extensive experience of the combined management teams, with Jason Sayers and Brian Hogan joining the board of Franchise Brands upon completion of the Offer.
- **Enhanced franchising infrastructure** – Franchise Brands has substantially greater franchising resources and infrastructure in the UK compared to Filta. The Enlarged Group, therefore, would benefit from a greater franchising network to help accelerate the growth of FiltaFry and FiltaFOG franchise opportunities.

- **Accelerated geographic expansion** – following the integration of Filta into the Enlarged Group after completion of the Offer, the Enlarged Group would be better placed to expand its combined operations throughout the US, a market of significant growth opportunity, given Filta’s established US footprint.
- **Cost savings** – it is expected that the Offer would result in cost savings within the Enlarged Group through the removal of duplicate public quoted company costs as well as certain operational efficiencies. It is anticipated that further cost savings could be realised in the future.

The Filta Board anticipates a number of additional benefits of integration resulting from the Offer, including:

- Cross selling of Filta’s Cyclone grease recovery to additional customers through Franchise Brands’ Metro Rod and Willow Pumps businesses;
- Developing FiltaVent further within Franchise Brands’ existing customer base;
- Upselling Franchise Brands’ drainage service into existing Filta customers; and
- Enhanced national logistical coverage in the UK leading to greater efficiencies and better staff resource utilisation.

The Filta board believes that as set out above, the strategic case is compelling and the financial rationale for combining the businesses of Filta and Franchise Brands is sound, and that the Enlarged Group will have some exciting growth opportunities ahead.

The share for share offer enables Filta shareholders to participate fully in the potential value creation of the Enlarged Group and benefit from future shareholder returns, including participating in the continuation of Franchise Brands’ progressive dividend policy following the completion of the Offer, as set out in paragraph 7 below.

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

6. Recommendation

The Filta Directors, who have been so advised by Cenkos as to the financial terms of the Offer, unanimously consider the terms of the Offer to be fair and reasonable. In providing its advice to the Filta Directors, Cenkos has taken into account the commercial assessments of the Filta Directors. Cenkos is providing independent financial advice to the Filta Directors for the purpose of Rule 3 of the Code.

Accordingly, the Independent Filta Directors intend to recommend that Filta Shareholders accept the Offer, as all the Filta Directors who are interested in Filta Shares intend and/or have irrevocably undertaken to do (or procure to be done) in respect of their own holdings (and those of their family members and trusts) of, in aggregate, 18,175,215 Filta Shares, representing, approximately 62.4 per cent. of the share capital of Filta in issue as at the date of this announcement.

7. Information on Franchise Brands

Franchise Brands is a public limited company incorporated in England and Wales whose shares are admitted to the AIM market of the London Stock Exchange.

The Franchise Brands Group is focused on building market-leading businesses primarily via a franchise model.

The Franchise Brands Group currently has a combined network of over 425 franchisees across five principal franchise brands in the UK. Its focus is on established brands that can benefit from its shared support services, specialist sector expertise, management experience and group resources.

The Franchise Brands Group is organised into a B2B division comprised of Metro Rod, Metro Plumb and Willow Pumps, and a B2C division that incorporates ChipsAway, Ovensclean and Barking Mad. This divisional organisation of its brands is designed to provide a greater focus and structure to support the strategic development of its B2B and B2C brands.

In November 2021, Franchise Brands acquired Azura Group, a leading franchise management software system developer which represents an important step in the Franchise Brands Group's digital journey and gave Franchise Brands full ownership of its core systems, which are scalable and customisable.

Each of the Franchise Brands Group's brands are leaders in their respective markets and each brand has a long trading history. The combined trading history of all the Franchise Brands Group's brands is over 165 years.

Franchise Brands had, as at the Latest Practicable Date, a market capitalisation of approximately £141 million. In the year ended 31 December 2020, Franchise Brands generated turnover of £49.3 million (2019: 44.0 million) and achieved a gross profit of £20.9 million (2019: £16.4 million), giving an adjusted EBITDA of £6.6 million (2019: £5.2 million) and adjusted profit before tax of £4.8 million (2019: £4.1 million), and had net assets on its balance sheet as at 31 December 2020 of £43.8 million (2019: £27.9 million).

In the unaudited interim results for the Franchise Brands Group for the six months to 30 June 2021, revenue was £28.6 million (H1 2020: £24.2 million) and it achieved a gross profit of £11.7 million (H1 2020: £9.6 million), giving an adjusted EBITDA of £4.2 million (H1 2020: £2.8 million) and adjusted profit before tax of £3.2 million (2020: £1.9 million).

Current trading

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

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

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

Dividend policy

As reported in Franchise Brands' annual report and accounts for the financial year ended 31 December

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

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

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

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

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

8. Information on Filta

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

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

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

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

In the year ended 31 December 2020, the Filta Group generated revenue of approximately £ 16.4 million, a loss before tax of approximately £0.9 million and had net assets on its balance sheet as at 31 December 2020 of approximately £7.7 million. In the unaudited interim results for the Filta Group for the six months to 30 June 2021, revenue was £9.7 million (H1 2020: £8.3 million) and it achieved a gross profit of £3.9

million (H1 2020: £3.4 million), giving an adjusted EBITDA of £1.3 million (H1 2020: £0.2 million). The reported unaudited profit before tax of £0.2 million (2020: loss of £0.8 million) was after incurring £1.0 million of non-cash or non-recurring charges (H1 2020: £0.9 million). Filta had net assets on its unaudited balance sheet as at 30 June 2021 of approximately £7.6 million.

Current trading

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

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

9. Filta Incentive Schemes

The Offer will extend to any Filta Shares which are unconditionally allotted, issued or transferred to satisfy the vesting or exercise of awards under the Incentive Schemes prior to the Unconditional Date.

Participants in the Filta EMI Plan, which is the only Incentive Scheme pursuant to which any Filta Shares will be unconditionally allotted, issued or transferred to satisfy the vesting or exercise of awards, will be contacted separately regarding the effect of the Offer on their rights under the Filta EMI Plan and appropriate proposals will be made to such participants in due course. Participants in the SARs Plan (which is a cash based scheme) are not entitled to be allotted any Filta Shares unconditionally, or otherwise, to satisfy the vesting or exercise of their awards, and will be contacted separately regarding the effect of the Offer on any rights they may have under the SARs Plan and appropriate proposals will be made to such participants in due course. Options held under Filta's SARs Plan will lapse on the Offer becoming or being declared unconditional in all respects.

10. Irrevocable undertakings and lock-in agreements

Irrevocable undertakings

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

In addition, Franchise Brands has received an irrevocable undertaking to accept or procure acceptance of the Offer (or, if the Offer is implemented by way of a Scheme to vote, or procure the vote, in favour of the Scheme at the Court meeting and the resolutions at the general meeting) from Gresham House Asset Management Limited, in respect of 5,715,020 Filta Shares, representing approximately 19.6 per cent. of the issued ordinary share capital of Filta as at the date of this announcement. This undertaking will remain binding in the event of a competing offer being made unless the value of such competing offer is an improvement of more than 10 per cent. of the value of the consideration under the Offer and is not

matched or bettered by Franchise Brands (where such competing offer has been announced as a firm intention to make an offer in accordance with Rule 2.7 of the Code) or if the Offer Document is not published within 28 days of the date of this announcement or the Offer lapses or is otherwise withdrawn.

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

Further details of these irrevocable undertakings are set out in Appendix 3 to this announcement.

Lock-in agreements

Certain of the Filta Directors and the Meredian Settlement Trust, who are interested in 18,095,280 Filta Shares have entered into lock-in agreements with Franchise Brands, Allenby Capital and Dowgate in respect of a total of 20,936,238 New Franchise Brands Shares, representing, in aggregate, approximately 16.1 per cent. of the Enlarged Share Capital, to be issued to them should the Offer become or is declared wholly unconditional Pursuant to these agreements they have agreed that they will not, and will use all their reasonable endeavours to procure that each of their connected persons will not, directly or indirectly effect or agree to effect a disposal of any legal or beneficial interest in any such New Franchise Brands Shares during the period from Admission until the first anniversary of Admission and thereafter for a further 12 months, to only dispose of such shares in an orderly manner as Allenby Capital and Dowgate shall reasonably determine.

11. Franchise Brands General Meeting

In order to allot the New Franchise Brands Shares, Franchise Brands will seek authority from Franchise Brands Shareholders at the Franchise Brands General Meeting. The Offer will accordingly be conditional, inter alia, on such authority being approved.

The Franchise Brands Directors consider the Offer to be in the best interests of Franchise Brands Shareholders as a whole and recommend unanimously that Franchise Brands Shareholders vote in favour of the Resolution to be proposed at the Franchise Brands General Meeting, as those Franchise Brands Directors who are interested in Franchise Brands Shares have irrevocably undertaken to direct (and to use all reasonable endeavours to procure that) their nominees, or, where relevant, to themselves to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 51,822,535 Franchise Brands Shares representing, in aggregate, approximately 54.1 per cent. of Franchise Brands' issued ordinary share capital as at the Latest Practicable Date.

12. Issue and Admission of New Franchise Brands Shares

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

Following the Offer becoming or being declared wholly unconditional, the New Franchise Brands Shares will be issued as fully paid and will rank equally in all respects with the Franchise Brands Shares in issue at the

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

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

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

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

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

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

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

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

distributions or that such minority Filta Shareholders would again be offered an opportunity to sell their Filta Shares on terms which are equivalent to, or no less advantageous than, those under the Offer.

14. Offer-related arrangements

Franchise Brands and Filta have entered into a mutual non-disclosure agreement dated 11 January 2022 pursuant to which each of Franchise Brands and Filta has undertaken, among other things, to: (a) keep certain information relating to the Offer and the other party confidential and not to disclose it to third parties (other than to permitted parties) unless required by law or regulation; and (b) use the confidential information for the sole purpose of evaluating, negotiating, advising on or implementing the Offer.

15. Disclosure of Interests

As at the close of business on 15 February 2022, being the Latest Practicable Date, neither Franchise Brands, nor any of the Franchise Brands Directors, nor, so far as Franchise Brands is aware, any person acting in concert (within the meaning of the Takeover Code) with Franchise Brands has:

- any interest in, or right to subscribe for, any Filta Shares nor does any such person have any short position in Filta Shares (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of Filta Shares; or
- borrowed or lent any Filta Shares or entered into any financial collateral arrangements relating to Filta Shares; or
- any dealing arrangement, including any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to Filta Shares which may be an inducement to deal or refrain from dealing.

16. Documents available for inspection

Copies of the following documents will, by no later than 12 noon on 17 February 2022, be published on Franchise Brands' website at <https://www.franchisebrands.co.uk/investor-information/> and on Filta's website at <https://filtapl.com/investor-relations>:

- a) this announcement;
- b) the irrevocable undertakings referred to in paragraph 10 above and listed in Appendix 3 to this announcement;
- c) the Lock-in agreements referred to in paragraph 10 above; and
- d) the Non-Disclosure Agreement referred to in paragraph 14 above.

17. Franchise Brands General Meeting and associated irrevocable undertakings

In order to allot the New Franchise Brands Shares, Franchise Brands will seek authority from Franchise Brands Shareholders at the Franchise Brands General Meeting by way of an ordinary resolution. The completion of the Offer will, accordingly, be conditional on such authority being approved.

The Franchise Brands Directors consider the Offer to be in the best interests of Franchise Brands Shareholders as a whole and intend to recommend unanimously that Franchise Brands Shareholders vote in favour of the Resolution to be proposed at the Franchise Brands General Meeting, as those

Franchise Brands Directors who are interested in Franchise Brands Shares intend to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 51,822,535 Franchise Brands Shares, representing, in aggregate, approximately 54.1 per cent. of Franchise Brands' issued ordinary share capital as at the Latest Practicable Date.

18. Further information / Terms and conditions

It is intended that the Offer will be implemented by way of a takeover offer (as defined in Part 28 of the Companies Act 2006), further details of which are contained in the full text of this announcement and which will be set out in the Offer Document. However, Franchise Brands reserves the right, with the consent of the Panel and Filta or, in certain circumstances, without the consent of Filta, to implement the Offer by way of a court-sanctioned scheme of arrangement between Filta and Filta Shareholders under Part 26 of the Companies Act 2006

Appendix 1 to this announcement sets out the conditions and further terms to which the Offer will be subject and to be set out in the Offer Document. The Offer Document will include full details of the Offer and the expected timetable, and will specify the action to be taken by Filta Shareholders. The Offer will lapse if it does not become wholly unconditional by 11.59 pm on the Long Stop Date.

19. Further information on the Proposed Franchise Brands Directors

The employment terms of Jason Sayers as described below will remain after the Offer becomes or is declared unconditional.

On 26 October 2016, Mr Jason Sayers entered into a service agreement with The Filta Group, Inc. under which he agreed to serve as Chief Executive Officer of The Filta Group, Inc. and to act as a director of and carry out duties on behalf of The Filta Group, Inc. Jason Sayers currently receives an annual salary of US\$20,000 under this agreement. The agreement is terminable by either party on six months' prior notice. The agreement imposes certain restrictions on Jason Sayers as regards the use of confidential information and intellectual property. In addition, Jason Sayers will be subject to certain restrictive covenants following the termination of the agreement.

On 26 October 2016, Filta Inc. entered into a consultancy agreement with Roxanna Holdings, LLC, pursuant to which Roxanna Holdings, LLC has agreed to provide the services of Mr Jason Sayers and Mr. Victor Clewes. The aggregate annual fee payable under this agreement is currently US\$360,000. The agreement imposes certain restrictions on Roxanna Holdings, LLC as regards the use of confidential information. Roxanna Holdings, LLC will also be subject to certain restrictive covenants following the termination of the agreement. The agreement is terminable by either party giving to the other 6 months' prior written notice.

It is proposed that Jason Sayers and Franchise Brands will enter into a letter to set out his additional duties as a member of the Franchise Brands Board on the Offer becoming or being declared unconditional.

It is proposed that a service agreement will be entered into between Franchise Brands and Brian Hogan on or around the Offer becoming or being declared unconditional whereby Brian Hogan will be appointed as Chief Financial Officer of Franchise Brands. It is proposed that the service agreement will include termination provisions whereby either party can terminate the agreement by serving at least six months' written notice on the other. It is proposed that the agreement will contain provisions for early termination in the event, inter alia, of a breach of a material term of the agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board of Franchise Brands or where the director ceases to be a director of Franchise Brands for any reason. The basic annual salary payable to Brian Hogan

is proposed to be £180,000 per annum to be reviewed annually (without any obligation to increase the same). It is proposed that the service agreement will contain restrictive covenants for a period of 12 months following termination of employment.

The following information is disclosed pursuant to Rule 17 and Schedule Two paragraph (g) of the AIM Rules for Companies:

Brian Joseph Hogan (57 years of age) is, or has during the last five years, been a director or partner of the following companies and partnerships:

Current Directorships or Partnerships	Previous Directorships or Partnerships
The Filta Group Inc	None
Filta Environmental Canada Limited (Canada)	
Filta Group Holdings Plc	

Jason Charles Sayers (51 years of age) is, or has during the last five years, been a director or partner of the following companies and partnerships:

Current Directorships or Partnerships	Previous Directorships or Partnerships
Filta Group Holdings Plc	None
The Filta Group Limited	
The Filta Group Inc	
Filta Group Europe BV	
Filta Environmental Canada Ltd	
Watbio Holdings Limited	
Watbio Limited	
Environmental Biotech Limited	
Watling Hope (Installations) Limited	
M & M Asset Maintenance Limited	
Grease Management Limited	

Jason Sayers was a director of Xenerga, Inc. ("Xenerga"), a US biodiesel company established in 2007. In 2009 the company became insolvent and went into liquidation. The outstanding amount owed to creditors from Xenerga was approximately US\$4.8 million. The Filta Group, Inc. and Jason Sayers were named as a defendant in a lawsuit filed against Xenerga, a supplier of equipment and services for the construction of biodiesel plants, by a customer of Xenerga. The lawsuit was filed in the Circuit Court of Florida, Orange County on 21 April 2009. Filta was not involved in the biodiesel business, but two of its shareholders and directors, Victor Clewes and Jason Sayers, were shareholders and officers of Xenerga. The plaintiffs alleged breach of contract, false representations of a material fact, and other claims against Xenerga and against Mr. Clewes and Mr. Sayers personally. On 27 December 2011, the parties entered a settlement in which the plaintiffs filed a voluntary dismissal of their suit against Filta, Mr. Clewes and Mr. Sayers. The defendants agreed to pay approximately US\$0.1 million to the plaintiffs and were released from any further claims by the plaintiffs.

IMPORTANT NOTICES

Allenby Capital, which is authorised and regulated by the FCA in the UK, is acting as financial adviser, nominated adviser and joint broker exclusively for Franchise Brands and no one else in connection with the Offer and this announcement and will not be responsible to anyone other than Franchise Brands

for providing the protections afforded to clients of Allenby Capital or for providing advice in relation to the Offer the content of this announcement or any matter referred to herein.

Dowgate, which is authorised and regulated by the FCA in the UK, is acting as joint broker exclusively for Franchise Brands and no one else in connection with the Offer and this announcement and will not be responsible to anyone other than Franchise Brands for providing the protections afforded to clients of Dowgate or for providing advice in relation to the Offer the content of this announcement or any matter referred to herein.

Cenkos, which is authorised and regulated by the FCA in the UK, is acting as financial adviser and Rule 3 adviser exclusively for Filta and no one else in connection with the Offer and the matters set out in this announcement and will not be responsible to any person other than Filta for providing the protections afforded to clients of Cenkos, nor for providing advice in relation to the Offer, the content of this announcement or any matter referred to herein.

Further Information

This announcement is for information purposes only and is not intended to and does not constitute or form part of an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise nor shall there be any sale, issuance or transfer of securities of Franchise Brands or Filta pursuant to the Offer in any jurisdiction in contravention of applicable laws. The Offer will be implemented solely pursuant to the terms of the Offer Document (or, in the event that the Offer is to be implemented by means of a scheme, the Scheme Document), which will contain the full terms and conditions of the Offer, including details of how to accept the Offer. Any decision in respect of, or other response to, the Offer should be made on the basis of the information contained in the Offer Document.

Allenby Capital and Cenkos urge Filta Shareholders to read the Offer Document carefully when it becomes available because it will contain important information in relation to the Offer, the New Franchise Brands Shares and the Enlarged Group, and to take appropriate advice. Any action in relation to the Offer or related matters should be made only on the basis of the information contained in the Offer Document.

This announcement does not constitute a prospectus or prospectus equivalent document.

Dealing and Opening Position Disclosure Requirements

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the

10th Business Day following the announcement in which any securities exchange offeror is first identified.

Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure. Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Information relating to Filta Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by Filta Shareholders, persons with information rights and other relevant persons for the receipt of communications from Filta may be provided to Franchise Brands during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c).

Overseas jurisdictions

The attention of Filta Shareholders who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 2 of Part C of Appendix 1 of this announcement. Further details (including guidance for US shareholders) will be set out in the Offer Document.

Cautionary note regarding forward-looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Offer, and other information published by Filta and Franchise Brands contain certain forward-looking statements, beliefs or opinions with respect to the financial condition, results of operations and business of the Wider Filta Group and the Franchise Brands Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements may often, but not always, be identified by the use of forward-looking terms such as "may", "will", "expects", "believes", "hopes", "anticipates", "aims", "plans", "estimates",

“projects”, “targets”, “intends”, “forecasts”, “outlook”, “impact”, “potential”, “confidence”, “improve”, “continue”, “optimistic”, “deliver”, “comfortable”, “trend”, “seeks” or variations of such words and phrases or statements that certain actions, events or results “could”, “should”, “would” or “might” be taken, occur or be achieved or the negative of such terms or other variations on such terms or comparable terminology.

Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. These statements are based on assumptions and assessments made by Filta and/or Franchise Brands, as the case may be, in light of their experience and their perception of historical trends, current conditions, future developments and other factors that they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors that could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements are unknown.

Although it is believed that the expectations reflected in such forward-looking statements were reasonable at the time the statements were made, no assurance is given by Filta and/or Franchise Brands that such expectations or the assumptions and assessments underlying them will prove to have been correct and the circumstances may change. You are, therefore, cautioned not to place undue reliance on these forward-looking statements. Neither Filta nor Franchise Brands assumes any obligation, and Filta and Franchise Brands disclaim any intention or obligation, to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law or regulation.

Save as specifically stated in this announcement, any such forward-looking statements have not been reviewed by the auditors of Filta or Franchise Brands or their respective financial advisers. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. There are many factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements is the satisfaction of any conditions to the Offer, as well as additional factors such as changes in global, political, economic, business, competitive, market and regulatory forces (including as a result of governmental, business or individual responses to the COVID-19 pandemic and any variant thereof), future exchange and interest rates, changes in tax rates and future business combinations or dispositions. Such forward looking statements should, therefore, be construed in the light of such factors. Neither Filta nor Franchise Brands, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.

No Profit Forecasts or Estimates

No statement in this announcement (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share or dividend per share for Franchise Brands, Filta or the Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for Franchise Brands, Filta or the Enlarged Group, as appropriate.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and

figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Rule 2.9

In accordance with Rule 2.9 of the Takeover Code, Franchise Brands confirms that, as at the date of this announcement, it has 95,865,609 ordinary shares of 0.5p each in issue with International Securities Identification Number (ISIN) GB00BD6P7Y24. Franchise Brands does not hold any shares in treasury.

In accordance with Rule 2.9 of the Takeover Code, Filta confirms that, as at the date of this announcement, it has 29,138,164 ordinary shares of 10p each in issue with International Securities Identification Number (ISIN) GB00BDB7J920. Filta does not hold any shares in treasury.

Publication on website

Pursuant to Rule 26.1 of the Code, a copy of this announcement and other documents in connection with the Offer will, subject to certain restrictions, be available for inspection on Franchise Brands' website at <https://www.franchisebrands.co.uk/investor-information/> and by Filta on its website at <https://filtapl.com/investor-relations> no later than 12 noon (London time) on the business day following this announcement. The contents of the websites referred to in this announcement are not incorporated into, and do not form part of, this announcement.

Requesting hard copy documents

Pursuant to Rule 30.3 of the Code, a person so entitled may request a copy of this announcement and any information incorporated into it by reference to another source in hard copy form by writing to Chris Dent at Franchise Brands plc, Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield SK10 2XF. A person may also request that all future documents, announcements and information to be sent to that person in relation to the Offer should be in hard copy form.

APPENDIX 1

CONDITIONS TO AND FURTHER TERMS OF THE OFFER

PART A – CONDITIONS TO THE OFFER

Acceptance condition

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

in aggregate, over 50 per cent. of the voting rights then normally exercisable at general meetings of Filta, including for this purpose (to the extent, if any, required by the Code) any such voting rights attaching to any Filta Shares which may be unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise and (b) unless the Panel consents otherwise this Condition (the "Acceptance Condition") shall only be capable of being satisfied when all other Conditions set out in paragraph 2 below have been satisfied or waived;

For the purposes of the Acceptance Condition:

- (a) Filta Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional, whether pursuant to the exercise of any outstanding subscription, option or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry upon issue;
- (b) valid acceptances shall be deemed to have been received in respect of Filta Shares which are treated for the purposes of Part 28 of the Companies Act as having been acquired or contracted to be acquired by Franchise Brands, whether by virtue of acceptance of the Offer or otherwise; and
- (c) all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue excluding any and all shares held in treasury by Filta from time to time.

Other conditions

- 2. Subject to the provisions of Part B of this Appendix 1 and the requirements of the Panel in accordance with the Code, the Offer will also be conditional upon the satisfaction or, where relevant, waiver of the following Conditions and, accordingly, the Offer will not become or be declared unconditional unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Franchise Brands Shareholder approval

- 2.1 an ordinary resolution relating to Franchise Brands Directors' authority to issue shares being proposed at the Franchise Brands General Meeting and passed (without amendment);

Admission of the New Franchise Brands Shares

- 2.2 the New Franchise Brands Shares being admitted to trading on the AIM market;

Notifications, waiting periods and authorisations

- 2.3 all necessary notifications, filings and applications having been made in connection with the Offer, all regulatory and statutory obligations in any relevant jurisdiction reasonably deemed necessary by Franchise Brands having been complied with in connection with the Offer, all necessary waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulations of any relevant jurisdiction reasonably deemed necessary by Franchise Brands having expired, lapsed or been terminated in each case in respect of the Offer and all necessary Authorisations having been obtained in terms and in a form reasonably satisfactory to Franchise Brands from appropriate third parties in connection with the Offer or the proposed acquisition of any shares or other securities in, or control or management of, Filta or any other member of the Wider Filta Group by any member of the Franchise Brands Group or the carrying on by any member of the Wider Filta Group of its business and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations, in each case in any way that would be materially

adverse to the Wider Filta Group;

Other third party clearances

2.4 no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, employee representative body or any other equivalent or analogous body or person in any jurisdiction (each a "Third Party") having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having enacted, made or proposed to enact or make any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order, or having taken any other steps which would, in each case, reasonably be expected to:

- (a) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Franchise Brands Group or by any member of the Wider Filta Group of all or any part of their respective businesses, assets or properties or impose any material limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof, which, in any such case, is material in the context of the Franchise Brands Group or the Wider Filta Group, in either case taken as a whole;
- (b) require, prevent or materially delay or materially alter the terms envisaged for, any divestiture by any member of the Franchise Brands Group of any shares, other securities or other interests in Filta or any member of the Wider Filta Group;
- (c) except pursuant to Chapter 3 of Part 28 of the Companies Act in the context of the Offer, require any member of the Franchise Brands Group or of the Wider Filta Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) or interest in any member of the Wider Filta Group;
- (d) except as Disclosed, require any member of the Wider Filta Group to repay any indebtedness of any member of the Wider Filta Group (other than in implementation of the Offer as agreed between Franchise Brands and Filta);
- (e) impose any limitation on, or result in any delay in, the ability of any member of the Franchise Brands Group directly or indirectly to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Filta Group or the Franchise Brands Group or to exercise management control over any such member;
- (f) otherwise adversely affect the business, assets, liabilities, trading position, value, profits, operational performance, or prospects of any member of the Franchise Brands Group or of any member of the Wider Filta Group in a manner which is material in the context of the Franchise Brands Group or the Wider Filta Group in either case taken as a whole ;
- (g) make the Offer or implementation of the Offer by Franchise Brands or any member of the Franchise Brands Group of any shares or other securities in, or control of, Filta void, voidable, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, prevent, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or interfere or require material amendment to the terms of the Offer or the proposed acquisition of any shares or other securities in, or control or management of, Filta by any of the Franchise Brands Group;
- (h) impose any limitation on, or result in any delay in, the ability of any member of the Franchise Brands Group or the Wider Filta Group to conduct, integrate or co-ordinate its business, or any part of

it, with the businesses of any other members of the Franchise Brands Group and/or the Wider Filta Group in each case in a manner which is adverse to and material in the context of the Franchise Brands Group or the Wider Filta Group in each case taken as a whole;

(i) require any member of the Wider Filta Group or the Franchise Brands Group to relinquish, terminate or amend in any way any material contract to which any member of the Wider Filta Group or the Franchise Brands Group, as applicable, is a party, in each case in a manner which is material in the context of the Franchise Brands Group or the Wider Filta Group in each case taken as a whole ; or

(j) result in any member of the Wider Filta Group ceasing to be able to carry on business under any name under which it presently does so to an extent which is material in the context of the Wider Filta Group taken as a whole, and all applicable waiting and other time periods (including extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Offer or proposed Offer of any Filta Shares or other securities in, or control or management of, Filta, Franchise Brands or otherwise having expired, lapsed or been terminated;

2.5 all Authorisations necessary or appropriate for any member of the Wider Filta Group to carry on its business remaining in full force and effect at the time at which the Offer becomes Effective or otherwise wholly unconditional (where the absence of such would be material and adverse in the context of the Wider Filta Group) and no intimation of any intention to revoke, suspend, materially restrict or materially modify or not to renew any of the same having been made;

2.6 no temporary restraining order, preliminary or permanent injunction, preliminary or permanent injunction, or other order issued and being in effect by a court or other Third Party which has the effect of making the Offer or any proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Filta Group by any member of the Franchise Brands Group, or the implementation of either of them, void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the completion or the approval of the Offer or any matter arising from the proposed acquisition of any shares or other securities in, or in control of, any member of the Wider Filta Group by any member of the Franchise Brands Group;

Frustrating action

2.7 except with the consent or the agreement of Franchise Brands, no resolution of Filta Shareholders in relation to any offer or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Filta Shareholders other than in relation to the Offer and, other than with the consent or the agreement of Franchise Brands, no member of the Wider Filta Group having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of Filta Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Code;

Certain matters arising as a result of any arrangement or agreement

2.8 except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Filta Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject, or any event or

circumstance which, as a consequence of the Offer or any proposed offer by any member of the Franchise Brands Group of any shares or other securities (or the equivalent) in Filta or because of a change in the control or management of any member of the Wider Filta Group or otherwise, would or might reasonably be expected to result in (in each case to an extent or in a manner which is material and adverse in the context of the Wider Filta Group or the Franchise Brands Group, in either case taken as a whole, or in the context of the Offer):

- (a) any moneys borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to member of the Wider Filta Group, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (b) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any member of the Wider Filta Group thereunder being, or becoming capable of being, terminated or adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- (c) any asset owned or used by, or interests in, any member of the Wider Filta Group being disposed of or charged or ceasing to be available to any member of the Wider Filta Group or any right arising under which any such asset or interest could be required to be disposed of or charged or cease to be available to any member of the Wider Filta Group otherwise than in the ordinary and normal course of business;
- (d) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any member of the Wider Filta Group or any such mortgage, charge or other security (whenever created, arising or having arisen) becoming enforceable;
- (e) the rights, liabilities, obligations, interests or business of any member of the Wider Filta Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Filta Group in or with any other person or body or firm or company (or any arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (f) the value of any member of the Wider Filta Group or its business, assets, value, financial or trading position, profits, operational performance or prospects being prejudiced or adversely affected;
- (g) any member of the Wider Filta Group ceasing to be able to carry on business under any name under which it presently does so;
- (h) the creation or acceleration of any liability, actual or contingent, by any member of the Wider Filta Group (including any tax liability or any obligation to obtain or acquire any Material Authorisation, notice, waiver, concession, agreement or exemption from any Third Party or any person which would be material in the context of the Wider Filta Group);
- (i) any liability of any member of the Wider Filta Group to make any severance, termination, bonus or other payment to any of its directors or other officers; or
- (j) any requirement on any member of the Wider Filta Group to acquire, subscribe, payup or repay any shares or other securities in another corporate entity (other than in respect of another member of the Wider Filta Group),

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Filta Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or is reasonably likely

to result in any of the events or circumstances as are referred to in sub-paragraphs (a) to (j) of this Condition to an extent which is or which would be material in the context of the Wider Filta Group;

Certain events occurring since 31 December 2020

2.9 except as Disclosed, no member of the Wider Filta Group having, since 31 December 2020:

- (a) save as between Filta and wholly-owned subsidiaries of Filta or for Filta Shares issued under or pursuant to the exercise of options and vesting of awards granted under the Filta EMI Plan, issued, agreed to issue, authorised or proposed the issue of additional shares of any class or agreed to transfer or sell or authorised or proposed the transfer or sale of Filta Shares out of treasury;
- (b) save as between Filta and wholly-owned subsidiaries of Filta or for the grant of options and awards and other rights under the Filta EMI Plan, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
- (c) other than to another member of the Filta Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise;
- (d) other than pursuant to the Offer or transactions in the ordinary and normal course of business, merged or demerged with any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, offer or disposal, transfer, mortgage, charge or security interest, in any such case to an extent which is material in the context of the Wider Filta Group taken as a whole;
- (e) save as between Filta and wholly-owned subsidiaries of Filta, made or authorised or proposed or announced an intention to propose any change in its loan capital, in each case to the extent to which is material in the context of the Wider Filta Group taken as a whole;
- (f) save as between Filta and wholly-owned subsidiaries of Filta, save for transactions in the ordinary and normal course of business, issued, authorised or proposed the issue of any debentures, incurred or increased any indebtedness or become subject to any guarantee or actual or contingent liability;
- (g) disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so;
- (h) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraphs (a) or (b) above, made any other change to any part of its share capital;
- (i) implemented, or authorised, proposed or announced its intention to implement, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, merger, demerger, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or in respect of the Offer;
- (j) sold or transferred or agreed to sell or transfer any Filta Shares held by Filta as treasury shares except for the issue or transfer out of treasury of Filta Shares on the exercise of employee share options;
- (k) entered into, varied, authorised or proposed entry into or variation of the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, commitment, arrangement or service agreement with any director or senior executive of any member of the Wider Filta Group;
- (l) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude

- or which is or could reasonably be expected to be materially restrictive on the businesses of any member of the Wider Filta Group or the Franchise Brands Group;
- (m) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or in relation to payments, a moratorium of any indebtedness, or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, and in each such case, to the extent which is material in the context of the Wider Filta Group taken as a whole;
 - (n) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
 - (o) waived, compromised or settled any claim otherwise than in the ordinary course of business and, in any case, which is material in the context of the Wider Filta Group as a whole;
 - (p) except in relation to changes made or agreed as a result of being required as a result of changes to legislation, having made or agreed or consented to any material change to:
 - (i) the terms of the trust deeds, rules, policy or other governing documents constituting the pension schemes or other retirement or death benefit arrangement established by any member of the Wider Filta Group for its directors, former directors, employees, former employees or each of their respective dependents;
 - (ii) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
 - (iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (iv) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made;
 - (q) carried out any act:
 - (i) which would or could reasonably be expected to lead to the commencement of the winding up of any pension plan;
 - (ii) which would or might create a material debt owed by an employer to any pension plan;
 - (iii) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any pension plan;
 - (iv) which would or might give rise indirectly or directly to a liability in respect of a pension plan; or
 - (v) to change the trustee or trustee directors or other fiduciary of the relevant pension plans;
 - (r) save as agreed by the Panel (if required) and by Franchise Brands, proposed, agreed to provide or modified the terms of any share option scheme or incentive scheme or other benefit constituting a material change relating to the employment or termination of employment of a material category of person employed by the Wider Filta Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider Filta Group;
 - (s) made any material alteration to its constitutional documents (other than an alteration required in connection with the Offer);
 - (t) except in the ordinary and normal course of business, terminated or varied the terms of any agreement or arrangement between any member of the Wider Filta Group and any other person in a manner which would or is reasonably likely to have a material adverse effect on the financial position of the Wider Filta Group taken as a whole; or
 - (u) otherwise than in the ordinary course of business, entered into any contract, commitment, arrangement or agreement, or passed any resolution or made any offer (which remains open

for acceptance) with respect to, or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;

No adverse change, litigation, regulatory enquiry or similar

2.10 except as Disclosed, since 31 December 2020

- (a) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change or deterioration in the business, assets, value, liabilities, financial or trading position, operational performance or profits or prospects of any member of the Wider Filta Group which is material in the context of the Wider Filta Group taken as a whole;
- (b) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used or owned by the Wider Filta Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Filta Group or to which any member of the Wider Filta Group is or may become a party (whether as a claimant, defendant or otherwise) which is material in the context of the Wider Filta Group taken as a whole;
- (c) no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Filta Group having been instituted, announced, implemented or threatened by or against or remaining outstanding against or in respect of any member of the Wider Filta Group, which, in each case might reasonably be expected to have an adverse effect on such member to an extent which is material, in the context of the Wider Filta Group taken as a whole or in the context of the Offer;
- (d) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence or permit held by any member of the Wider Filta Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would have, or would reasonably be expected to have a material and adverse effect on the Wider Filta Group taken as a whole;
- (e) no contingent or other liability having arisen, increased or become apparent to Filta (other than in the ordinary course of business) which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Filta Group; in each case to an extent which is material in the context of the Wider Filta Group taken as whole or in the context of the Offer; and
- (f) no member of the Wider Filta Group having conducted its business in breach of any applicable laws and regulations and which is material in the context of the Wider Filta Group as a whole or material in the context of the Offer.

No discovery of certain matters regarding information, liabilities and environmental issues

2.11 except as Disclosed, Franchise Brands not having discovered

- (a) that any financial, business or other information concerning the Wider Filta Group as contained in the information disclosed at the time by or on behalf of any member of the Wider Filta Group publicly and delivered by or on behalf of Filta through a RIS or other public announcement prior to the date of this announcement is misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading;
- (b) that any member of the Wider Filta Group is subject to any liability (contingent or otherwise) and which is material in the context of the Wider Filta Group taken as a whole;
- (c) any information which affects the import of any information disclosed at any time prior to this announcement by or on behalf of any member of the Wider Filta Group and which is material in the context of the Wider Filta Group taken as a whole;
- (d) any past or present member of the Wider Filta Group has not complied with all applicable

legislation, regulations or other requirements of any jurisdiction or any notice, order or requirement of any Third Party, , or Authorisations relating to the use, treatment, handling, storage, transport, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, carriage, disposal, discharge, spillage, release, leak or emission (whether or not giving rise to non-compliance with any law or regulation), which non-compliance would be likely to give rise to any liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Filta Group, in each case, to an extent which is material in the context of the Wider Filta Group taken as whole or in the context of the Offer; or

- (e) there is, or is reasonably likely to be, any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Filta Group (or on its behalf), or in which any such member has or previously has had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, authorisation, consent, permission or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto to an extent which is material in the context of the Wider Filta Group taken as whole or in the context of the Offer;

Anti-bribery, anti-corruption, proceeds of crime and sanctions

2.12 except as Disclosed, Franchise Brands not having discovered that:

- (a) any past or present member, director, officer or employee, agent, consultant or designated representative of the Wider Filta Group or any person that performs or has performed services for or on behalf of the Wider Filta Group is or has at any time engaged in any or has paid or agreed to pay any bribe including any “inducement fee”, given or agreed to give any similar gift or benefit or paid or agreed to pay to a concealed bank account or fund to or for the account of, any customer, supplier, governmental official or employee, representative of a political party, or other person for the purpose of obtaining or retaining business or otherwise engaged in any activity, practice, conduct or any such things (or omitted to do such things) in contravention of the Bribery Act 2010, as amended, or the US Foreign Corrupt Practices Act 1977, as amended or any other anti-corruption legislation applicable to the Wider Filta Group;
- (b) any asset of any member of the Wider Filta Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule or regulation concerning money laundering or proceeds of crime or any member of the Wider Filta Group is found to have engaged in activities constituting money laundering under any applicable law, rule or regulation concerning money laundering;
- (c) any past or present member, director, officer or employee, agent, consultant or designated representative of the Wider Filta Group has engaged in any activity or business with, or made any investments in, or made any payments, funds or assets available to, or received any funds or assets from: (i) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HMRC; or (ii) any government, entity or individual named by any of the economic sanctions of the United Nations, the United States, the UK or the European Union or any of their respective member states;
- (d) a member of the Wider Filta Group has engaged in any transaction which would cause the

- Franchise Brands Group to be in breach of any law or regulation upon its Offer of Filta, including the economic sanctions of the United States Office of Foreign Assets Control, or HMRC, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the UK, the European Union or any of its member states; or
- (e) any past (whilst in the employment of the Wider Filta Group) or present member, director, officer or employee of the Wider Filta Group, or any other person for whom any such person may be liable or responsible:
- (i) has engaged in conduct which would violate any relevant anti-terrorism laws, rules or regulations, including but not limited to the U.S. Anti-Terrorism Act;
 - (ii) has engaged in conduct which would violate any relevant anti-terrorism laws, rules or regulation or any applicable export controls. Including but not limited to the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State;
 - (iii) has engaged in conduct which would violate any relevant laws, rules, or regulations concerning human rights, including but not limited to any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour; or
 - (iv) is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organization or found to have violated any applicable law, rule or regulation concerning government contracting or public procurement.

PART B – WAIVER AND INVOCATION OF THE CONDITIONS

Franchise Brands reserves the right to waive, in whole or in part, all or any of the Conditions, except for the Acceptance Condition, which cannot be waived. The Offer will be subject to the satisfaction (or waiver, if permitted) of the Conditions and to the further terms set out in this announcement.

The Offer shall lapse unless all of the Conditions have been fulfilled or, where permitted, waived or, where appropriate, have been determined by Franchise Brands to be or remain satisfied, by midnight on the earlier of the Unconditional Date and the Long Stop Date (subject to the rules of the Code and where applicable the consent of the Panel).

Franchise Brands shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of Conditions 1 and 2 by a date earlier than the latest date specified above for the fulfilment of the relevant Condition, notwithstanding that the other Conditions to the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Condition(s) may not be capable of fulfilment.

Under Rule 13.4 of the Code, Filta may not invoke, or cause or permit Franchise Brands to invoke, any condition to the Offer unless the circumstances which give rise to the right to invoke the condition are of material significance to the shareholders of Filta in the context of the Offer.

Under Rule 13.5(a) of the Code, Franchise Brands may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn without the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Franchise Brands in the context of the Offer.

The Acceptance Condition (condition 1), Franchise Brands Shareholder Approval (condition 2.1) and

Admission of the New Franchise Brands Shares (condition 2.2) are not subject to Rule 13.5(a) of the Code. All other Conditions are subject to Rule 13.5(a) of the Code and any Condition that is subject to Rule 13.5(a) may be waived by Franchise Brands.

If Franchise Brands is required by the Panel to make an offer or offers for Filta Shares under the provisions of Rule 9 of the Code, Franchise Brands may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.

Save as may otherwise be required by the Panel, the Offer will not proceed, will lapse or will be withdrawn if on the Long Stop Date:

- (a) sufficient acceptances have not been received so as to enable the Acceptance Condition to be satisfied; or
- (b) where sufficient acceptances have been received so as to enable the Acceptance Condition to be satisfied, but one or more of the Conditions relating to an official authorisation or regulatory clearance has not been satisfied or waived and the Panel consents to the Offer not proceeding, lapsing or being withdrawn. As noted above, such consent will only be given if the Condition relating to such official authorisation or regulatory clearance is of material significance to Franchise Brands in the context of the Offer.

Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

PART C – FURTHER TERMS OF THE OFFER

1. General

- (a) It is intended that the Offer will be implemented by way of a takeover offer within the meaning of the Companies Act. However, Franchise Brands reserves the right to elect, with the consent of the Panel (where necessary), to implement the Offer by way of a Court sanctioned scheme of arrangement in accordance with Part 26 of the Companies Act (**Scheme**). If the Offer is implemented by way of a Scheme, such Scheme will be implemented on the same terms, so far as applicable, as those that would apply to the Offer subject to appropriate amendments to reflect the change in method of effecting the Offer, including (without limitation and subject to the consent of the Panel) such amendments as may be required by law or regulation. In particular: the Long Stop Date may cease to apply (and Franchise Brands may, in accordance with the Code, specify a new long stop date by which the Scheme must become effective and specific dates by which the shareholder meetings and Court hearing to sanction the Scheme must be held); and the Acceptance Condition would not apply and instead the Scheme would become effective and binding following:
 - (i) its approval by a majority in number representing 75 per cent. or more in value of the relevant Filta Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the applicable court meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting;
 - (ii) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at a Filta general meeting or at any adjournment of that meeting; and
 - (iii) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to Franchise Brands) and the delivery of a copy of the applicable Scheme order within two Business Days thereafter to the Registrar of Companies in England and Wales.

- (b) In addition, if the Offer is implemented by way of the Scheme, the Scheme will be conditional upon the Conditions (other than the Acceptance Condition) and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions have either been waived (if permitted) or fulfilled.
- (c) Filta Shares will be acquired by Franchise Brands fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made or paid, on or after the Offer becomes or is declared wholly unconditional.
- (d) If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Filta in respect of a Filta Share on or after the Offer becomes or is declared wholly unconditional, Franchise Brands will have the right (without prejudice to any right of Franchise Brands to invoke 2.9(c) Condition in Part A of this Appendix 1) to reduce the value of the consideration payable for each Filta Share by up to the amount per Filta Share of such dividend, distribution or return of value except where the Filta Share is or will be acquired pursuant to the Offer on a basis which entitles Franchise Brands to receive the dividend, distribution or return of value and to retain it. If any such dividend, distribution or return of value is paid or made to Filta Shareholders on or after the Offer becomes or is declared wholly unconditional and Franchise Brands exercises its rights described above, any reference in this announcement to the consideration payable under the Offer shall be deemed to be a reference to the consideration as so reduced. Any exercise by Franchise Brands of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Offer. In the event that Franchise Brands exercises its right to reduce the value of the consideration payable under the Offer by all or any part of the amount of any dividend or other distribution or return of value that has not been paid to Filta Shareholders, Filta Shareholders will be entitled to receive and retain that dividend or other distribution or return of value.
- (e) Any reference in this Appendix 1 to any law or regulation of any jurisdiction includes: (i) any subordinate legislation or regulation made under it; (ii) any law or regulation which it has amended, supplemented or replaced; and (iii) any law or regulation amending, supplementing or replacing it (whether before or after the date of this announcement).
- (f) The Offer is subject to applicable requirements of the London Stock Exchange and the Code. In the event of any conflict or inconsistency between the terms and conditions of the Offer and the Code, the provisions of the Code shall prevail, and Franchise Brands reserves the right to (and shall if required by the Panel) make such alterations, additions or modifications to the terms and conditions of the Offer so that any such conflict or inconsistency is removed.

2. **Overseas Shareholders**

- (a) The making of the Offer in, or to persons resident in, or to nationals or citizens of, jurisdictions outside the United Kingdom or to nominees of, or custodians or trustees for, citizens or nationals of other countries (**Overseas Shareholders**) may be prohibited or affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. No person receiving a copy of this announcement, the Offer Document and/or a Form of Acceptance in any jurisdiction other than the UK may treat the same as constituting an invitation or offer to them, nor should they in any event use such Form of Acceptance if, in the relevant jurisdiction, such invitation or offer cannot lawfully be made to them or such Form of Acceptance cannot lawfully be used without contravention of any relevant or other legal requirements. In such circumstances, this announcement, the Offer Document and/or Form of Acceptance are sent for information only. It is the responsibility of such Overseas Shareholder receiving a copy of this announcement, the Offer Document and/or Form of Acceptance and wishing to accept the Offer to

satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes or other payments by whomsoever payable and Franchise Brands and Allenby Capital (and any person acting on behalf of either of them) shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or duties as Franchise Brands or Allenby Capital (and any person acting on behalf of either of them) may be required to pay.

If you are an Overseas Shareholder and you are in doubt about your position, you should consult your independent professional adviser in the relevant jurisdiction.

- (b) In particular, the Offer will not be made, directly or indirectly, in or into, and is not capable of acceptance in or from a Restricted Jurisdiction. Accordingly, copies of this announcement, the Offer Document will not be, and must not be, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction.

Persons receiving such documents (including without limitation, custodians, trustees and nominees) must not mail or otherwise forward, distribute or send them, directly or indirectly, in, into or from a Restricted Jurisdiction or use Restricted Jurisdiction mails or any such means or instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer. Doing so may invalidate any purported acceptance of the Offer.

APPENDIX 2

SOURCES OF INFORMATION AND BASES OF CALCULATION

In this announcement:

1. Unless otherwise stated:
 - a. financial information relating to the Franchise Brands Group has been extracted or derived (without any adjustment) from the audited annual report and accounts of the Franchise Brands Group for the financial year ended 31 December 2020 and its unaudited half year results for the six months ended 30 June 2021; and
 - b. financial information relating to the Filta Group has been extracted or derived (without any adjustment) from the audited annual report and accounts of the Filta Group for the financial year ended 31 December 2020 and its unaudited half year results for the six months ended 30 June 2021.
2. The value of each Filta Share is calculated:
 - a. by reference to the price of 147.50 pence per Franchise Brands Share, being the Closing Price on 15 February 2022, being the Latest Practicable Date;
 - b. using the Offer Value of 1.157 New Shares in exchange for each Filta Share; and
 - c. on the basis of the fully diluted share capital of Filta referred to in paragraph 4 below.
3. As at the close of business on 15 February 2022, being the Latest Practicable Date, Filta had in issue 29,138,164 Filta Shares and Franchise Brands had in issue 95,865,609 Franchise Brands Shares.

4. The fully diluted share capital of Filta (being 29,203,164 Filta Shares) is calculated on the basis of:
 - a. 29,138,164 issued Filta Shares referred to in paragraph 3 above; and
 - b. 65,000 Filta Shares required in connection with the exercise of options over 65,000 Filta Shares for the purposes of the Filta EMI Plan, being those options that have vested and are exercisable at prices below the Offer Value.
5. Unless otherwise stated, all prices and closing prices for Filta Shares and Franchise Brands Shares are closing middle market quotations derived from the AIM Appendix to the Daily Official List on that day.

APPENDIX 3

DETAILS OF IRREVOCABLE UNDERTAKINGS

PART A - Director irrevocable undertakings

The following Filta Directors (and their connected parties and trusts) have each given an irrevocable undertaking in respect of their own beneficial holding of Filta Shares to accept the Offer as set out below:

Name of Filta Director	Number of Filta Shares	Percentage of Filta issued share capital
Jason Sayers	3,688,120	12.7
Roy Sayers	562,160	1.9
The Meredian Settlement Trust	7,926,560	27.2
Victor Clewes	4,558,750	15.7
Jlubomir Urosevic	1,359,690	4.7
	18,095,280	62.1

PART B – Non-Director shareholder irrevocable undertaking(s)

Gresham House Asset Management Limited has given an irrevocable undertaking in respect of their own beneficial holding of Filta Shares to accept the Offer as set out below:

Name of Filta Shareholder	Number of Filta Shares	Percentage of Filta issued share capital
Gresham House Asset Management Limited	5,715,020	19.6

Notes:

1. *The Filta Shares referred to in the tables set out at Part A and Part B of this Appendix 3 above are either held by such Filta Director/Shareholder directly or held through a nominee. In each case, such Filta Director/Shareholder has undertaken to accept itself, or to direct (and to use all reasonable endeavours to procure) that the relevant nominee to accept, the Offer.*
2. *The percentages in the table above have been rounded to one decimal place.*
3. *The undertakings detailed in this Appendix 3 cease to be binding only if:*

- a. *Franchise Brands announces that it does not intend to proceed with the Offer and no new, revised or replacement scheme or offer is announced in accordance with Rule 2.7 of the Takeover Code at the same time;*
- b. *the Offer lapses or is withdrawn; or*
- c. *the Offer has not become wholly unconditional by 11:59 pm on the Long-Stop Date.*
4. *The undertakings detailed in Part A of this Appendix 3 will remain binding in the event of a competing offer.*
5. *The undertaking detailed in Part B of this Appendix 3 will remain binding in the event of a competing offer being made unless the value of such competing offer is an improvement of more than 10 per cent. of the value of the consideration under the Offer and is not matched or bettered by Franchise Brands (where such competing offer has been announced as a firm intention to make an offer in accordance with Rule 2.7 of the Code) or if the Offer Document is not published within 28 days of the date of this announcement or the Offer lapses or is otherwise withdrawn.*

APPENDIX 4

DEFINITIONS

1.1 The following definitions apply throughout this announcement (with the exception of Appendix 1) unless the context requires otherwise:

Acceleration Statement	a statement in which Filta, in accordance with Rule 31.5 of the Code, brings forward the latest date by which all of the Conditions to the Offer must be satisfied or waived
Acceptance Condition	the Condition as to acceptances set out in paragraph 1(a) of Part A of Appendix 1 to this announcement
acting in concert	has the meaning ascribed to it in the Code
adjusted EBITDA	earnings before interest, tax, depreciation, amortisation and share-based payment expense and non-recurring items
Admission	the admission of the New Franchise Brands Shares to trading on AIM;
AIM	the market of that name operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies published by the London StockExchange (as amended from time to time)
Allenby Capital	Allenby Capital Limited, financial adviser, nominated adviser and joint broker to Franchise Brands in connection with the Offer
Announcement Date	16 February 2022
associated undertaking	has the meaning given in section 344(3) of the Companies Act

Authorisations	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
B2B	business to business commerce in which products or services are sold by one business to another
B2C	business to consumer commerce in which products or services are sold directly to consumers
B2B Division	Franchise Brands' business to business division comprising Metro Rod, Metro Plumb, and Willow Pumps
B2C Division	Franchise Brands' business to consumer division comprising ChipsAway, Ovensclean and Barking Mad
Board	as the context requires, the board of directors of Filta or the board of directors of Franchise Brands
Business Day	any day (other than a Saturday, Sunday or public holiday) during which banks in London are open for business
Cenkos	Cenkos Securities plc, financial adviser to Filta under Rule 3 of the Code
Closing Price	unless otherwise stated, the closing middle market quotation derived from the AIM Appendix to the Daily Official List
Code or Takeover Code	the City Code on Takeovers and Mergers issued from time to time by the Panel
Companies Act	the Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time
Computershare or Receiving Agent	Computershare Investor Services plc, Filta's registrars and the receiving agents for the purposes of the Offer
Conditions	the conditions to the Offer which are set out in Part A of Appendix 1 to this announcement
connected persons	has the meaning given to it in sections 252 to 255 of the Companies Act
Court	the High Court of Justice in England and Wales
CREST	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations) for the paperless settlement of trades in securities and the holding of uncertificated securities
CREST Manual	the CREST Manual published by Euroclear as amended from time to time
CREST member	a person who is, in relation to CREST, a system member (as defined in the Regulations)

CREST participant	a person who is, in relation to CREST, a system participant (as defined in the Regulations)
CREST sponsor	a person who is, in relation to CREST, a sponsoring system-participant (as defined in the Regulations)
CREST sponsored member	a CREST member admitted to CREST as a sponsored member
Daily Official List	the daily official list of the London Stock Exchange
Day 60	the 60th day following the publication of the Offer Document or such other date as may otherwise be set as being such day of the timetable of the Offer in accordance with the Code
Dealing Disclosure	has the meaning given to it in Rule 8 of the Code
Disclosed	<p>the information fairly disclosed by, or on behalf of Filta:</p> <ul style="list-style-type: none"> (i) in its published annual report and accounts for the financial year ended 31 December 2019; (ii) in its published annual report and accounts for the financial year ended 31 December 2020; (iii) in its published interim report for the six month period ended 30 June 2021; (iv) in this announcement; (v) in the documents in the online data room made available to Franchise Brands and its advisers in relation to the Offer; (vi) in any other public announcement made by Filta in accordance with the Market Abuse Regulation, the AIM Rules, and/or the Disclosure Guidance and Transparency Rules before the Announcement Date; or (vii) as disclosed in writing before the Announcement Date by or on behalf of Filta to Franchise Brands (or its respective officers, employees, agents or advisers in their capacity as such)
Dowgate	Dowgate Capital Limited, joint broker to Franchise Brands in connection with the Offer
Disclosure Guidance and Transparency Rules	Disclosure Guidance and Transparency Rules sourcebook issued by the FCA
Effective	the Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code
Effective Date	<p>means:</p> <p>the Unconditional Date; or</p> <p>if Franchise Brands elects to implement the Offer by way of a Scheme, the date on which the Scheme becomes effective in accordance with its terms</p>

Electronic Acceptance	the inputting and setting of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in the Offer Document
Enlarged Group	the combined businesses of the Wider Filta Group and the Franchise Brands Group following the completion of the Offer
Enlarged Share Capital	129,653,669 Franchise Shares, being the issued share capital of Franchise Brands upon the Offer becoming wholly unconditional and the Offer being accepted in respect of all the issued and to be issued Filta Shares
ESA Instruction	an Escrow Account Adjustment Input (“AESN”) transaction type “ESA” (as defined in the CREST Manual)
Escrow Agent	the Receiving Agent, Computershare in its capacity as escrow agent (as described in the CREST Manual)
Euroclear	Euroclear UK & Ireland Limited
FCA	the UK Financial Conduct Authority, or its successor from time to time
Filta	Filta Group Holdings plc (incorporated in England and Wales under registered number 10095071 with its registered office at The Locks, Hilmorton, Rugby, Warwickshire, CV21 4PP, United Kingdom)
Filta Board	the board of directors of Filta
Filta Directors	the directors of Filta at the date of this announcement
Filta EMI Plan	the 2017 Filta Group Holdings PLC Enterprise Management Incentive Scheme (adopted by the Directors of Filta on 20 April 2017)
Filta Group	Filta and its subsidiaries and subsidiary undertakings (as defined in the Companies Act)
Filta Share(s)	the existing unconditionally allotted or issued and fully paid ordinary shares of 10 (ten) pence each in the capital of Filta and any further such ordinary shares which are unconditionally allotted or issued while the Offer remains open for acceptance or, subject to the provisions of the Code, by such earlier date as Franchise Brands may determine
Filta Shareholders	holders of Filta Shares from time to time
Form of Acceptance	the form of acceptance and authority relating to the Offer to be despatched to Filta Shareholders with shares in certificated form with the Offer Document
Franchise Brands	Franchise Brands plc (incorporated in England and Wales under registered number 10281033 with its registered office at Franchise

	Brands plc, Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield SK10 2XF, United Kingdom)
Franchise Brands Board	the board of directors of Franchise Brands
Franchise Brands General Meeting	the meeting of Franchise Brands Shareholders to be convened for the purposes of considering and, if thought fit, passing the Resolution and any adjournment thereof
Franchise Brands Group	Franchise Brands and its subsidiaries and subsidiary undertakings (as defined in the Companies Act)
Franchise Brands Shares	existing ordinary shares of 0.5 pence each of Franchise Brands
Franchise Brands Shareholders	holders of Franchise Brands shares from time to time
H1	the six months to 30 June
Incentive Schemes	together, the Filta EMI Plan and the SARs Plan
Independent Filta Directors	Tim Worledge, Graham Woolfman and Lloyd Martin
Latest Practicable Date	15 February 2022, being the latest practicable date prior to the publication of this announcement
London Stock Exchange	London Stock Exchange plc
Long Stop Date	11.59p.m. on 30 November 2022 or such other date (if any) as Franchise Brands may, with the consent of Filta or with the consent of the Panel, specify
Market Abuse Regulation	the UK version of Regulation (EU) No 596/2014 which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018
Meredian Settlement Trust	the trust established on 11 November 2010 under the name "The Meredian Settlement"
member account ID	the identification code or number attached to any member account in CREST
New Franchise Brands Shares	up to 33,788,060 new ordinary shares of 0.5 pence each of Franchise Brands to be issued in connection with the Offer
Offer	the recommended all share offer being made by Franchise Brands to acquire all of the issued and to be issued Filta Shares on the terms and subject to the conditions to be set out in Offer Document and, in the case of Filta Shares held in certificated form, in the Form of Acceptance, including where the context so permits or requires, any subsequent revision, variation, extension or renewal of such offer

Offer Document	the document to be sent or made available to Filta Shareholders and persons with information rights containing, among other things, the full terms and conditions of the Offer
Offer Period	the offer period (as defined by the Code) relating to Filta, which commenced on the date of this announcement and will end on the earlier of the Effective Date or the date on which the Offer lapses or is withdrawn
Offer Value	1.157 New Franchise Brands Shares in exchange for each Filta Share
Opening Position Disclosure	has the meaning given to it in Rule 8 of the Code
Overseas Shareholders	Filta Shareholders (or nominees, or custodians or trustees of Filta Shareholders) who are resident in, or nationals or citizens of, jurisdictions outside the UK or who are citizens or residents of countries other than the UK
Panel	the Panel on Takeovers and Mergers
participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
Proposed Franchise Brands Directors	Jason Sayers and Brian Hogan
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
Regulatory Information Service or RIS	a primary information provider which has been approved by the FCA to disseminate regulated information
Resolution	the ordinary resolution to be proposed by Franchise Brands at the Franchise Brands General Meeting
Restricted Jurisdiction	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which Franchise Brands or Filta regards as unduly onerous
Restricted Persons	holders of Filta Shares in a Restricted Jurisdiction
SARs Plan	a share acquisition rights scheme, which is an employee incentive scheme implemented by Filta for the benefit of employees in the US which follows the structure of the Filta EMI Plan to provide holders of SARs 'options' with the same reward value as if the SARs were options over shares in Filta options, save that the reward is provided in cash and does not involve the issue of Filta shares
Scheme	should the Offer be implemented by way of a scheme of arrangement under Part 26 of the Companies Act, such scheme of arrangement between Filta and the Filta Shareholders to implement

	the Offer with or subject to any modification, addition or condition approved or imposed by the Court
Significant Interest	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest
TFE instruction	a Transfer from Escrow instruction given by a holder of uncertificated Filta Shares through CREST (as described in the CREST Manual)
TTE instruction	a Transfer to Escrow instruction given by a holder of uncertificated Filta Shares through CREST (as described in the CREST Manual)
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
uncertificated or in uncertificated form	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
Unconditional Date	Day 60, or such earlier date as Franchise Brands may specify in any Acceleration Statement unless, where permitted, it has set aside that statement
US	the United States of America
US Shareholder	a Filta Shareholder whose acceptance of the Offer will be subject to the US Securities Act
US Securities Act	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
Wider Filta Group	Filta and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Filta and all such undertakings (aggregating their interests) have a Significant Interest

- 1.2 In this announcement, unless the contrary is otherwise indicated:
- (a) “subsidiary”, “subsidiary undertaking” and “undertaking” have the meanings given by the Companies Act;
 - (b) all times referred to are London, UK, time unless otherwise stated;
 - (c) references to the singular include the plural and vice versa and words importing the masculine gender include the feminine or neutral;
 - (d) all references to legislation are to English legislation; and
 - (e) any reference to a provision of any legislation shall include any amendment, modification, re-enactment or extension.