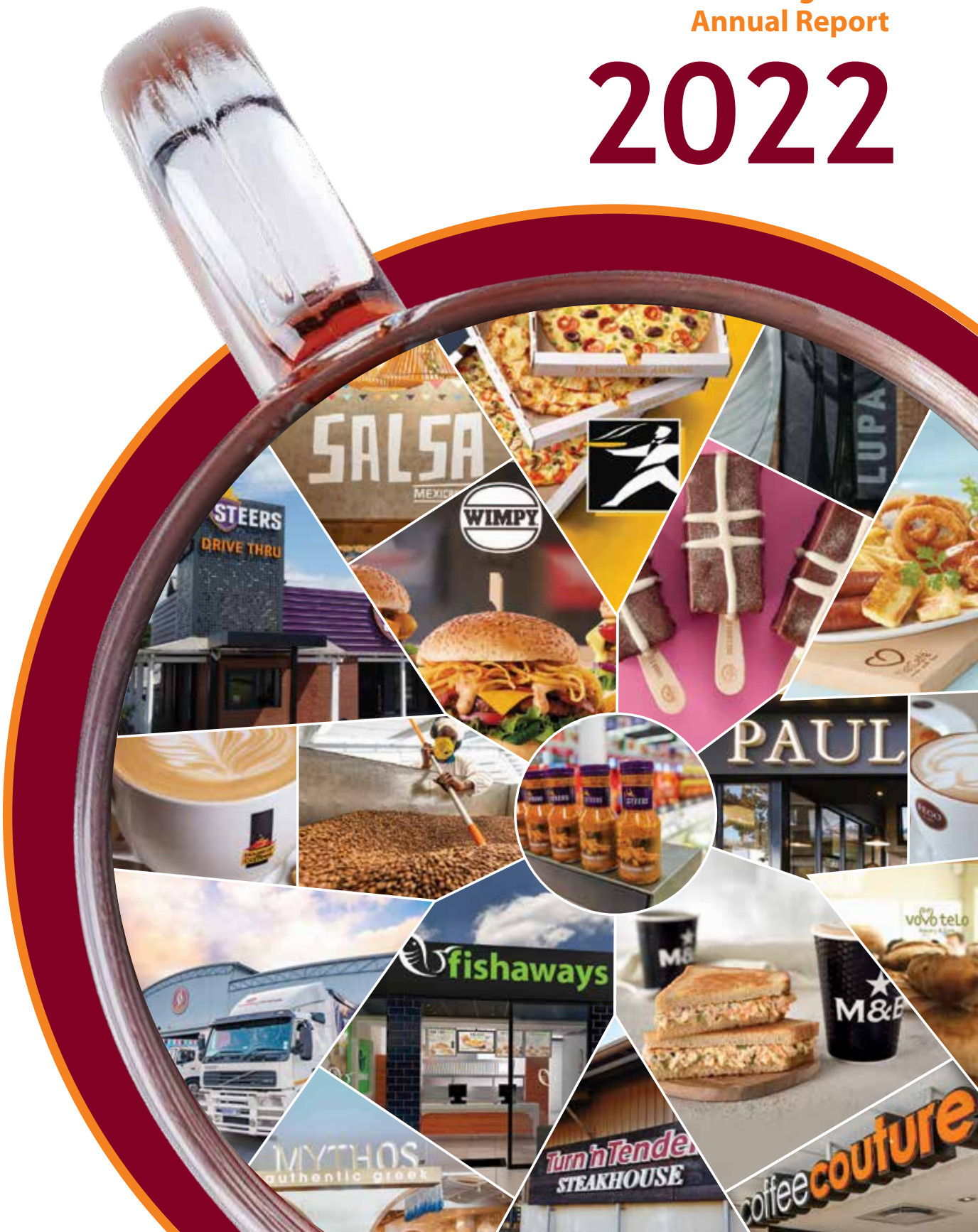
famous | brands

you're in good company

Integrated Annual Report

2022



2022 in summary

Dear stakeholder

2022 was a year of survival and recovery. We now have our eyes firmly locked on the prospect of thriving.

While 2022 was a difficult year due to weak economic conditions, continued COVID-19 trading restrictions and civil unrest in South Africa, there were still several highlights. These include the continued growth of our brand footprint, steady execution of our corporate strategy and a marked improvement across all our financial metrics.

We also stayed true to our purpose of nurturing our franchise partners so that they can positively impact their communities. While limiting our profitability in the short term, our continued support to franchise partners will result in a stronger and more sustainable business in the future.

As the economy recovers, we are well-positioned to grow our business and enhance our position as Africa's leading food services franchisor. Our strategy is designed to meet tomorrow's key challenges and take advantage of the opportunities.

We invite you to read more about our commitment to delivering long-term value for all stakeholders in this report.

Darren Hele
Chief Executive Officer (CEO)

Operating highlights

118 new restaurants opened

149 restaurants revamped

16 new Retail products launched

100% of our brand packaging is recyclable

All operations use cage-free eggs, ahead of our 2025 target

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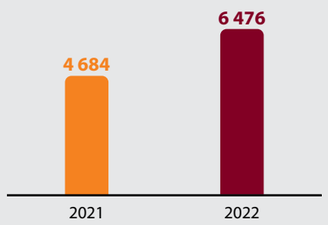
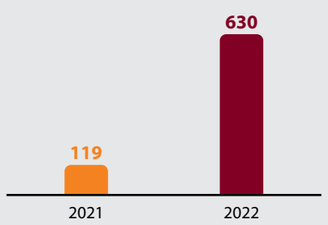
Financial highlights

^ 38%	^ 568%	^ 428%	^ 7.2
R6.5 billion	**356 cents**	**R630 million**	**9.7%**
Revenue	*Headline earnings per share for continuing operations*	*Operating profit*	*Operating profit margin*

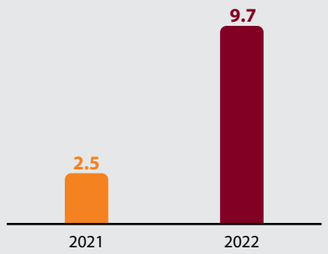
Revenue (R million)



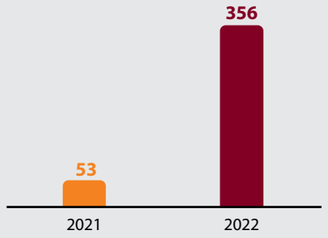
Operating profit (R million)



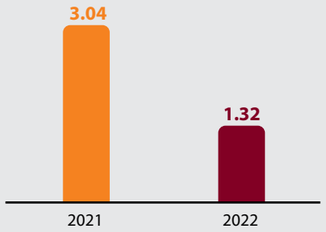
Operating profit margin (%)



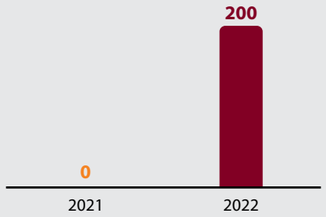
Headline earnings per share (cents)



Net debt to EBITDA (%)



Dividends (cents per share)



Presenting our 2022 report

Reporting suite and principles

We are committed to reporting transparently to our stakeholders while continuing to improve the quality of our disclosures. We are aware that further improvements are possible, and we invite feedback to be sent to investorrelations@famousbrands.co.za.

This 2022 Integrated Annual Report (IAR or this report) is our primary report to stakeholders. The report covers the 2022 financial year from 1 March 2021 to 28 February 2022. The report addresses the performance of Famous Brands Limited (Famous Brands or the Company), its subsidiaries (together referred to as the Group), and its associates in all territories where the Company operates, namely South Africa (SA), the rest of Africa and the Middle East (AME) and the United Kingdom (UK).

The scope of this report covers our core operations' financial and non-financial performance. We report on strategy, the six capitals on which we rely and impact, and the opportunities, risks and outcomes attributable to or associated with our key stakeholders, who significantly influence our ability to create value.

For the most part, unless stated otherwise, statistics in this report relate to the SA business (excluding our associates). Statistics related to a specific geographic territory are denoted as such.

Materiality of information included

This report provides information on all matters we believe are material to our value creation process. Our operating context *(page 36)*, the legitimate interests of our key stakeholders *(page 40)* and our key risks *(page 50)* were considered in determining information deemed material for inclusion in this report.

We define strategic matters *(page 60)* as those which are most material to our formulation and execution of strategy and those that have the potential to significantly affect our ability to create stakeholder value and contribute to the future sustainability of the Group.

Reporting frameworks and compliance

This report was prepared according to relevant regulations, standards and best practices. Famous Brands aligns its reporting with the following reporting requirements and principles:

- The Value Reporting Foundation's Integrated Reporting <IR> Framework 2021.
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1].
- International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee's (IFRIC) Interpretations.
- The Companies Act, No. 71 of 2008, as amended (Companies Act).
- The Johannesburg Stock Exchange (JSE) Listings Requirements.

Board responsibility statement

The Board, assisted by the Audit and Risk and Social and Ethics Committees, acknowledges its responsibility for ensuring the integrity of the IAR and has applied its collective mind in the preparation thereof. The Board believes that the report has, in all material respects, been presented according to the Value Foundation's <IR> Framework and addresses the Group's material matters.

The Board authorised this report for release on 23 June 2022.

Santie Botha
Independent Chairman

Darren Hele
Chief Executive Officer

Assurance obtained

The Group's combined assurance model leverages the assurance obtained from management, internal and external assurance providers, while a strong ethical environment and internal controls ensure compliance.

We rely on our internal controls and management review to assure our internal financial and operational information. We are audited by KPMG, who signs off on an independent audit opinion on the financial statements. Our broad-based black economic empowerment (BBBEE) certificate is verified by Honeycomb BEE Rating. Our annual greenhouse gas emissions are assessed and verified by The Carbon Report, a division of sustainable IT®.

The IAR, Group Annual Financial Statements (AFS), Notice of Annual General Meeting (AGM), and other financial results-related information are available online at www.famousbrands.co.za/investor-centre/financial-results/.

Forward looking statements disclaimer

This report contains forward looking statements, which are based on assumptions and best estimates made by management regarding the Company's future performance. Such statements are, by their nature, subject to risks and uncertainties, which may result in the Company's actual performance in future being different from that expressed or implied in any forward looking statements. These statements have not been audited by the Company's external auditors.

The Company neither accepts any responsibility for any loss arising from the use of the information contained in this report nor undertakes to publicly update or revise its forward looking statements.

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

Icons used in this report

Business processes and activities

We have included icons to refer to our four main business processes and operating activities.

Our business process and activities are explained in our business model on page 28.

Key strategic matters

- **Improving our operational efficiencies**
- **Enhancing our financial performance**
- **Prioritising our franchise partners**
- **Developing our people; ongoing commitment to transformation**
- **Leading in the categories we compete in**
- **Optimising capital management**
- **Ensuring regulatory compliance**

We track our performance against strategy with key performance indicators from our seven key strategic matters.

Our key strategic matters are explained in more detail on page 60.

In focus: QR code

Scan this QR code with your mobile device for quick access to the online report

Growing our brand portfolio and footprint

Famous Brands is Africa's leading branded food services franchisor.

Famous Brands began as a family business in the early 1960s with the brand Steers. Today, the Group is Africa's leading Quick Service and Casual Dining restaurant franchisor, owns several well-known brands supported by a vertically integrated business model, and has operations on three continents. Famous Brands is listed on the JSE in the Travel and Leisure sector.

Famous Brands operates franchised, master licence and Company-owned restaurants. Our business model comprises four core pillars: Brands, Manufacturing, Logistics and Retail.

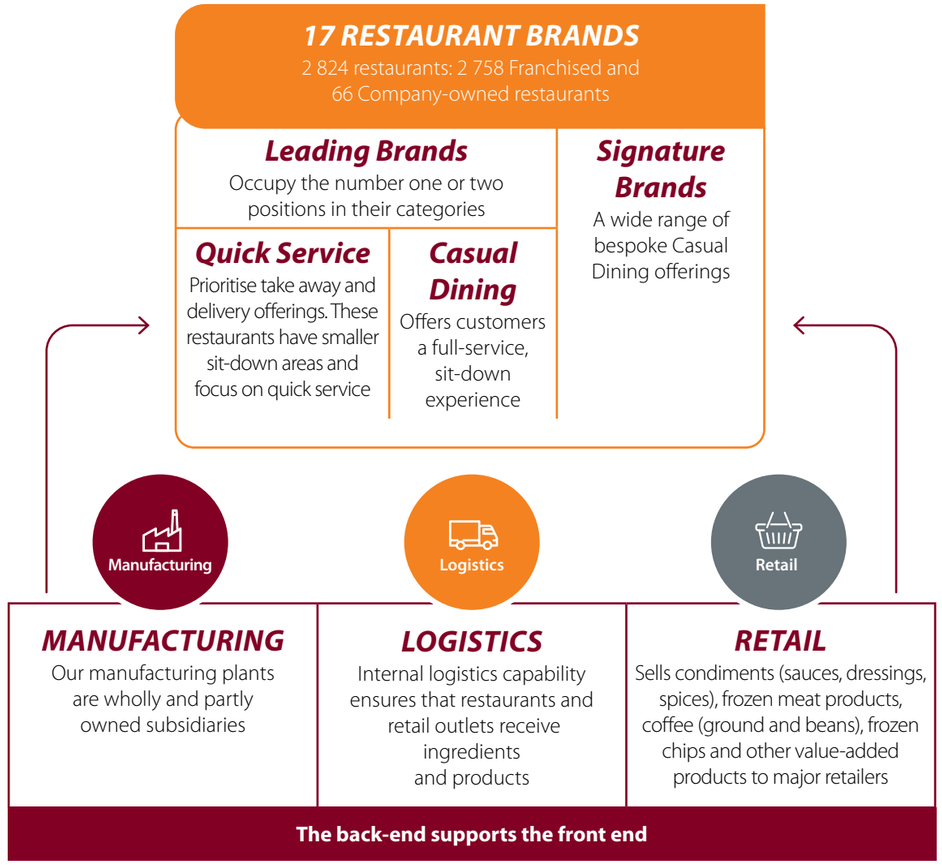
Famous Brands is the franchisor and various franchisees use the Famous Brands brand and intellectual property and sell menu items to customers. Famous Brands earns sales-based royalties income (franchisee revenue), based on a percentage of these restaurant turnovers. Therefore, based on our business model, our customer is the franchisee.

Our portfolio of market-leading brands offers a powerful business proposition to franchise partners and a high-quality solution across a diverse range of dining occasions to consumers across income groups. The Brands portfolio consists of 17 restaurant brands, represented by a network of 2 824 restaurants across:

1. South Africa (SA): 2 470 restaurants
2. The rest of Africa and the Middle East (AME): 287 restaurants in 16 countries
3. The United Kingdom (UK): 67 restaurants

The portfolio is segmented into Leading (mainstream) Brands and Signature (niche) Brands. Leading Brands are further categorised as Quick Service and Casual Dining.

Our Brands are supported by a vertically integrated business. Our Supply Chain comprises our Manufacturing, Logistics and Retail operations. This supports our Brands' pillar in South Africa and selected African countries. The primary function of our Supply Chain is to sell ingredients and products to our franchisees providing a competitive advantage through efficient supply, product innovation and margin management. The Manufacturing, Logistics and Retail businesses are managed and measured independently.



GROWING OUR BRAND PORTFOLIO AND FOOTPRINT continued

Our brands

Leading Brands

STEERS
DEBONAIRS PIZZA
fishaways
milky LANE
MUGG & BEAN
WIMPY

Signature Brands

MYTHOS
LUPA
Turn 'n Tender
SALSA
PAUL[1]
vovo telo
FEGO
HOUSE OF COFFEES
coffee couture
NetCafé

Other

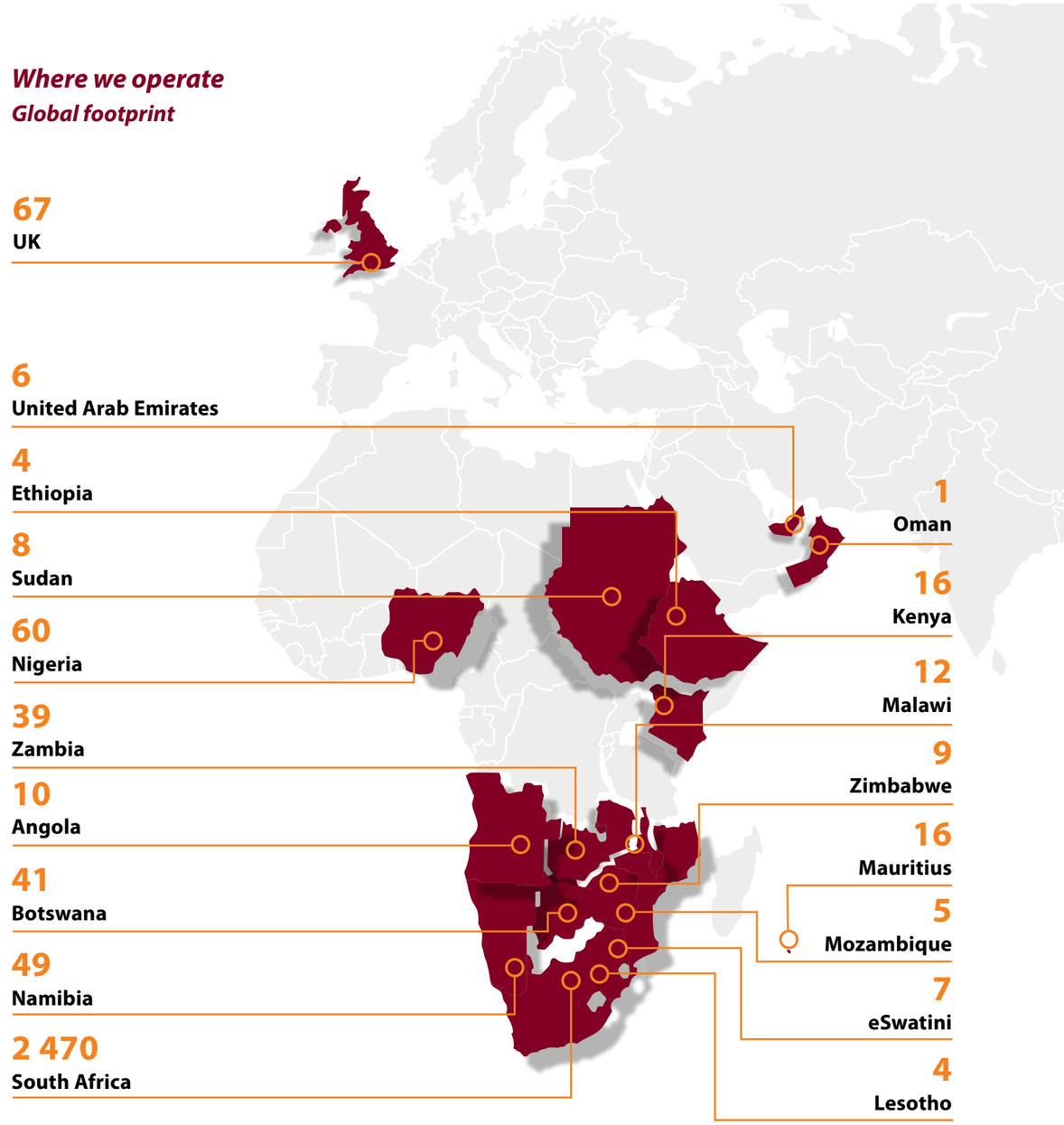
BALTIMORE
AQUA MONTE
TRUFruit
GOLD SEAL

- Quick Service restaurants (QSRs)
- Casual Dining restaurants (CDRs)
- Wholly owned
- Subsidiary/Associate
- Under licence

[1] *Licensed brand by PAUL International.*

Where we operate

Global footprint



SA statistics

2 470 restaurants
(2021: 2 436)

9 logistics sites
(2021: 9)

10 manufacturing sites
(2021: 12)

2 865 employees
(2021: 2 056)

UK statistics

67 restaurants
(2021: 71)

14 employees
(2021: 14)

AME statistics

287 restaurants
(2021: 266)

1 089 employees
(2021: 930)

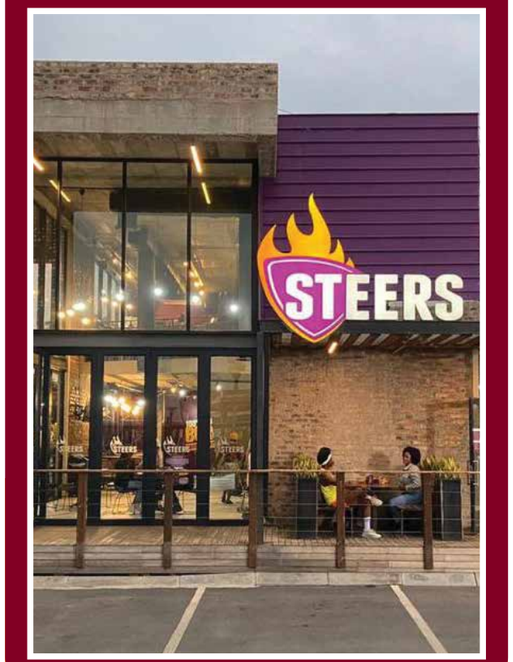
* *Employee number excludes Associates.*

Building a strong investment case

Our compelling investor proposition demonstrates that we have the right ingredients to perform with purpose and deliver long-term value for shareholders.

1

Established market leader



- The leading branded food services franchisor in Africa, with exposure to growth markets.
- A strong trading track record with 28 years as a JSE listed company.
- A compelling business proposition for franchise partners and a quality solution for customers, underpinned by a high-performance culture.

Read about Famous Brands on page 6 and our operational review on page 90.

2

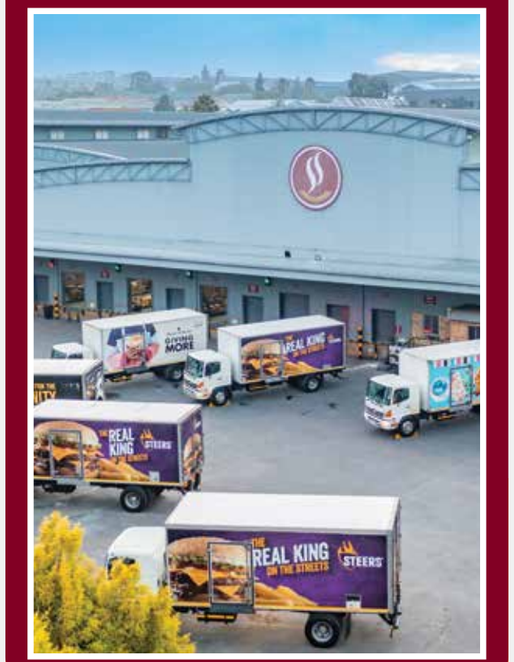
Competent leadership and clear strategies

- An experienced Board and energetic management team with extensive industry and related knowledge.
- A focussed strategy to grow locally and in other selected geographic markets, both organically and by acquisition, to enhance long-term sustainable value for stakeholders.

Read about our governance on page 108 and our strategy on 58.

3

Aspirational brands and exceptional franchise partners



- A strategic best-in-class brand portfolio is positioned to appeal to a wide range of consumers across the income and demographic spectrum as well as meal preferences and value propositions.
- Ambitious, entrepreneurial franchise partners with a proven track record in competitive trading conditions.
- Strong demand for brands from existing and prospective franchise partners searching for the best value proposition.
- A good pipeline of prospective franchise partners and sites.

Read about our operational review on page 90.

BUILDING A STRONG INVESTMENT CASE continued

4

Strategic business model

- A vertically integrated Supply Chain underpins the brand network, providing manufacturing and distribution capabilities to our franchise partners.
- Reliable, competitive services lead to a strategic advantage and position our franchisees to deliver like-for-like growth.
- A growing, high-potential Retail offering.

Read about our business model on page 28.

5

Effective capital allocation

Sustainable value is generated by ensuring the best return on invested capital across our diverse Brands, Retail, Manufacturing and Logistics operations.

Read our Group Financial Director's report on page 22.

6

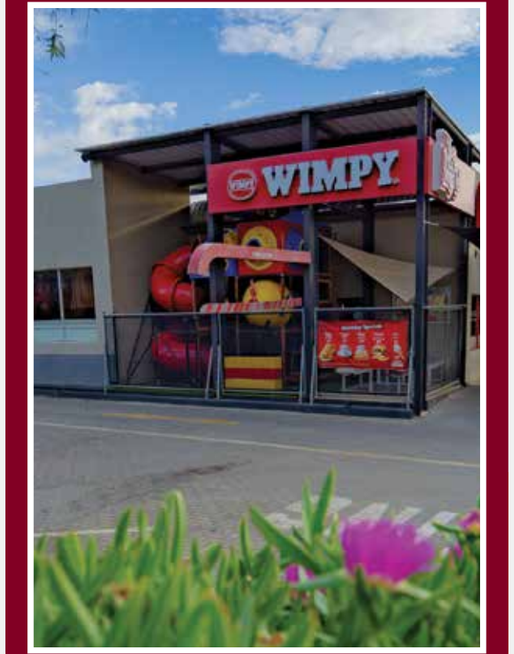
Supportive financial position

- A strong balance sheet and an effective debt structure.
- Cash-generative operations and sustainable earnings.

Read our Group Financial Director's report on page 22.

7

Environmental, social and governance (ESG) mindfulness



The Group is a responsible corporate citizen dedicated to continuous improvement, sustainable development through sound governance, regulatory compliance and global best practice transformation. We are committed to contributing to a more sustainable environment for the benefit of all.

Read about our sustainability journey on page 66 and our environmental report on page 74.

Leadership's reflections on 2022 and what is ahead

Chairman's statement

Santie Botha
Chairman

The year 2022 was another uncertain and volatile year. All our trading markets endured the dual pressures of continued COVID-19 restrictions and weak economic conditions. Famous Brands remained resilient thanks to our initial financial management measures in response to the pandemic. This prudent and conservative approach meant that our revenue numbers improved in response to the first signs of economic recovery.

Despite the challenging operating conditions, the Board was pleased to reinstate the dividend. The Group has produced resilient results and has a good outlook for future growth, allowing the Board to declare a dividend of 200 cents per share.

Supporting our franchise partners

Famous Brands began as a family business, and in many ways, we have retained the essence of comradery in the business. We continue to protect and nurture our franchise partners so that they can positively impact the communities that they serve.

Our key focus areas for 2022 were the full financial recovery of our business and to continue to shield our franchise partners from the ongoing impact of COVID-19.

The continued success of our franchise partners is integral to our sustainability. We strive to deliver the best possible service to franchise partners while offering high-quality products at value for money prices. Looking after franchise partners also requires constant menu innovation to provide meals that meet and exceed customer needs and expectations, including the desire to eat healthier. We will also continue to innovate with our digital offering.

Many of our franchise partners are still recovering from the worst impacts of COVID-19. While conditions have improved, trading activity is still below pre-pandemic levels. This is particularly pronounced in our Casual Dining Restaurants. The Board decided to continue to support franchise partners with reduced franchise fees, lower marketing fund contributions and deferred payment structures. This support was further extended to the SA franchise partners affected by the July 2021 civil unrest.

Strengthening our specialist skills

The Board has overseen the strengthening of the various brand teams with greater depth of focus and specialist skill over the year.

Famous Brands has further improved its risk management function over the past few years with a dedicated Group Risk Executive and continuous risk awareness and mitigation. As part of our financial statement audit, KPMG provided feedback on the control environment from an audit scope perspective.

Deon Fredericks, our new Group Financial Director, has established a specialist and disciplined finance function for the Group. Deon, a seasoned finance professional, has further encouraged greater collaboration between the Head Office Finance team and employees in the various operations. In addition, new automation and consolidation tools are in development for deployment across the business.

Building our teams through smart retention, development and attraction activities is a priority and is included in our strategy for the next three years.

Key features of 2022

First signs of economic recovery appear

Manufacturing, Logistics and Retail all reported improved results. While Quick Service Restaurant brands have fully recovered, Casual Dining Restaurant brands are still facing headwinds.

Board renewal

During the past year, two directors stepped down from the Board and we welcomed two new additions to the Board.

ESG awareness

We considered the growing importance of ESG to stakeholders, including funders, and approved targets for our selected United Nations' Sustainable Development Goals (SDGs).

Increased importance of ESG

ESG matters continued to receive Board attention during 2022. This included considering the impacts of climate change on our business and monitoring our greenhouse gas (GHG) emissions and other sustainability initiatives. We have an ongoing drive to introduce more sustainable packaging, reduce single-use plastic usage and minimise food wastage. While we have made good progress over the years, it will remain a focus area for the business going forward.

Notably, in 2022 the Board's Social and Ethics Committee approved the Group's targets related to our selected five SDGs. The next step will be to entrench these targets across the business and to roll out programmes to achieve them.

In the current global geopolitical situation, the most significant ESG issues remain rising food inflation and unstable food security. COVID-19 uncertainty, climate change and conflict are currently among the main drivers of global food insecurity. With rising fuel and fertiliser costs, this situation is not likely to improve in the short term.

Board composition

During 2022 we welcomed two new independent non-executive directors to the Board, Fagmeedah Petersen-Cook and Busisiwe Mathe.

Fagmeedah Petersen-Cook was appointed to the Board on 1 June 2021. Fagmeedah is a qualified actuary and experienced investment professional with extensive experience and expertise in executive roles in both the public and private sectors. She brings her strategic

CHAIRMAN'S STATEMENT continued

thinking and well-developed understanding of risk to our Board and to her role as Chairman of our Investment Committee.

Busisiwe Mathe was appointed to the Board on 20 October 2021. She is a Chartered Accountant and has held several leadership positions at PricewaterhouseCoopers, including Chairperson of its South African Governing Board. She also built and coordinated the firm's cyber security and data privacy business across Africa.

Furthermore, Lebo Ntlha, Group Financial Director and non-executive director Emma Mashilwane stepped down from the Board during the year. I would like to thank both Lebo and Emma for their valuable contribution to the business over the past few years.

We welcomed Deon Fredericks, a highly experienced finance professional, into the role of Group Financial Director. Deon is well-acquainted with Famous Brands as he has been an independent non-executive director since 2018. He is already adding considerable value to his executive director role.

Our exciting digital future

Famous Brands currently has an all encompassing food services offering that offers value and brands that appeal to different customer types of taste profiles. Customers appreciate the value and quality that is synonymous with Famous Brands. In addition, the Group has been building its digital capabilities for several years. We are reaching a point where our value proposition in the digital space will meet and exceed customer expectations.

Read more about our investment in consumer-facing technology on page 85.

Appreciation

I would like to thank Darren Hele, our CEO, for his steadfast leadership in yet another turbulent year. Darren brings exceptional strategic and operational strengths to the business, a rare combination in today's business world. I would also like to thank our executive team for their commitment in delivering on our strategy and our Group's continued recovery.

A sincere vote of thanks also to thank the directors of Famous Brands for their dedication and commitment to the business during the past year. To all employees, shareholders, customers, suppliers and all other stakeholders, thank you for your interest and continued support of Famous Brands.

It was another tough year for the restaurant industry across all our markets. In KwaZulu-Natal and Gauteng, these difficult operating conditions were further compounded by the outbreak of civil unrest and looting in July 2021. Several of our franchise partners' restaurants were destroyed, and many others were damaged. While some restaurants are still struggling, others have recovered quickly. This is thanks to the support given by Famous Brands and franchise partners helping each other, demonstrating tremendous resilience and camaraderie. I thank our franchise partners for their endurance and trust in our leadership.

Santie Botha
Chairman

23 June 2022

Chief Executive Officer's report

Our recovery was quicker than expected against a backdrop of economic uncertainty. We have a proven business model and the specialist skills required to ensure our recovery.

COVID-19 has been a lesson in endurance. While our divisions recovered in 2022, we are still operating below pre-pandemic levels. With limited government support in South Africa, franchise partners have had to dig into their financial and mental reserves to survive.

Darren Hele
Chief Executive Officer

Key features of 2022

The restaurant industry recovers

Less severe COVID-19 restrictions allowed restaurants to regain some ground. Our Supply Chain performance improved in response to this improved front-end activity.

Difficult operating conditions

Our agility enabled us to adapt to uncertainty and changing customer behaviour.

A growing footprint

We opened 118 new restaurants, bringing our total brand footprint to 2 824.

An evolution, not revolution

We launched our 2023 to 2025 strategic roadmap, demonstrating how our strategy is evolving to adapt to our changing operating environment.

The impact of COVID-19's third wave on trading activity was severe. Then, just as we were emerging from a lockdown in July, many restaurants in KwaZulu-Natal and some in Gauteng were damaged in the riots. The Group's logistics facility in Westmead, KwaZulu-Natal, was damaged and closed for three weeks before it became fully operational again. Through the activation of our business continuity plan, we continued to deliver to restaurants in the affected areas.

In November, the announcement of the Omicron variant made a considerable dent in our traditional high tourism season. International travellers cancelled their trips to South Africa, while anxiety about the new variant reduced local travel.

Yet, despite the challenges, there were highlights. We grew our footprint by 118 new restaurants, with the biggest gainers being our Debonairs Pizza and Steers brands. The bulk of this growth was from South Africa. We revamped 149 restaurants, showing confidence in our brands and the future.

We grew our AME footprint, understanding that a one-size-fits-all approach does not work. In some countries, we are building scale through investing in Company-owned stores, while in others, we are pursuing the franchise or Master License model. We are building teams in-country to gain from the on-the-ground experience rather than managing operations from South Africa.

Our Manufacturing and Logistics divisions recovered, thanks to increased trading activities at the front-end. We continue to execute our strategy across the back-end. We closed the Gauteng Bakery, absorbing most employees into other operations. We relocated our Famous Brands Coffee Company to a new, more efficient site, resulting in an instant morale boost.

Our employees had to make salary sacrifices once again during the hard lockdown in July. In this context, it was pleasing to receive positive feedback from employees. Voice your View is our annual employee survey that polls employees on various aspects, including communication, leadership, happiness and beliefs. In 2022, Famous Brands' overall engagement score for administration staff increased from 75% to 77%. We saw our happiness score increase from 69% in 2021 to 74% in 2022. This rating puts us in the top company category for the survey.

Read more about our performance across our trading markets in our operational review on page 90.

Enduring changes from COVID-19

COVID-19 has fundamentally changed our operating environment, and we need to operate differently. Growth in Sub-Saharan Africa has slowed, and while South Africa's economy has rebounded, it is still a smaller economy than before the pandemic. Both our system-wide sales[1] and margins remain under pressure.

In this environment, category leaders continue to demonstrate resilience at the expense of second-tier brands. While we are not seeing many new competitor brands emerge, existing competitors are well-entrenched, and competition is fierce. Owning our brands and intellectual property gives us greater flexibility than our global competitors, and we can move quickly. This is a significant competitive advantage in a crowded market.

Trade-offs in 2022

Supporting franchise partners: We decided to continue to support struggling franchise partners knowing that this would affect our profitability in the short to medium term.

Implementing salary sacrifices: In response to the South African alert level 4 lockdown in July 2021, we decided to implement salary cuts again. While this decision supported the sustainability of our business, we understood that salary cuts would have an impact on employee morale.

Limiting ESG progress: Our slowdown in capital expenditure due to an uncertain operating environment meant that progress on ESG projects has also been slow, at a time when we would have liked to accelerate this.

The customer has also changed post-COVID-19. Customers are looking for simplicity in their lives, and we need to respond with simple, good value offerings. At the same time, they want to try new things, which requires constant menu innovation.

Social media appears to be driving an increase in environmentally conscious and socially connected customers. These empowered customers are pushing brands to embrace their values. This creates reputational risk when our brand values do not align with our customer values. On the upside, this pushes us to drive our sustainability initiatives harder.

Staying true to our purpose

Our relationships with franchisees have strengthened through the trials and tribulations of the pandemic.

We never forget that our primary route-to-market is the franchise model and that our franchise partners drive our economic engine. Franchise partner profitability and sustainability are always a core focus, particularly given our exposure to large numbers of small franchisees whose loyalty is key to future growth through opening new restaurants.

In 2022, we continued to support our franchise partners through reduced franchise fees and marketing contributions. The adjustments we made in 2021 to simplify menus continue to assist franchisees by lowering their input costs. When required, we also assisted franchise partners in renegotiating better rental terms from landlords. In July 2021, Famous Brands stepped in to protect franchise partners affected by the unrest in the form of royalty relief, assistance with insurance claims and bridging finance to help them rebuild while waiting for insurance payouts.

We are experiencing a tightening of the local franchise market as new franchisees shop around for the best business opportunity. We always need to ensure that our value proposition is well-considered, with more appeal than our competitors.

[1] *System-wide sales refer to sales reported by all restaurants across the network, excluding restaurants opened or closed during the period.*

The rationale for the Lexi's acquisition

While historically plant-based food was regarded as a privileged way of life, in line with the global trend, there has been a marked expansion of the demographics of Lexi's customers.

In April 2022, post our year-end, Famous Brands acquired 51% of Lexi's Healthy Eatery, giving us exposure to the growing vegan and plant-based market. Lexi's, whose slogan is 'Eat more plants', offers a full-service, sit-down, plant-based, gluten-free and refined sugar-free breakfast, lunch and supper dining experience at its four restaurants in Rosebank, Modderfontein, Pretoria and Sea Point.

The deal includes a majority shareholding in Lexi's central kitchen operation, which develops and produces meals for the restaurants and retails a limited range of convenience frozen goods to a small number of supermarkets.

The acquisition is aligned with our three-year strategic roadmap, which includes acquiring brands with sound growth prospects and the potential to be category leaders. We believe that the entrepreneurial energy of Lexi's founders and our infrastructure, industry experience and working capital will be a formidable combination. We plan to grow the brand's footprint through a Quick Service Restaurant format while exploring opportunities to offer more plant-based options in our Retail range.

Focussing on the next phase

Our focus in 2023 will be operational excellence, prioritising core long-term operations and improving investment returns for franchise partners.

We have moved from a survival phase to a recovery phase, with our eyes on the thrive phase. We expect to see a continued recovery in 2023 as the remaining COVID-19 restrictions fall away. Our short-term focus is to sustain our revenue while achieving positive cash generation, while our medium-term focus is to recover margin. We have reduced our interest-bearing debt in 2022, and plan to continue this trajectory in 2023.

For the next three years, our strategic focus is generating growth from our existing Leading Brands portfolio through innovation in channels and formats and footprint expansion.

An example of format innovation is the newly opened Mugg & Bean container in Woodmead.

While the COVID-19 impact on Signature Brands has been brutal, we see some improvement. As people begin to celebrate their special occasions again, we expect to see them return to these restaurants.

We will continue to invest in consumer-facing technology. Here, spending time to make the right technology choices is critical.

In our Manufacturing division, we are driving operational efficiencies through our 'manufacturing way' programme. This programme focusses on the principles of continuous improvement. This includes overhauling our asset care practices to ensure more reliability and uptime from our equipment. We are also working on managing and reducing our environmental footprint. We will invest further into our best-performing manufacturing facilities and divest from selected manufacturing assets if necessary.

Quick fact

As consumers become familiarised with plant-based products and initiatives, Bloomberg Intelligence foresees an evolution in consumer habits over the next decade. According to their research, the plant-based foods market could make up to 7.7% of the global protein market by 2030, with a value of over $162 billion, up from $29.4 billion in 2020[1].

[1] *https://www.bloomberg.com/company/press/plant-based-foods-market-to-hit-162-billion-in-next-decade-projects-bloomberg-intelligence/.*

In Logistics, our next steps are to relocate our KwaZulu-Natal Distribution Centre, move our Gauteng Cold Storage Centre and secure a cross-docking facility near Mthatha.

We aim to double our Retail business by growing our distribution footprint and expanding our product range. We have ambitious plans to launch a new product every month for the 2023 financial year.

The high inflation picture is certain to persist with high fuel and commodity prices. We have operated under periods of high inflation before, so we are accustomed to managing inflation. Trading in a high inflation environment has some potential upside for us.

Extending our condolences

The health and wellness of our people are always a priority. Sadly, this year we lost several franchise partners, many of whom have been with us for decades. Their loss has had an immeasurable impact on the Group and is also felt by their employees, business partners, families and communities.

We were also deeply saddened by the tragic passing of our colleague and friend Andre Piehl, who held several management and executive roles over almost 15 years. We also mourn the passing of colleagues Glen Dembo, Powlan Pillay, Jacomina Engelbrecht, Cecil Mbuthuma, Daniel Manulana and Ayanda Mabizela who are dearly missed at Famous Brands.

I also extend my condolences to our employees who have lost family and friends to COVID-19.

Our tributes to our departed franchise partners and colleagues can be found on page 186.

Acknowledging our stakeholders

Our resilience in the face of continued challenges is thanks to a significant effort from employees and franchise partners. To our employees, thank you for your dedication to delivering our strategy and willingness to adapt to a different operating environment.

I thank our franchise partners for their endurance, hard work and continued trust in our brands. Amid tough trading conditions, several franchise partners also withstood the violent and destructive July unrest. The rebuilding has not been easy, and at the time of writing this report, some stores are still not open.

In April 2022, our KwaZulu-Natal operations were again disrupted, this time by extensive flooding. Our thoughts go out to our franchise partners and employees affected by this catastrophic event. We closed several restaurants which are not able to immediately re-open.

I am grateful for the support of my executive team who are growing from strength to strength, our Chairman, Santie Botha and our Board. It is a privilege to work with you.

I also thank our customers, shareholders, suppliers and communities for their steadfast loyalty in another challenging year.

Darren Hele
Chief Executive Officer

23 June 2022

Group Financial Director's report

Famous Brands is beginning to see the benefits of a local economic recovery combined with a gradual reduction of COVID-19 restrictions. These results reveal a return to profitability, an improvement in cash generation and a strengthened balance sheet.

Deon Fredericks
Group Financial Director

Key features of 2022

Strong signs of recovery

We are seeing a recovery across our Brands and Supply Chain.

Renegotiated debt facilities

In the 2021 financial year, we renegotiated our debt facilities to take cognisance of the difficult and challenging operating environment. We have observed the benefits of a more appropriate debt structure in the 2022 financial year.

Deleveraging the balance sheet

We have delivered on our commitment to significantly reduce debt by focussing on cash flow generation.

Strengthening internal controls

Risk, Internal Audit and Finance have collaborated to improve financial controls throughout the Group.

The Group's financial performance recovered in varying degrees across SA, AME and the UK.

This report should be read together with the Summarised Consolidated Financial Statements on page 152 and the AFS available online at: https://famousbrands.co.za/investor-centre/financial-results/

The operating environment has improved, however, the Group had to carefully navigate the impact of COVID-19, general countrywide civil disruptions, rising inflation and constrained consumer spending.

Within this context it was another difficult year, however, the Group delivered resilient financial results. We continued to deliver against our stated financial objectives of improving our financial performance and optimising our capital management. The key focus was to control our costs and reduce our interest-bearing debt to facilitate greater balance sheet flexibility.

COVID-19 continued to have a pronounced impact on restaurant operations with restrictions including reduced operating hours, alcohol sales and seating limits. Famous Brands supported franchisees through reduced royalties and marketing fund contributions.

Revenue: Continuing operations

Revenue improved by 38% to R6.5 billion (2021: R4.7 billion). This increase can be attributed to improved trading conditions across our markets due to less stringent COVID-19 restrictions. Revenue is currently in line with 2020 levels, although the mix is different.

Logistics experienced a strong rebound due to increased trading activity from the Brands division in SA. Logistics revenue increased by 35% to R4.1 billion from R3 billion in the prior year.

Franchise fees revenue increased 43% to R918 million from R644 million in the prior year, reflecting improved restaurant turnovers. Leading Brands contributed 96% or R882 million of this revenue, an improvement of 42% year on year. Signature Brands revenue was R36 million, an improvement of 66% year on year.

Company-owned stores revenue improved by 36% to R447 million compared with R328 million in the prior year, reflecting higher trading activity and improving restaurant turnovers. Leading Brands contributed 76% or R338 million of this revenue, an improvement of 23% year on year. Signature Brands revenue was R109 million, an improvement of 101% year on year.

Manufacturing revenue increased by 9% to R222 million compared to prior year of R204 million.

The Retail division, which supplies SA supermarkets with branded licensed products, continued to experience strong sales thanks to growing consumer demand, new products and expanding distribution. Retail revenue was R222 million, an improvement of 47% over prior year revenue of R151 million.

Revenue (R million)	2021	**2022**	2022 vs 2021 %
SA	4 256	**5 998**	41
UK	112	**133**	19
AME	316	**345**	9
Group	4 684	**6 476**	

Revenue

Group revenue (R million)	2021	**2022**	2022 vs 2021 %
Revenue at point in time			
Manufacturing revenue	204	**222**	9
Owned	141	**118**	(17)
Subsidiaries	63	**104**	67
Logistics revenue	2 994	**4 052**	35
Retail revenue	151	**222**	47
Company-owned stores	328	**447**	36
Leading Brands (SA and AME)	274	**338**	23
Signature Brands (SA)	54	**109**	101
Joining fees	6	**8**	36
Sales-based royalties			
Franchise fee revenue	644	**918**	43
Leading Brands	622	**882**	42
Signature Brands	22	**36**	66
Marketing fees revenue	325	**583**	80
Leading Brands	318	**518**	63
Signature Brands	7	**65**	875
Revenue over time			
Services revenue	32	**24**	(22)
Total revenue	4 684	**6 476**	38

Operating profit and margins

Due to a recovery in our business, the Group's operating profit improved 428% to R630 million (2021: R119 million). However, margins remain under pressure.

While our operating profit margins have improved across our trading markets, margins have not reached pre-COVID-19 levels. The Group's overall margin was 9.7% (2021: 2.5%). In SA, our margin improved to 10.1% (2021: 1.8%). The AME region recorded an improved margin of 9.9% (2021: 9.5%). The UK's operating profit and margin lifted slightly from 2021 however remains under pressure at (6.1%) after impairments.

Operating profit margins (%)	2021	**2022**
SA	1.8	**10.1**
UK	(9.6)	**(6.1)**
AME	9.5	**9.9**
Group	2.5	**9.7**

Other income

Income from associates

The Group holds equity shareholding in the following associates: Sauce Advertising (37%), UAC Restaurants (Mr Bigg's) in Nigeria (49%), FoodConnect (49%) and DHQ (48.5%). Our profit from associates was R260 000 (2021: R4.8 million).

Profit attributable to non-controlling interests

Non-controlling interests are interests the founders of key businesses hold in our Manufacturing division and Signature Brands portfolio. The share of profit for non-controlling interests increased to R38 million (2021: R23 million). In 2022, we purchased the non-controlling shareholder interests from the founders of Turn 'n Tender and LUPA Osteria.

Headline earnings per share and earnings per share for continuing operations

Headline earnings per share improved by 568% or 356 cents (2021: 53 cents), while basic earnings per share improved to 317 cents (2021: (127) cents).

Cash flows

Salient features		2021	**2022**
Cash generated by operations	R million	521	**871**
Net cash outflow utilised in investing activities	R million	(57)	**(117)**
Net cash outflow for financing activities	R million	(322)	**(433)**
Cash realisation rate*	%	108	**102**

* *Cash generated by operations as a percentage of EBITDA.*

Net cash inflow from operating activities

The Group's cash generation capacity has recovered with cash generated from operations of R871 million (2021: R521 million), with a cash realisation rate of 102% (2021: 108%). Net working capital increased slightly by R10 million (2021: R9 million) due to investment in raw materials to support increased revenue. We continue to benefit from the stringent working capital management measures implemented due to COVID-19. The Group's net cash inflow from operating activities was R533 million (2021: R285 million).

Our cash flow forecasts show that the Group's overall liquidity has significantly improved and is adequate to meet our working capital investment requirements and operational needs for the foreseeable future.

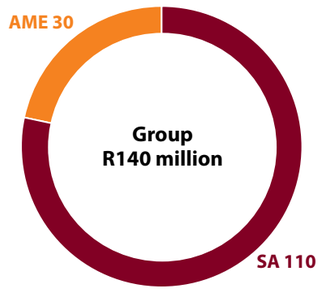
Net cash outflow from investing activities

In 2021, we froze all non-critical capital investments due to COVID-19. In 2022, we began to re-invest in our business, including non-critical maintenance and repairs in our Manufacturing and Logistics divisions. Capital expenditure (capex) increased to R140 million (2021: R84 million).

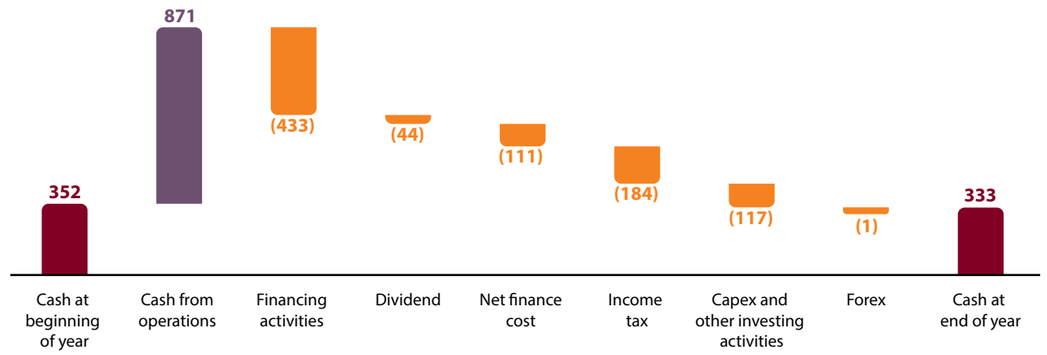
Net cash outflow from financing activities

The net cash outflow from financing activities was R433 million (2020: R322 million). The increase in outflow was primarily due to increased borrowings repayments in the year of R358 million. The Group's closing net cash position was R333 million (2021: R352 million). The definition for cash and cash equivalents has been revised to exclude restricted cash i.e. cash ring-fenced and used for marketing purposes.

Capex per region (Rm)



Cash flow movement for the year (R million)



Financial position

The Group's balance sheet is sound with net assets of R721 million (2021: R391 million). This represents a net asset value per share of R7.19 (2021: R3.90). The Group's gearing improved to 1.56 times (2021: 3.75 times) and our leverage to 1.32 times (2021: 3.04 times) mainly due to the return to profitability. Our return on capital employed was 29% (2021: 5%).

Salient features		2021	**2022**
Cash and cash equivalents	R million	352	**333**
Net asset value per share	cents	390	**719**
Net debt*	R million	1 464	**1 126**
Net debt to equity (gearing)	times	3.75	**1.56**
Net debt to EBITDA (leverage)	times	3.04	**1.32**
Total equity	R million	391	**721**
Return on equity (ROE)**	%	5	**64**
Return on capital deployed (ROCE)***	%	5	**29**

* *Total interest-bearing borrowings (including lease liabilities) less cash and cash equivalents.*
** *Headline earnings as a percentage of average shareholders' interest.*
*** *Operating profit divided by the average capital employed (which is calculated as the sum of total equity and interest-bearing debt and lease liabilities).*

Gearing and debt structure

In 2016, the Group made a series of acquisitions, resulting in considerable long-term structured debt on the balance sheet. The Group has a robust programme in place to:

- Reduce gearing and leverage levels through stringent working capital management.
- Fund growth through internally generated cash flow.
- Concentrate capital investment on lower-risk core local opportunities with a strong outlook for long-term sustainable returns.

The Group has a solid, mutually beneficial relationship with its primary lender, which allows for a steady funding platform and essential liquidity for the business.

We proactively track the Group's debt covenants on an ongoing basis and have complied with all our debt covenants.

Civil unrest in South Africa

From 9 to 18 July 2021, KwaZulu-Natal and parts of Gauteng experienced civil unrest, resulting in several Famous Brands and franchise partners properties suffering varying degrees of damage. In total, 99 restaurants were damaged and non-operational. Of these, 85 restaurants had re-opened by the end of this financial year. Our distribution centre in Westmead was damaged and closed for three weeks.

Our R16.4 million claim for material damage loss was successful. The material damage loss was recognised in the results of the current financial year.

Group transactions

Famous Brands completed four transactions in 2022.

In March 2021, Famous Brands Design Studio (Pty) Ltd, a non-core operation, trading as DHQ transitioned to an associate company. Famous Brands now holds 49% (formerly 60%) after the creation of the DHQ employees' share trust. Famous Brands donated the shares to the trust.

In May 2021, Famous Brands acquired the non-controlling shareholders' interest from two subsidiaries namely, LUPA Osteria and Turn 'n Tender founders, respectively. Famous Brands now owns 100% of both brands. This change in ownership structure allowed the Signature Brands team to consolidate the management structure into an efficient services hub to support each portfolio category, providing dedicated procurement, finance, menu development, information technology and franchise services.

In May 2021, Famous Brands sold its 51% shareholding in the Famous Brands Great Bakery Company (Pty) Ltd, trading as Bread Basket, to the business's long-standing partners and founders. This transaction aligns with Famous Brands' plans to divest from non-core operations.

None of the above transactions were categorised transactions in terms of the JSE Listings Requirements.

Post-balance sheet events

Lexi's

In April 2022, Famous Brands acquired 51% shareholding of Lexi's Healthy Eatery for R3.3 million. The acquisition pertains to the franchise and central kitchen operations of the business.

GBK

On 6 May 2022, the Group received notification from the liquidators of GBK indicating an intention to make an interim distribution to creditors of GBK Restaurants Limited with agreed claims. The actual amount of the distribution is not yet certain but in their notice the liquidators estimated the interim dividend to be 5 Pence in the Pound to creditors with agreed claims. The Group's claim against GBK for dividend purposes amounts to GBP55.2 million. The liquidator indicated that the interim dividend will be declared within two months of the last date of approving – 6 August 2022.

Civil unrest

During the financial year, the Group submitted a Business Interruption (BI) insurance claim for R17 million. The initial claim was rejected by the loss adjuster on the basis that loss events included in the claim were not aligned with the insurance policy interpretation.

On 29 March 2022, the Group received confirmation from the loss adjuster that the revised claim was covered subject to the insurance policy interpretation. On 14 April 2022 an updated BI insurance claim for R14.4 million was submitted and the Group received an acknowledgement of liability from the insurer on 10 May 2022 and payment was received on 26 May 2022.

Dividend

The Board has declared a dividend of 200 cents per share. The Group has produced significantly improved results which enabled the Board to consider paying a dividend. The Board considered the Group's current performance and future prospects. The dividend is being paid out of profits for the year ended 28 February 2022 in the amount of R200 million.

Looking forward

We will continue to focus on achieving organic growth, seeking opportunities for efficiencies and cost savings and further optimise our working capital management. Achieving the appropriate debt profile is critical and management is working towards that.

Furthermore, we will continue to selectively reduce debt to create the required headroom to operate efficiently for sustained future growth, including acquisitions. Optimising investment returns for our franchise partners is always a priority.

Our financial and investment decisions in the coming year will be based on the following strategic imperatives:

- Growing our Leading Brands in South Africa and AME.
- Intensifying investment in high return assets.
- Considering attractive and appropriate acquisitions.
- Developing and expanding our Retail division.
- Divesting from non-core assets.
- Expanding our Logistics capacity.

We expect our revenue to recover further as COVID-19 restrictions fall away and the economic recovery continues. We have concerns regarding the weak South African economy, combined with rising inflation and fuel prices, which will continue to weaken consumer spending. In South Africa, our economic recovery will be further impacted by the KwaZulu-Natal floods. The war in the Ukraine continues to impact the pricing of key commodities, including wheat and cooking oil.

Going concern

As part of the consideration of the appropriateness of adopting the going concern basis in preparing the annual report and financial statements, a range of scenarios have been considered. The assumptions modelled are based on the continued estimated potential impact of COVID-19 restrictions and regulations.

Trading is likely to improve in the 2023 financial year and may be impacted by a possibility of more waves that could lead to stringent COVID-19 restrictions again. The scenarios include an assumption that current levels of trading will remain in place until February 2023, considering the rate of vaccination. Also taken into account has been the current challenging operating environment.

Management has implemented the following actions of managing the business:

- Managing our relationship with our primary lender.
- Temporary relaxation of contractual arrangements with franchise partners.
- Management of financial resources with focus on capital expenditure programmes and cost to eliminate any potential short term financial pressures.

We have continued to monitor and implement additional health and safety measures in each of our manufacturing and distribution facilities to reduce the risk of a major supply disruption. As at 28 February 2022, the consolidated balance sheet reflects a net asset position of R721 million and the liquidity of the Group remains strong. Our current undrawn facilities are approximately R950 million. Based on all of the considerations the Group is considered a going concern with more than adequate financial resources to continue in operation for the foreseeable future.

Revitalising the Finance function

In my first few months as the incoming Group Financial Director, I have focussed on getting finance and the business 'back to basics'. This has meant closer coordination and collaboration between head office team members and those based at the operational level. This includes ensuring that we focus on the right priorities to enable the business to intensify their efforts in the market. This will be a journey.

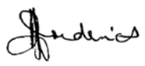
I have introduced measures to enable team members to embrace change and cope with a complex ever changing operating and regulatory environment. We are implementing a consolidation tool to make year-end reporting, management accounting and projections easier. Automating certain financial functions is critical as a lack of automation creates risks and complexity. Our goal is to have one ecosystem where reports and financial records are easily accessed from all the different divisions and subsidiaries.

We are also refining and mapping out our critical controls, taking into account the changing environment, and ensuring that our risk control metrics are appropriate.

Appreciation

I thank the Board for the trust they have placed in me with this critical role.

I have enjoyed my first few months in my new role at Famous Brands and have gained new insights into the business, which is fast moving and very hands on. It allowed me to get a different perspective moving from a non-executive to an executive role. I thank my Exco and finance colleagues for their continued diligence and support and the various management Committees. My thanks is also extended to the Board and its Committees for their continued oversight and support of the Group's financial affairs. I thank our loyal shareholders and lenders for their trust in the business and their ongoing dialogue with management.

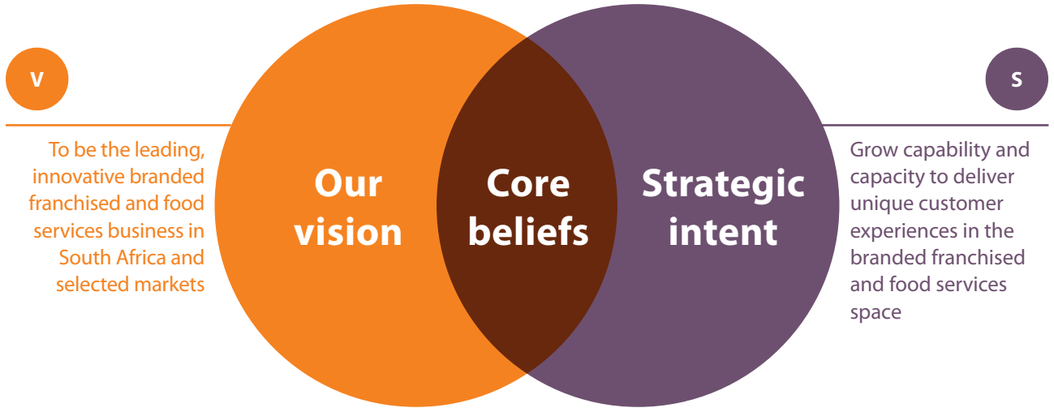


Deon Fredericks
Group Financial Director

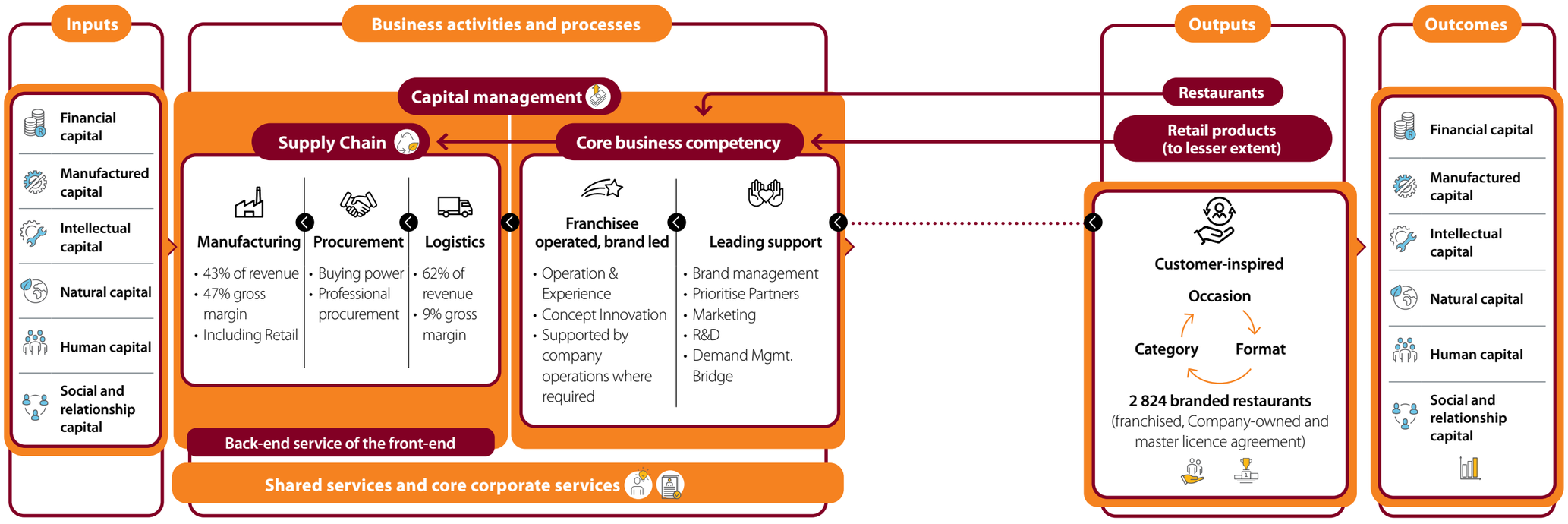
23 June 2022

Creating value aligned with our vision and values

Our innovative branded food services solutions and unique customer experiences drive sustainable growth and value creation. Our ability to create aspirational and market-leading brands that delight our customers is key to our success. We maintain our capacity to create sustainable long-term value outcomes for our stakeholders through the appropriate use of our inputs in efficient business processes. Our inputs and outcomes aligned with the six capitals are provided in more detail in the following pages and should be read in the context of our strategic objectives (page 60).



Core Beliefs



Strategic objectives

Placement of the strategic objective icons in the business model to the left, represents the link between strategy and business model.

- Improving our operational efficiencies
- Enhancing our financial performance
- Prioritising our franchise partners
- Developing our people; ongoing commitment to transformation
- Leading in the categories we compete in
- Optimising capital management
- Ensuring regulatory compliance

Famous Brands applies and transforms the six capital inputs to create and preserve value for stakeholders.[1]

Financial capital

Financial capital refers to our financial resources, including financial reserves and debt funding for continuing operations.

Read more in the Group Financial Director's report on page 22 and the Summarised Consolidated Financial Statements on page 152.

We manage and allocate our capital appropriately to create long-term value for our shareholders. We invest our capital in a deliberate manner to grow and sustain our business.

Input	2021	2022
Total equity (R million)	391	**712**
Gross interest-bearing debt (excluding lease liabilities) (R billion)	1.5	**1.1**
Cash and cash equivalent (R million)	352	**333**
Restricted cash	92	**123**

Outcome	2021	2022
Revenue (R billion)	4.7	**6.5**
Operating profit (R million)	119	**630**
Net finance costs (R million)	176	**108**
Cash generated from operations (R million)	521	**871**
Headline earnings per share (HEPS) (cents)	53	**356**
Return on equity (ROE) (%)*	5	**64**
Return on capital employed (ROCE) (%)^	5	**29**
Gearing times**	3.75	**1.56**
Leverage times	3.04	**1.32**
Wealth created (R billion)	1.4	**1.8**
Net asset value per share (cents)	390	**719**
Closing share price at year-end (cents)	4 603	**7 153**

** Headline earnings as a percentage of average total equity*
*** Includes IFRS 16 Lease Liabilities.*
^ Operating profit divided by capital employed

Manufactured capital

This refers to the Group's physical footprint, equipment, fleet and IT systems that support business activities.

Read more in the operational review on page 90.

Ongoing investment in Company-owned restaurants, facilities, equipment, fleet and IT infrastructure allows us to remain relevant to customers and support our franchise partners. Over time, we will continue to reduce our environmental impact. Through our business activities, we create social and economic value and minimise the negative impact we have on the environment.

Restaurants which are conveniently sited and appealing to our customers provide optimal returns for our franchise partners and investors. Efficient Manufacturing and Logistics ensure we provide a high-quality, competitive Supply Chain service to our franchisees.

Input	2021	2022
Total restaurants* (units)	2 773	**2 824**
– Opened*	92	**118**
– Revamped*	90	**149**
Total manufacturing plants (units)**	12	**10**
– Capital investment (R million)	20	**57**
– % of plants certified Food Safety System Certification (FSSC) 22000 or Food Standards Agency	100	**100**
Total logistics centres (units)**	9	**9**
– Capital investment (R million)	4	**3**
– Logistics fleet (trucks)**	109	**104**
IT infrastructure capital investment (R million)	2	**5.8**

** Pertains to total restaurant network.*
*** Pertains to SA.*

[1] *Excludes our associate companies.*

Manufactured capital (continued)

Output	2021	2022
Customers served/transactions concluded (million units)	66.3	**102**
Product lines warehoused (units)	1 338	**1 529**
Product procured (million tonnes)	32.8	**44.8**
Product processed (million tonnes)	47.2	**60.0**
Distance travelled to deliver products (million km)	5.3	**6.5**
Cases delivered (million units)	9.6	**15.0**

Intellectual capital

This refers to the intangible assets that give Famous Brands a competitive edge and support its brand and reputation.

The Group's brands are listed on page 8.

We must stay informed of fast-changing consumer trends affecting menu design, food choices and dining experiences. We rely on our franchise partners to re-invest responsibly in their businesses and manage their operations efficiently to create value. It is a business imperative that our brands instil confidence among our stakeholders and that we protect those brands with the appropriate legal framework.

Input	2021	2022
Franchise workshops (number of attendees)	531	**11 253**
Brand product training (number of attendees)	1 240	**2 891**
Fundamental restaurant management training (number of attendees)	488	**126**
Other ad hoc training (number of attendees)	1 690	**8 236**
Marketing fund contribution by franchise partners (R million)	313	**506**
Leading Brands' total media investment increase/(decrease) (%)	(46)	**85**
Digital media spend increase/(decrease) (%)	(30)	**47.9**
Research and development spend (R million)	10	**19**

Outcome	2021	2022
Trademarks, patents and registered designs	353	**382**
Average years business relationship with franchisee	7.90	**12.32**

Human capital

Human capital refers to the economic value of our workforce, including employees' experience and skills.

Read more about the Group's transformation journey on page 78.

Our business model relies on having the right people with the right skills in the right jobs to create value. We invest in upfront and ongoing training for franchise partners and their employees to ensure that all stores deliver on their brand promise.

Input	2021	2022
SA Operations		
Total employees trained	201	**167**
Total training spend (R million)	6.7	**13.3**
African, Coloured and Indian (ACI) employees trained	122	**135**
Black women trained	53	**47**
Number of new interns	N/A**	**40***
People with Disabilities Learnerships	70	**71**
Ethics Programme graduates	42	**46**
Botswana		
Total employees trained	162	**191**
Black females trained	105	**124**
Kenya		
Total employees trained	39	**46**
Black females trained	24	**28**

** This course is still to be completed.*
*** Cancelled due to COVID-19.*

Outcome	2021	2022
Internships completed	–*	**–***
Interns employed by the Group	–	**–**
Employee engagement score %	75	**77**
Bargaining unit (BU) employee engagement score %	60	**53**
Employee turnover %	2.8	**0.84**
Internal promotions (number)	51	**80**
BBBEE score – Board presentation against 6-point target	5.27	**5.27**
BBBEE score – Employment equity against 13-point target	9.11	**9.74**
BBBEE score – Skills development against 20-point target	19.76	**20**
Lost-time injuries	31	**51**
Fatalities	–	**–**

** Cancelled due to COVID-19.*

Natural capital

Natural capital refers to the elements of the natural environment that provide valuable goods/inputs to Famous Brands and that we might impact through our products and services.

Read more about the Group's sustainability initiatives on page 66 and its report on environmental activities on page 74.

Our business model uses natural resources in the Supply Chain process with unavoidable environmental impacts. Our Environmental and Climate Change Policy outlines our responsible practices with targets to reduce our carbon footprint.

Eliminating food waste is a priority issue for our industry. We actively promote portion control and practices across our stores. Our franchise partners voluntarily participate in responsible food redistribution by donating excess food.

We have committed to eliminating all single-use plastic across our restaurant network by 2025. This will be replaced by fully recyclable or biodegradable alternatives.

The numbers below are for the SA Supply Chain operations only.

Input	2021	2022
Proteins (tonnes)	10 398	**12 148**
Dairy (tonnes)	51 645	**62 622**
Grains (tonnes)	1 495	**1 887**
Vegetables (tonnes)	13 604	**17 617**
Fruit concentrates (Kl)	210	**306**
Coffee beans (tonnes)	631	**794**
Water (Kl)	287 201	**363 906**
Electricity (MWh)	25 914	**29 301**
Electricity generated by solar (MWh)	548	**650**
Diesel (Kl)	1 461	**2 011**
Petrol (Kl)	452	**635**
Paraffin (Kl)	54	**67**
Liquefied petroleum gas (LPG) (tonnes)	32	**37**
Natural gas (Gigajoules)	29 257	**34 886**
Coal (tonnes)	2 121	**2 827**
Steam (tonnes)	6 617*	**4 047**
Cardboard boxes (million)	3.4	**4.08**
Plastic bottles (million)	10.9	**9.9**
Paper serviettes (tonnes)	525	**598**

** Steam produced by a third-party provider with its own electricity inputs.*

Output	2021	2022
Proteins (tonnes)	13 234	**15 925**
Cheese (tonnes)	7 887	**9 087**
Ice cream (tonnes)	5 738	**7 784**
Bread products (tonnes)	3 107	**2 655**
Vegetable products (tonnes)	5 313	**10 084**
Juice (tonnes)	1 861	**1 139**
Coffee (tonnes)	789	**992**
Sauces and spices (tonnes)	16 539	**19 598**
Greenhouse gas emissions (metric tonnes CO_2e)		
– Scope 1	12 467	**17 054**
– Scope 2	28 464	**34 107**
– Scope 3	988	**1 441**
Cardboard and paper recycled (tonnes)	636	**444**
Plastic recycled (tonnes)	128	**99**
Metal recycled (tonnes)	78	**68**
General waste to landfill (tonnes)	1 249	**1 556**

Social and relationship capital

This refers to the value of social relationships and networks that support our growth and sustainability.

Read more about the Group's transformation journey on page 78 and its CSI activities on page 87.

Our business model is highly dependent on strong, mutually beneficial relationships with stakeholders. These relationships secure our reputation and enable us to meet our growth objectives. We are committed to community upliftment through our CSI initiatives.

Input	2021	**2022**
Total sports sponsorship (R million)	8.0	**12.4**
Total funds raised for charities and donation of products	15.7	**4.8**
Total CSI spend (R million)	15	**3.7**
Disabled training and development spend (100% ACI) (R million)	4.6	**4.7**
Qualifying BBBEE supplier spend (R billion)	2.3	**2.5**
Preferential procurement spend on small, medium and micro-enterprises (SMMEs) (R million)	511	**361**
Spend on >51% Black-owned suppliers (R billion)	1.2	**1**
Spend on Black women-owned suppliers (R million)	1 000	**897**
Investment into community Berlin Beef initiative per year (R million)	5	**5**
Value of purchases through Berlin Beef initiative (R million)	279	**384**
Manhours invested into Berlin Beef initiative	120	**70**
Investment in owner-driver initiative to support Supply Chain (since inception; R million)	12.7	**13.4**

Outcome	2021	**2022**
Total number of awards	7	**7**
% increase/(decrease) in customers	(38.2)	**82**
% increase in loyalty members	173	**64**
BBBEE contributor status level	4	**4**
BBBEE score against target of 111 points	81.97	**84.43**
BBBEE enterprise and supplier development score against 40-point target	31.32	**34.61**
SMME suppliers supported	1 454	**777**
BBBEE socio-economic development score against target of 5	5	**5**
Number of university sports beneficiaries	170	**823**
Berlin Beef initiative		
Number of Black Eastern Cape beef farms supported	220	**220**
Number of livestock under care by Black and/or land reform farmers	14 500	**16 500**
Jobs created since inception	850	**900**
Beneficiaries (direct and indirect)	3 500	**3 500**
Owner-driver initiative		
Number of drivers	28	**24**
Number of vehicles	29	**30**
Number of jobs created	110	**115**

Understanding the factors that impact on value creation

We need to be agile, responsive to stakeholder needs and continually aware of emerging risks to thrive in a challenging and competitive environment.

Various factors impact our ability to create value and require monitoring and management, where relevant. They also influence our strategic plans and execution. These include:

- Factors that are within our control include operational efficiencies, brand offering (appeal, service, value), product quality, and cost management.
- Factors that are beyond our control, for example, commodity prices (food inflation), macro-economic factors (consumer spend), market and demographic dynamics affecting site viability and country-specific risks (load shedding, socio-political instability, etc.)
- The factors we do have some influence over, such as the demand for our products and the quality of our stakeholder relationships.

The rest of this chapter unpacks these material factors:

- Our operating context, page 36
- Stakeholder engagement, page 40
- Risk management, page 50

Operating context

Our operating context shapes the successful implementation of our strategy, sustainable growth and value creation for our stakeholders.

2022, in general, was characterised by:

- Lockdown restrictions, including curfews, alcohol bans and capacity restrictions.
- High food inflation.
- Economic and political turmoil contributes to low business and consumer confidence.
- Intensifying competition in a constrained consumer spending environment.
- Acceleration of technology adoption.
- South African-specific challenges include high unemployment, unrest, load shedding and deteriorating infrastructure.

The external trends that materially impact Famous Brands are grouped according to the following five categories:

1. Consumer behaviours
2. Dining trends
3. Competitive landscape
4. Evolving technology
5. General trading and economic conditions

Trend	Our response	Future expectations, aligned focus areas and key enablers
Consumer behaviour		
A decline in customer visits COVID-19 and fierce competition have meant fewer visits to restaurants.	We strive to make sure that we offer more options across the value/price spectrum. We also place more emphasis on delivery.	We will gain from the natural return of consumers to the sit-down occasion and continue to improve our operational efficiencies to boost margins. We will promote our value offerings aggressively to drive revenue growth and win market share.
Time-poor consumers demand convenience Smaller and more accessible local shopping centres have enjoyed increased foot traffic while the delivery channel grows.	We and our franchise partners have invested in home delivery, expanding into new outlying areas and rolled our smaller format convenience-centred outlets.	Convenience and home meal replacement are likely to remain a key trend for time-poor consumers.
ESG activism on the rise Stakeholders demand greater transparency on responsible food sourcing, fair trade practices and the impact of farming and production on the environment. Institutional investors are focussing more on ESG.	We are a responsible and compliant corporate citizen and are mindful of operational practices. We strive to reduce our environmental impact. We have policies and committed timeframes regarding single-use plastic and packaging and cage-free eggs.	We anticipate further momentum in consumer and shareholder activism regarding ESG issues, including climate, plastic waste and sustainable farming practices. We will continue to be agile and adapt our sustainability initiatives.
Consumer behaviour		
Social media usage climbs Social media is increasingly used to complain or censure brands that do not meet expectations. Additionally, consumers are looking for a dining experience. This means that interesting décor and backgrounds make for shareable content.	Our store designs and revamp programmes aim to boost our appeal to the millennial market. Our promotional activities keep the in-store element in mind to drive social media interaction. We offer free Wi-Fi at several restaurants.	We continue to monitor reputational risk and innovate improved brand campaigns via social media.
Dining trends		
Traditional mealtimes blurring With many consumers still working from home, mealtimes have become more flexible and spread across the day. Snacking, sandwiches, and all-day breakfasts are evidence of this trend.	We constantly scan local and international trends to remain ahead of emerging menu innovation opportunities.	We will continue to promote offerings that cater for the breakfast, snacking and sandwich trends. We promote our dinner options to shift some of the trading activity later.
Eating out replaced by home-dining experiences With consumers being much more home bound, there has been a renewed enjoyment of cooking. Increased availability of online ordering and delivery, including alcohol, has led to increased at-home dining. Safety concerns during the pandemic and restaurant restrictions further promoted at-home dining.	We have invested in online ordering and home delivery. Our menus and packaging are designed to meet the needs of an at-home dining experience in taste and presentation. Our Retail offering caters to the eat from home trend.	We will continue to deliver an unbeatable offering that meets consumer requirements regarding quality, service and price. We will ensure that we are accessible across every brand, format and channel.
Chicken consumption continues to rise Chicken represents the largest fast-food category in South African and other African markets.	While we do not have an exclusive chicken brand in our portfolio, we offer many chicken options on most of our menus.	We will continue to enhance the chicken options on our menus.
Healthy eating gains momentum More consumers are health-conscious and want to make better meal choices.	We are innovating our menus to meet this trend. We provide dietary information online for many of our brands' menus. We are compliant with industry legislation regarding salt and sugar consumption and continuously monitor it.	We anticipate that healthier eating will remain a focus area. We will continue to review our menus and introduce healthier meals on our standard and children's menus.

OPERATING CONTEXT continued

Trend	Our response	Future expectations, aligned focus areas and key enablers
Dining trends		
Plant-based alternatives are becoming mainstream Whether flexitarian, vegetarian or vegan, plant-based diets are here to stay. This is evidenced by the increasing receptiveness to and take-up of vegetarian options on the Group's existing brand portfolio menus. This is driven by a consumer desire to be healthier and have a lower environmental impact.	We have vegetarian and vegan options on our menus. In April 2022, we acquired a 51% shareholding in Lexi's Healthy Eatery. The menu is plant-based, almost entirely vegan, gluten-free and refined sugar-free.	We expect consumers' demand for plant-based products to increase and plan to dedicate more menu space to it. There are plans to expand the Lexi's brand, and there is scope to develop their products for the retail supermarket space and leverage off the Group's well-established route-to-market.
Competitive landscape		
Concentrated competition With subdued consumer spending during the pandemic, competition has become more concentrated. The franchise market has become smaller due to economic conditions, and potential franchise owners are weighing up more options before they commit to a brand.	We strive to make sure that we offer more options across the value/price spectrum. We ensure our value proposition is highly attractive to potential franchise partners.	The industry remains highly competitive as operators strive to survive in a weak economy. We are committed to ensuring the sustainability of our brands and franchise partners. An unrelenting effort is made to offer our customers and restaurant network an optimal solution.
Food aggregators increase Food delivery aggregators are important players in the food service landscape in South Africa and the UK. The popularity of these aggregators has been accelerated by COVID-19. Consumers benefit from the convenience of ordering online from a variety of restaurants with the option to compare menus and prices and read reviews.	We have embraced these players and collaborate with them. However, together with our franchise partners, we also continue to invest in our own delivery capacity.	We expect industry participants and competitors to continue to invest heavily in this market segment. We need to upgrade our delivery and pre-ordering systems continually. Our customer relationship management (CRM) programmes are continually improving and are Protection of Personal Information Act (POPIA) and Personal and General Data Protection Regulation (GDPR) compliant. These programmes use proprietary data to provide insights that allow us to communicate with customers in a tailored manner.
Dark kitchens Dark kitchens refer to kitchens that prepare food for delivery only. Orders are placed online without the option for the public to enter the premises, reducing overheads. Dark kitchens are already established in the UK and are gaining momentum in South Africa.	We have our own learnings and consider the opportunities and risks presented by this dark kitchen business model but remain cautious about its growth trajectory.	We utilise dark kitchen sites where appropriate.

Trend	Our response	Future expectations, aligned focus areas and key enablers
Evolving technology		
E-commerce and contactless payment Access to credit cards, smartphones and the internet continues to rise. This increases the demand for e-commerce solutions, contactless payment options, and physical stores' integration with online retail.	COVID-19 accelerated our adoption of contactless payment options.	Artificial intelligence and immersive technology, including augmented reality, will become more pervasive. We will continue to explore technology that improves our customer experience and provides actionable insights for our business.
Food technology Several food technology trends are influencing the global food services industry. These trends include robotic chefs and servers, self-service kiosks and employee scheduling software that allows our managers to spend less time on scheduling.	We have increased our technology interfaces in-store. These include digital menu boards, digital payment options and self-ordering terminals.	We recognise that tomorrow's restaurant will use technology throughout the customer journey. We will explore other innovations to improve the customer experience.
General trading and economic conditions		
Constrained consumer spend Unemployment is a big challenge among younger consumer groups who cannot join the job market. The middle-income market is experiencing economic strain. Consumers have less disposable income, eat at home to save money, and are more demanding in the limited discretionary spending environment.	We constantly review menu pricing and portion sizes to deliver our value promise. We offer loyalty offerings, rewards and valuable bundles which resonate with our customers. Menu innovation creates new interest for consumers.	As unemployment, inflation, living costs, and debt rise, consumers will remain under pressure. Sub-Saharan Africa's growth is subdued, and regional markets are expected to recover at various rates post-COVID-19. Although pockets of growth do exist, it will take time to return to pre-pandemic economic conditions. We will leverage cost and productivity efficiencies, especially in our Supply Chain, to support improved profitability for our franchisees.
Rising food inflation The prices of certain ingredients are driving up food prices. Packaging pricing is also rising. Global supply chain problems and rising food costs have led many restaurants to cut menu items. The stronger Rand has helped cushion the impact of more expensive food imports.	Our procurement team negotiates the best pricing on bulk food items. They investigate alternative suppliers and options should an item become unaffordable. A simplified menu assists franchisees in reducing food costs. We pass on food inflation increases to consumers when we complete menu increases.	We will keep an eye on rising food costs and manage these to maintain our margins.
Load shedding continues Load shedding impacts consumer sentiment, access to stores and lost sales. Load shedding also increases costs for our Manufacturing and Logistics operations. There are further indirect costs related to delayed deliveries to stores.	Wherever practical and possible, generators are installed in stores. Our Manufacturing and Logistics divisions rely on generators, negatively impacting the Group's carbon footprint. We have invested in a solar installation at one of our plants to reduce our dependence on Eskom.	South Africans can expect intermittent load shedding for the foreseeable future. We continue to adapt to a scenario where an unstable power supply is a business reality. We will continue to explore opportunities to reduce our reliance on Eskom.

Key stakeholders

We believe that strong, sustainable stakeholder relationships form the foundation of our ability to create shared value in the short, medium, and long term.

Our key stakeholders are the individuals and organisations that have an impact on or are affected by our operations. We endeavour to engage constructively with stakeholders to understand and respond to their interests and concerns.

Stakeholder management

Stakeholders are engaged by employees and business units with the expertise to do so constructively. Our stakeholder engagement and management principles rest on positive partnerships, consultation and teamwork to achieve common goals.

The functional disciplines embed the structured and thorough processes of monitoring stakeholder engagement, including:

- Investor input and feedback through investor roadshows, one-on-one access, and virtual events.
- Formal customer feedback through customer service channels.
- Monitoring social media for negative and positive reviews.
- Community involvement through CSI activities.
- The Human Resources (HR) department provides a union relationship monitoring mechanism.
- Employee feedback through annual surveys.
- Franchise partner feedback through regular engagement, national representative forums and annual franchise forums.

Concerns and improvement opportunities are escalated to the responsible senior executives or the Exco or the Board if necessary.

The Social and Ethics Working Group assists the Social and Ethics Committee on an executive level to ensure effective stakeholder management within Famous Brands. The Working Group reports to the Social and Ethics Committee regularly.

While the Social and Ethics Committee has the primary responsibility for oversight of stakeholder management, other Board Committees are also involved. The Audit and Risk Committee oversees engagement with the JSE, funder institutions, shareholders and investors. The Remuneration Committee oversees interactions with shareholders and employees regarding remuneration decisions.

Read more in the Social and Ethics Committee report on page 124.

Stakeholder communications channels

The Group's stakeholder engagement strategy guides interactions with stakeholders. Our engagement strategies are based on the degree to which our stakeholders impact us, our impact on them, and how we interact with them.

Work closely Engage

Various engagement channels are utilised, which include:

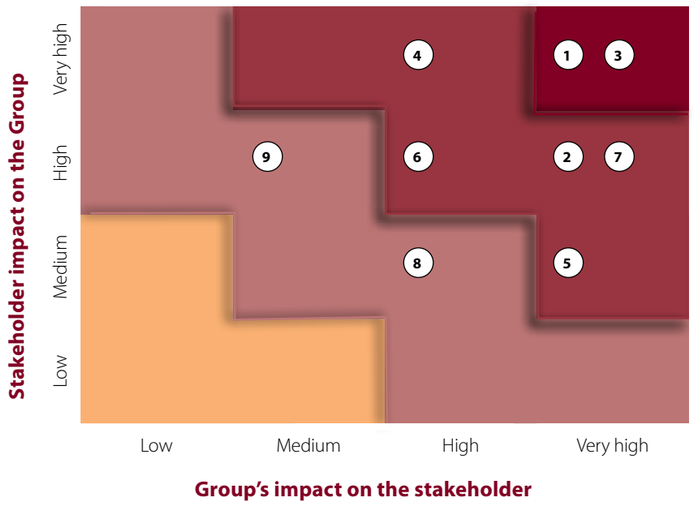
Electronic channels	• Company website • Virtual meetings • Social media • In-app notifications • Call centre
Written communication	• JSE Stock Exchange News announcements • Our reporting suite for the Group's annual and interim results • Newsletters
Direct interaction	• In-person meetings • AGMs • Roadshows, presentations and conferences • Customer satisfaction surveys and loyalty programmes • Supplier audits and reviews
Franchisee-specific platforms	• Web and call-in support • Franchise operational audits and reviews • Operations campaigns • National franchise forums • Annual franchisee brand conferences
Media	• Press releases • Interviews and media briefings • Advertising campaigns

KEY STAKEHOLDERS continued

Identifying our priority stakeholders

We use the following criteria to prioritise the relative importance of our wide range of stakeholders:

- Our dependence on the stakeholder's support to achieve our strategic goals.
- The stakeholder's influence on our performance.
- The significance of the risks and opportunities linking the stakeholder to the Group.
- The risks we face should we not engage constructively with the stakeholder.



1. Shareholders, market analysts and prospective investors
2. Funding institutions
3. Franchise partners
4. Customers and prospective customers
5. Civil society and communities
6. Suppliers and business partners
7. Employees
8. Trade unions
9. Government and regulators

- Very high impact
- High impact
- Medium impact
- Low impact

Evaluating the quality of relationships with our stakeholders

This evaluation is based on our internal assessment of our relationships.

No existing relationship	Mutually beneficial, good relationship, some opportunity for improvement
Relationship exists but requires substantial effort to improve	Strong, mutually beneficial relationship
Relationship established, generates value, but can be improved	

1. Shareholders, market analysts and prospective investors

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
Provide financial capital for growth	Solid investment proposition and sustainable growth	Darren Hele, Deon Fredericks and Celeste Appollis

Interests and issues raised	Key risk
• Return on invested capital. • Regular dividend payments. • Sustainable earnings growth. • Prudent capital allocation. • Strong corporate governance and ethical and competent leadership.	Deterioration of investor confidence.

Our strategic response and future focus	Key opportunity
• Management has extensive experience in our industry. • The long-term incentive (LTI) plan and other remuneration and reward structures align management's interests with those of shareholders. • Management has a considered approach to gearing and leverage in line with ensuring an appropriate capital structure. • Management endeavours to lead by example and, through behaviour and policies, instil good corporate governance practices throughout the business.	By clearly and regularly communicating our investment case and delivering on our strategy, we build confidence in management and the business's investment potential.

2. Funding institutions

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
Provide financial capital for growth and facilitate balance sheet support	Responsible capital management	Darren Hele and Deon Fredericks

Interests and issues raised	Key risk
• Timely payment of interest and capital. • Compliance with debt covenants.	Breach of debt covenants and undertakings to the primary lender.

Our strategic response and future focus	Key opportunity
• Ensure debt service requirements are met in line with debt repayment obligations and that covenants are met. • Proactive management of the debt maturity profile.	By demonstrating our commitment to meeting our funding obligations, we will foster supportive long-term relationships.

Internal assessment of relationship quality | Work closely | Engage

KEY STAKEHOLDERS continued

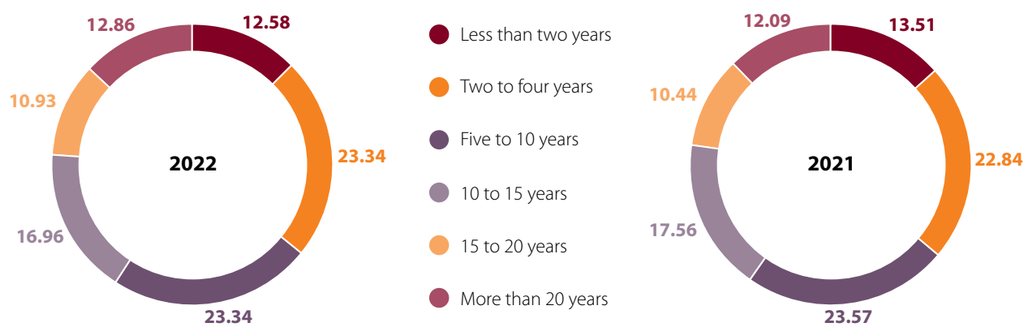
3. Franchise partners

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
The primary interface with our customers, custodians of our brand and reputation	Supportive, preferred business partner	Darren Hele, Derrian Nadauld, Philip Smith and Andrew Mundell

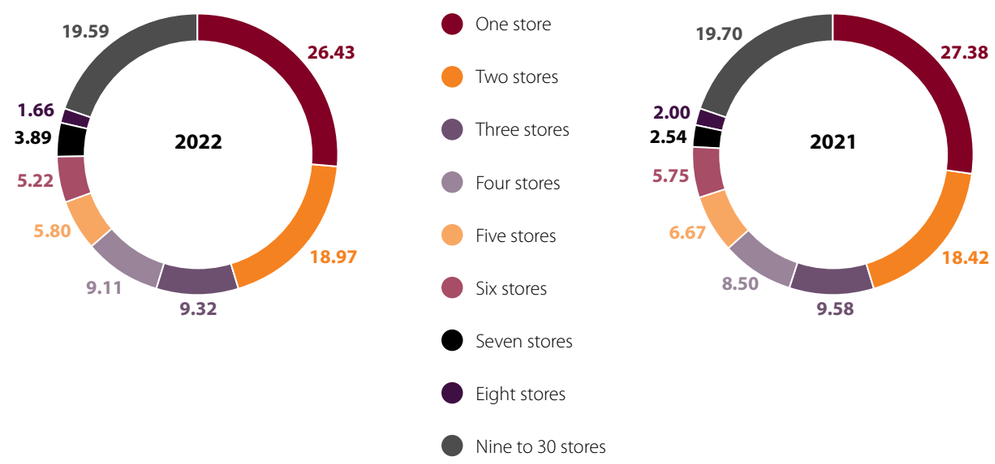
Interests and issues raised	Key risk
• Return on investment. • Strong brands. • Efficient and competitive Supply Chain. • Marketing spend. • Location of restaurants. • Ongoing business management support. • Product quality.	• The health of the franchise network deteriorates in the weak economy. • Group's relationship with franchise partners deteriorates due to our failure to meet their expectations.

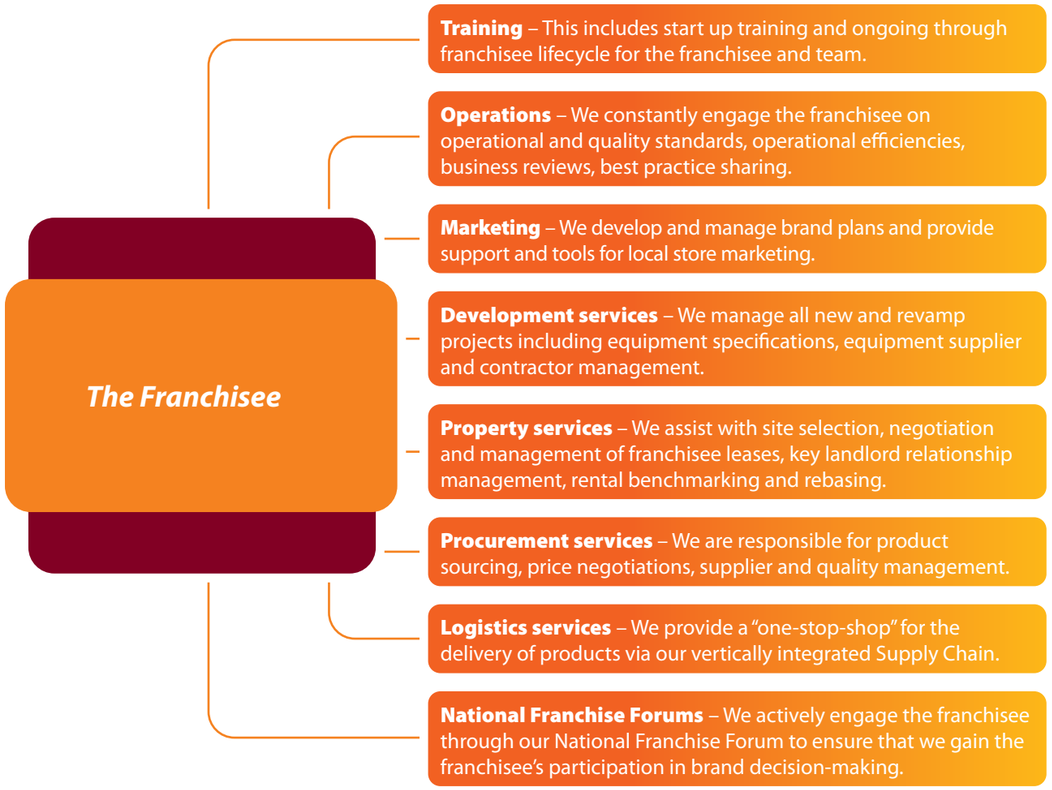
Our strategic response and future focus	Key opportunity
We view our partnerships as long-term relationships which require consistent attention and mindfulness to benefit all parties. We have dedicated operations teams that ensure franchise partners receive support in managing a successful restaurant, namely finance, marketing, design and development, training and procurement. Our vertically integrated Manufacturing and Logistics operations strive to consistently supply high-quality products on time. We welcome the contribution and input of our franchise partners. We will continue to evolve and improve our engagement with them to enable us to harness the unique and valuable insights they can provide.	Constant interaction with our franchise partners and responsiveness to their needs will improve our good relationships.

Average tenure of SA franchise partner (%)



Number of restaurants per SA franchise partner (%)





Internal assessment of relationship quality | Work closely | Engage

KEY STAKEHOLDERS continued

4. Customers and prospective customers

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
Purchase our products, providing the basis for revenue growth	First-choice brand offering	Darren Hele, Derrian Nadauld, Philip Smith and Andrew Mundell

Interests and issues raised	Key risk
• Strong brands and value offerings. • Location accessibility and convenience. • Positive total experience. • Menu innovation and a dining experience.	Loss of market share due to failure to meet our customers' expectations.

Our strategic response and future focus	Key opportunity
For our brands to maintain and gain market share, they must remain relevant, contemporary and accessible and offer value. We are passionate about unique consumer experiences through innovation, flawless execution and continuous improvement. We maintain our standards through: • Regular restaurant reviews and audits to ensure our high standards are maintained. • Prioritising food quality and safety across the Supply Chain. • An ongoing restaurant revamp programme to continue to meet our customers' expectations. • Innovation to keep up with evolving trends. • A call centre to manage queries and complaints and we value and act on our customers' feedback.	Grow market share in new and existing markets by leading in the categories where we compete.

5. Civil society and communities

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
Provide the socio-economic context we operate in and impact on our reputation	Responsible community participant	Darren Hele, Philip Smith and Jabulani Mahange

Interests and issues raised	Key risk
• Sustained support. • Association with a reputable brand. • Responsible use of natural resources.	• Revenues below pre-COVID-19 levels mean smaller CSI budgets. • A poor reputation leads to a deterioration of relationships with CSI beneficiaries and other stakeholders.

Our strategic response and future focus	Key opportunity
Our Leading Brands conduct extensive CSI fundraising programmes to support worthy charities. We also invest in a sponsorship alliance with Varsity Sports to promote the development of local future sporting stars. Our environmental policy sets out our commitment to responsible environmental practices. It identifies critical areas of focus and objectives regarding reducing our environmental footprint and contributing to a more sustainable operating environment.	• Continue to grow market share and improve the Group's favourable reputation by making a meaningful contribution to the communities in which we trade. • Ensure our compliance culture and commitment to reducing our environmental footprint are communicated through improved ESG reporting.

6. Suppliers and business partners

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
Contribute to our ability to provide quality, cost-effective products and services	Preferred business partner	Darren Hele, Derrian Nadauld, Andrew Mundell and JP Renouprez

Interests and issues raised	Key risk
• Timely payment. • Continuity of supply. • Fair treatment. • BBBEE compliance.	Our suppliers and business partners lose confidence in our ability to fulfil their agreements and contracts.

Our strategic response and future focus	Key opportunity
Contractual agreements facilitate quality and food safety adherence and transparent, healthy relationships with suppliers. Our procurement and planning teams interact with suppliers frequently to ensure mutually beneficial partnerships.	• Continue to improve on our internal processes and fulfilment of commitments to suppliers.

Internal assessment of relationship quality Work closely Engage

KEY STAKEHOLDERS continued

7. Employees

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
Contribute to our ability to provide quality, cost-effective products and services	Continued employment, good working conditions and rewards	Darren Hele, Derrian Nadauld, Andrew Mundell and JP Renouprez

Interests and issues raised	Key risk
• Fair remuneration and recognition. • Equal opportunities and career development. • Training and skills development. • Safe working environment. • Sustainable earnings growth and job security. • Good corporate governance and ethical and competent leadership.	• Difficulty in attracting and retaining the calibre of skills the business requires. • Slow pace of transformation.

Our strategic response and future focus	Key opportunity
We regard human capital as a core asset. Our HR policies ensure our employees are appropriately remunerated, and incentivised and offered career development opportunities. We support the principles of BBBEE in South Africa, and our transformation policy and strategies are aimed at uplifting historically disadvantaged individuals. We are committed to creating a learning culture and investing significant resources in this regard. In addition to training our employees, we conduct extensive training for our franchise partners and their employees.	• Strengthen our career development plans and communicate growth opportunities better. • Achieve an improved BBBEE status.

Caring for employee wellbeing

Famous Brands engaged ICAS to provide employees with access to an Employee Wellness Programme. The programme aims to give employees the freedom to unpack their feelings and find solutions to the many problems people experience.

The overall engagement rate of the programme, which includes uptake of all services provided, was 4.1% for 2022. The individual usage of the core counselling and advisory services was 4%, which compares to 5.7% across all ICAS client companies. The most commonly utilised service was professional counselling.

The percentage of employees whose problems appear to have a severe impact on their work is 9.7%, which is slightly below the ICAS average of 10%. This is a pleasing indication of the overall employee mental wellbeing given the pressure of the industry, which includes long and irregular working hours, demanding customers and difficult situations.

Internal assessment of relationship quality Work closely Engage

8. Trade unions

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
Serve as the interface with our unionised labour force	Responsive employer	Jabulani Mahange

Interests and issues raised	Key risk
On behalf of their members: • Sustainable earnings growth and job security. • Fair remuneration and recognition. • Equal opportunities and career development. • Training and skills development. • Safe working environment.	Poor labour union relationships lead to animosity and potential strikes.

Our strategic response and future focus	Key opportunity
We recognise and respect the role of unions and engage professionally and cordially to find common ground on all matters.	By demonstrating that we are an employer of choice and a good-faith partner, we can continue to enhance our existing mutually respectful relationship.

9. Government and regulators

Stakeholder role	Their primary interest and our goal	Board/Exco member accountable
Provide regulatory parameters and measures with cost implications, and provide operating licences	Responsible corporate citizen	Darren Hele, Celeste Appollis, Deon Fredericks, Ntando Ndaba and Jabulani Mahange

Interests and issues raised	Key risk
• Tax revenues. • Compliance with legislation and regulations. • Transformation. • Supporting communities. • Responsible use of natural resources.	• Health and safety and/or food quality risk control mechanisms fail. • Failure to ready the business to comply with new legislation.

Our strategic response and future focus	Key opportunity
Business sustainability is advanced by complying with relevant regulatory and legislative frameworks. We have systems and structures in place to monitor changes to legislation, assess the implication of any changes on our operations and communicate this to relevant stakeholders. Maintaining our level 4 BBBEE status is an important management priority, and we prioritise procurement, equity and skills development for improvement.	• Continue to improve our internal processes and risk preparedness programmes. • Ensure our compliance culture is communicated through improved disclosure in ESG reporting.

Internal assessment of relationship quality Work closely Engage

Risk management

Appropriate and calculated risk taking is essential to our Group's success and growth.

Risk management process

Famous Brands is exposed to several risks, including strategic, financial, operational and compliance risks. The Board and management are responsible for overseeing risk management and ensuring the Group strikes an appropriate balance between taking risks and applying caution.

Our risk management framework remained robust and largely unchanged in the past year and is aligned with the Committee of Sponsoring Organizations of the Treadway Commission Framework. There is a strong correlation between risk management and the Group's business strategy as our strategic choices mitigate risks. Famous Brands is mindful of not exposing the business to unacceptable levels of risk.

At a Board level, risk management is delegated to the Audit and Risk Committee, which provides regular updates to the Board. The Audit and Risk Committee sets out the Group's risk appetite, based on the level of risk it is willing to accept in pursuit of the Company strategy.

The Committee and the management team, together with the established Risk Forum, provide a culture of risk governance and awareness throughout the Group. Our Group Risk Executive provides specialist guidance to the Group on better integrating risk management processes into day-to-day activities.

At an operational level, a dedicated Risk Forum consisting of Exco members and representatives from Internal Audit and other functions meet regularly to monitor the Group's existing and emerging risks. This forum also allows Famous Brands to realise innovation opportunities by exploring risks.

Key risks are identified based on:

- Risk-bearing capacity: The capacity to absorb losses related to risks without threatening the Group's ongoing sustainability based on its current business model.
- Risk appetite: The amount and type of risk the Group is willing to accept in pursuing its strategic objectives.
- Risk tolerance: The acceptable levels of variation relative to achieving the Group's strategic objectives.

Risk management improvements in 2022

Improving internal controls

In the 2021 year-end audit, KPMG provided feedback as a result of the AFS audit and highlighted some areas for improvement. Famous Brands is working on various projects to improve financial controls. Certain of these projects have been completed in the current year. These include projects to automate the financial consolidation process and streamline financial process flows.

Compliance monitoring

The Group is developing a comprehensive regulatory compliance framework to map the legislation across each geography. This will further mitigate the risk of failing to meet regulatory and compulsory standards.

Famous Brands monitors its POPIA compliance and has leveraged the internal audit assurance process to identify gaps and improvement opportunities. The Group also reviewed the information laws in various countries and updated the governance process to ensure regulatory risks are appropriately identified and managed.

Famous Brands monitors developments regarding the Extended Producer Responsibility regulations that came into law in South Africa in May 2021. Work has been completed to ensure Famous Brands is recognised by the relevant producer responsibility organisations. The producer responsibility organisations are still aligning with the regulator on processes to ensure effective implementation of the regulation.

Quick fact

Since the start of the COVID-19 pandemic, cyber attacks have been increasing worldwide and in South Africa. According to an Accenture report , South Africa has the third-highest number of cyber crime victims worldwide. This results in a loss of about R2.2 billion a year to cyber attacks.

Source: https://www.accenture.com/za-en/insights/security/cyberthreat-south-africa.

Cyber security enhancements

Each year we conduct a penetration test and/or a breach attack simulation, a security exercise where a cyber security expert finds and exploits vulnerabilities in our IT environment. In addition, we conducted a gap analysis with an external service provider to benchmark the Group's security environment against IT security frameworks from the National Institute of Standard and Technology, Centre of Internet Security and ISO270001. The results from this analysis fed into the development of the three-year IT security road map.

Insurance review

In 2022, Famous Brands reviewed its insurance cover across the Group. Based on the gap analysis and recent black swan events, we are still optimising our insurance model to ensure it is still fit for purpose and will address uninsurable and difficult to insure risks. This work will be concluded in 2023.

Business continuity planning

Famous Brands continued its work to improve business continuity planning to close gaps at specific manufacturing and logistics sites. For example, this included further improvements in KwaZulu-Natal after the July 2021 unrest.

Going forward

Our focus in the coming year is to further entrench our business and insurance risk management capabilities throughout the Group. This includes operationalising risk management in each operating entity, including Company-owned restaurants, implementing the technology enterprise architecture and structure strategy which includes the three-year IT security plan and completing the regulatory compliance framework, which covers the regulatory requirement of the countries where we operate.

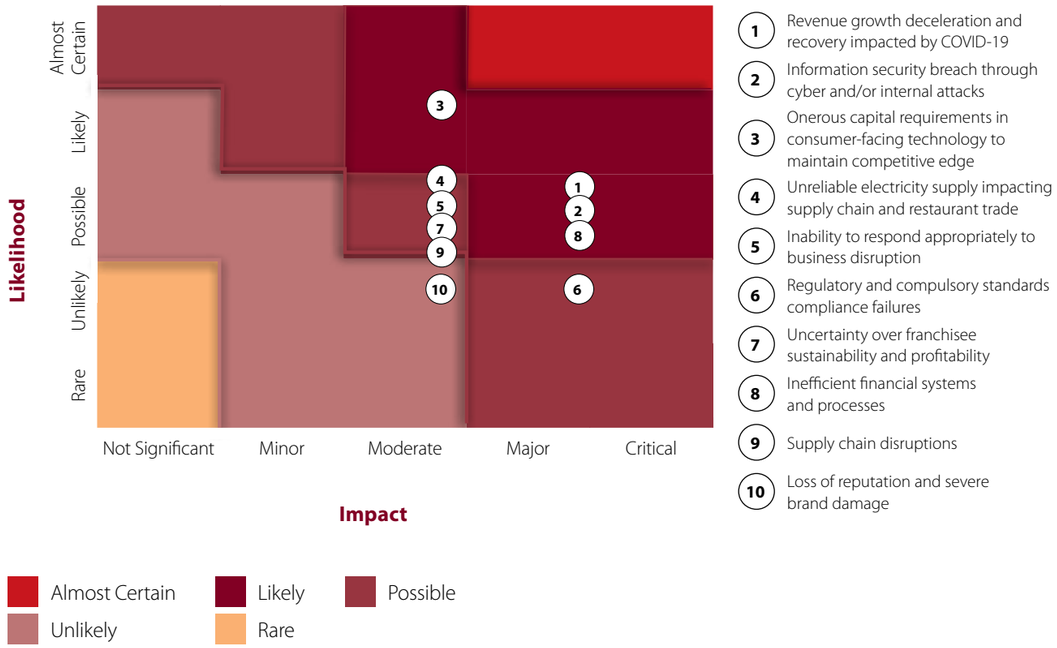
Key risks

Our top 10 key risks are defined below, along with their potential impact, our mitigating actions and future opportunities they present. Both internal and external risks are identified.

Risks are ranked according to the severity of their potential impact on the Group. Impact categories are determined based on tolerance levels across four areas: finance, reputation, consumer and employee factors. Likelihood is based on the probability of occurrence.

RISK MANAGEMENT continued

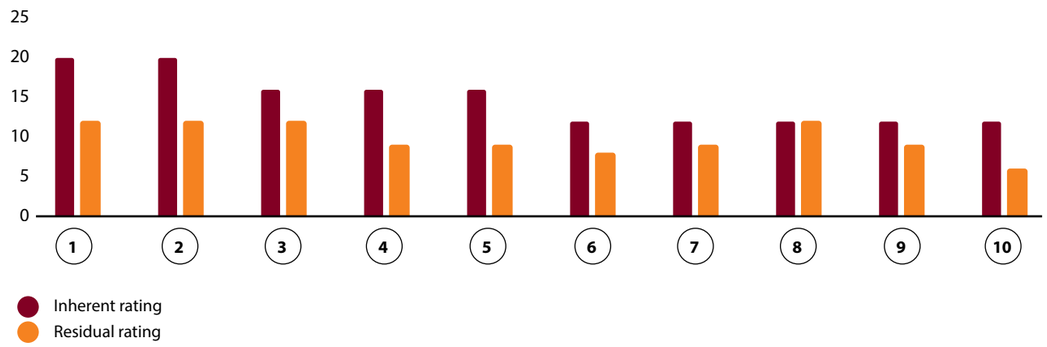
Residual risk heat map



Residual risk assessment

The residual risk and the extent of mitigation are illustrated in the graph below.

Inherent and residual risk ratings



1. Revenue growth deceleration and recovery impacted by COVID-19

Potential root causes	Potential impact on value	Residual mitigation actions
• Changing consumer behaviour regarding safety in response to COVID-19 impacts brands, particularly Casual Dining Restaurants. • Uncertainty regarding future COVID-19 restrictions, including liquor, capacity and curfew. • Limited movement negatively impacts the Signature Brands captive market segment. • Slow economic recovery and poor political stability. • Third-party aggregator disruption accelerated by COVID-19.	• Cashflow and margin pressure. • Debt covenants and undertakings breach. • Delayed shareholder returns.	• A strategic plan is in place to deliver on different formats and channels. The big box format legacy around Casual Dining Restaurants is being addressed via a smaller and more agile footprint. • Company-owned store defence strategy is in place to protect key sites and overall market share. • Cash generation and preservation remain a focus. • Continued investment in the AME division and retail basket will grow revenue in the medium to long term.

Opportunities	Strategic matters
• Leverage our presence in AME. • Leverage flexible trading formats. • Leverage own home delivery capability. • Leverage business intelligence and CRM technology. • Menus and basket innovation. • Retail growth.	

2. Information security breach through cyber and/or internal attacks

Potential root causes	Potential impact on value	Residual mitigation actions
• IT structure misalignment to complexities, governance and risks associated with the Group technology stack. • Failure to adequately address identified IT security and general control vulnerabilities.	• Loss of Company and personal information. • Contravening government regulations such as POPIA. • System downtime impacting operational activities. • Reputational damage.	• Group-wide enterprise architecture and structure strategy developed to cover operating system architecture and consumer-facing technology. • Implement the remaining two years of the three-year IT security plan, including enhanced cyber security control measures.

Opportunities	Strategic matters
Innovative technology advancement.	

RISK MANAGEMENT continued

3. Onerous capital requirement to implement consumer-facing technology

Potential root causes	Potential impact on value	Residual mitigation actions
• Competitors are investing ahead of the curve to meet current and future customer trends. • COVID-19 accelerated the consumer shift to convenience through technology.	• Cash flow pressure. • Failure to capitalise on growth opportunities.	• Execute the consumer-facing technology strategy. • Refine and drive each brand's technology consumer experience requirements. • Step-up technology-enabled home delivery in AME growth pockets.

Opportunities	Strategic matters
Enhanced consumer experience across multiple touch points.	

4. Unreliable electricity supply impacting the Supply Chain and restaurant trade

Potential root causes	Potential impact on value	Residual mitigation actions
• Dependency on unreliable electricity supply from Eskom. • Poor local distribution infrastructure. • The cost of back-up energy solution that is fit for purpose is cost prohibitive.	• Operational inefficiencies. • Margin erosion. • Reduced day stock cover.	• Continue to monitor the extent of load shedding and ongoing power station disruptions. • The business case for future renewable energy investment will be tabled at Exco in the event of increased exposure.

Opportunities	Strategic matters
Alternative energy sources with reduced impact on the environment.	

5. Inability to respond appropriately to business disruptions

Potential root causes	Potential impact on value	Residual mitigation actions
• Lack of a comprehensive business continuity plan for key operations. • Labour laws limit speed and agility in a disruptive environment.	• Extended time lag in recovering operations resulting in loss of revenue and increased operating costs. • Interruption of service to franchise network and consumers.	• Supply Chain business continuity and disruption plans in place per operational site. • Plans completed for Lamberts Bay Foods and KwaZulu-Natal Distribution Centre, updated post July's unrest. • Plan in progress for the Famous Brands Cheese manufacturing site. • An insurance risk management plan in place to close known gaps and meet insurers' requirements.

Opportunities	Strategic matters
Shareholder value protection and enhancement.	

6. Regulatory and compulsory standards compliance failures

Potential root causes	Potential impact on value	Residual mitigation actions
• Unstructured monitoring of relevant government legislation due to the absence of a regulatory compliance framework. • Failure to effectively prepare the business for new standards and regulations.	• Regulatory fines and penalties. • Loss of consumer confidence, especially on food-related failures. • Reputational damage. • Litigation.	• Develop and implement a regulatory compliance framework with action plans to improve regulatory compliance. • Project teams were put in place to ready the business for new regulatory requirements (POPIA, JSE Amendments regarding financial controls, Administrative Adjudication of Road Traffic Offences Act (AARTO), Extended Producer Responsibility). • Plans to strengthen in-country governance structures for AME are in place.

Opportunities	Strategic matters
Enhanced stakeholder value across markets where we operate.	

7. Uncertainty over franchisee sustainability and profitability during and post-COVID-19 impact

Potential root causes	Potential impact on value	Residual mitigation actions
• Potential of recurring COVID-19 restrictions. • There is uncertainty over favourable lease renegotiations and renewal terms with commercial landlords. • The total cost of production of licensed products may become uncompetitive due to operational inefficiency and food inflation. • Social and political instability result in social unrest.	• Loss of franchise first-choice status for franchising brand investment. • Increased number of franchise business failures. • Increased need to switch from own Supply Chain or take margin cuts.	• Providing business sustainability relief packages to franchise partners to assist them in the short to medium term. • Continuing to coordinate rent relief and lease renegotiations on behalf of franchise partners. • Coordinating class action on business interruption claims with various insurers on behalf of franchisees. • Assisting the franchise partners in processing SASRIA claims. • Identify manufacturing technology that will increase operational efficiencies.

Opportunities	Strategic matters
• Apply and leverage the total cost of ownership principles across the Supply Chain. • Accelerate franchisee COVID-19 recovery phase with lease renegotiation and renewals. • Menus and basket innovation.	

RISK MANAGEMENT continued

8. Inefficient financial systems and processes

Potential root causes	Potential impact on value	Residual mitigation actions
• Financial systems inadequacies. • Limited finance automated solutions for consolidation. • Day-to-day operationalisation of new IFRS requirements.	• Period close inefficiencies. • Reduced dependency on financial information for decision making. • Human errors.	• Upgraded the accounting platform. • Plans to introduce a new business intelligence tool for business unit reporting and develop a business intelligence tool for Group reports. • Development of a Group consolidation tool in progress. • Project plan in place to streamline and strengthen financial processes.

Opportunities	Strategic matters
Enhanced financial modelling capability.	

9. Supply chain disruptions

Potential root causes	Potential impact on value	Residual mitigation actions
• Increased lead times and shipping costs. • Animal diseases outbreaks include African swine flu, avian flu and foot and mouth diseases. • Unstable local political environment. • Local transport industry strikes • Geopolitical and security instability. • Climate change is leading to poor weather patterns.	• Restrictions impacting raw material supply. • Increased input costs. • Working capital pressure.	• Planning and procurement teams review the product and price impact across the value chain.

Opportunities	Strategic matters
Product innovation and operational efficiencies.	

10. Loss of reputation and severe brand damage

Potential root causes	Potential impact on value	Residual mitigation actions
• Unethical conduct by any key stakeholder. • Non-adherence to agreed Company procedures. • Loss and ineffective management of litigation and court proceedings.	• Key stakeholder trust deficit. • Share price erosion.	• Continue the promotion of ethical practices among our key stakeholders. • Ensure all business policies are regularly updated and communicated.

Opportunities	Strategic matters
Enhanced stakeholder value and strong ethical culture.	

Emerging risks

Our risk management process considers emerging risks and their potential impact on the Group. In 2022, we considered the potential impact of the following emerging risks:

- Infectious diseases including African swine flu, avian flu and foot and mouth disease.
- The water crisis in the Eastern Cape including the potential of day zero.
- Supply chain shortages and stock replenishment delays in the UK due to a shortage of lorry drivers.
- A proposed health promotion levy in South Africa to include ultra-processed foods such as junk food.

Looking forward, we are tracking several risks, which include:

- A deteriorating global security picture including conflict and potential instability in Africa.
- Local macro-economic issues and infrastructure challenges, including the availability of water.
- Continued supply chain disruptions.
- Rising food inflation.
- Insurance risk management including the impact of uninsured and difficult to insure risks.

Delivering on our strategic intent

Vision

To be the leading innovative branded franchised and food services business in South Africa and selected markets

Strategic intent

Grow capability and capacity to deliver unique customer experiences in the branded franchised and food services space

Leading to

- Innovative branded food services solutions
- Mutually beneficial relationships with franchise partners
- Unique consumer experiences
- Sustainable like-for-like growth

Our key strategic matters guide our decision-making and are reflected in our KPIs and executive remuneration.

Our management team and Group performance are assessed against our achievement in delivering on seven key strategic matters.

An overview of our strategy

- Improving our operational efficiencies
- Enhancing our financial performance
- Prioritising our franchise partners
- Developing our people; ongoing commitment to transformation
- Leading in the categories we compete in
- Optimising capital management
- Ensure regulatory compliance

Scorecard by strategic matter

The following commentary summarises the Group's progress in 2022 against seven key strategic matters. These targets and goals need to be viewed in the context of another challenging pandemic year, where our primary focus was the financial sustainability of our business.

Achieved Underway Not achieved

Improve our operational efficiencies

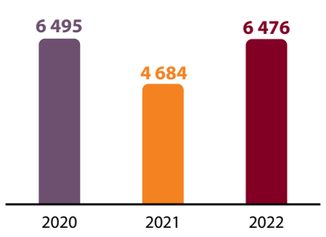
Evaluation

We need to ensure we are as efficient as possible to ensure the long-term sustainability of the business and that of our franchise partners. It will support our goal of being the leading innovative branded food services business in our markets. We measure our performance by revenue growth and operating profit growth.

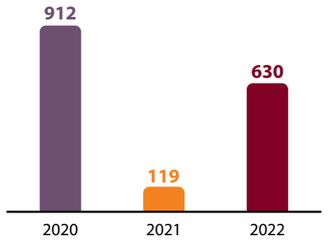
2022 | What we did	2023 | What we will do
• Focussed on specific brands and rationalise our brand portfolio to eliminate distractions and grow successfully. • Invest in technology, capacity, capability, and partnerships to remain at the forefront and competitive within the home delivery marketplace. • Invest in Manufacturing and Logistics capabilities and overhaul asset care practices. • Deliver much better efficiencies in our kitchens, improving franchisee profitability. • Trialled proof-of-concept cloud-based point-of-sale system to remove the punitive constraints of charges in US Dollars of legacy systems.	• Relocate KwaZulu-Natal Distribution Centre. • Improve our manufacturing practices. • Continue to invest in technology, capacity, capability and partnerships.

Material strategic KPIs

Revenue (R million)



Operating profit (R million)



Enhance our financial performance

Evaluation

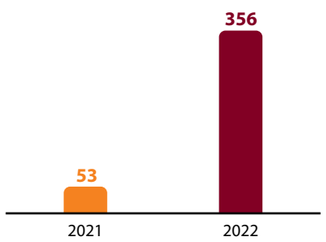
We aim to grow capability, capacity and scale across manufacturing, branded franchised and food services spaces. Trading conditions in all the Group's markets are incredibly challenging. We need to make strategic choices to ensure our business is optimally structured to be efficient, competitive, achieve our benchmarks and meet the expectations of our stakeholders. We measure our performance against HEPS, ROCE and total shareholder return (TSR).

2022 | What we did	2023 | What we will do
• Increased free cash flow, decreased interest-bearing debt and non-essential capex and improved working capital management. • Continued to invest in lower-risk core local opportunities with a strong outlook for long-term sustainable returns. • Targeted growth in the AME region. • Divestment from the Gauteng Bakery plant. • Disposed of non-core assets (Famous Brands Design Studio (Pty) Ltd, trading as DHQ transitioned to an associate company and The Famous Brands Great Bakery Company). • Grew the Retail division (direct to consumer).	• Continue to pay down interest-bearing debt. • Continue our AME expansion plans.

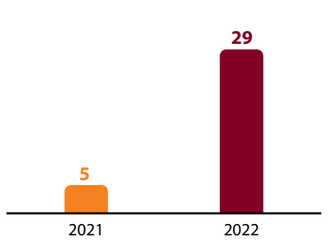
Material strategic KPIs

All these three measures are featured in remuneration incentives (page 141).

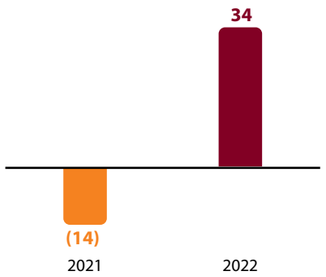
HEPS (cents)



ROCE (%)



TSR* (%)



** 2022 and 2021 relate to absolute TSR*

Achieved Underway Not achieved

SCORECARD BY STRATEGIC MATTER continued

Lead in the categories we compete in

Evaluation

We are passionate about unique consumer experiences through innovation, flawless execution and continuous improvement. The food services industry is increasingly competitive. In this crowded operating environment, local and international operators compete for a shrinking wallet, and in some cases, for survival. To promote the Group's continued success, we must ensure our brands are differentiated through their irresistible customer appeal.

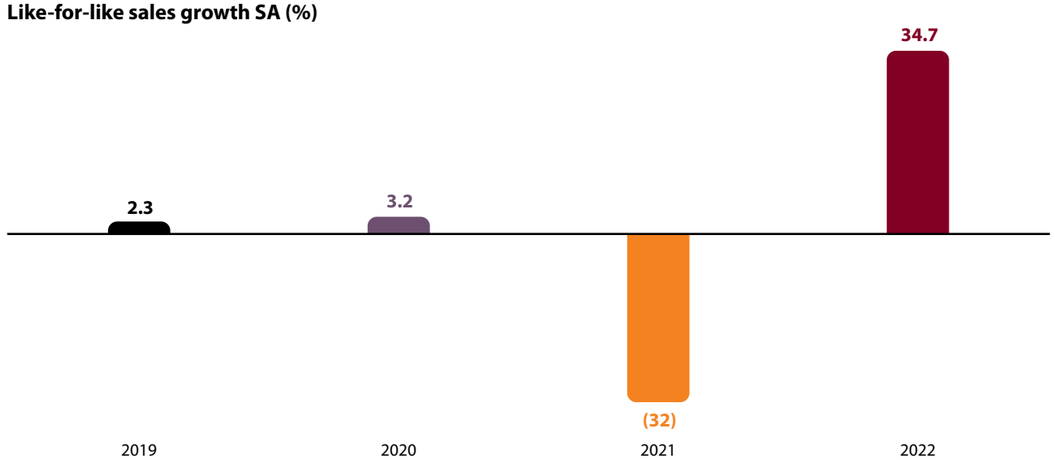
We measure our performance through internal research metrics and like-for-like sales growth.

2022 | What we did	2023 | What we will do
• Focussed on specific brands and rationalise our brand portfolio to eliminate distractions and grow successfully. • Invested in technology, capacity, capability and partnerships to remain at the forefront and competitive within the home delivery marketplace. • Invested in Manufacturing and Logistics capabilities and overhauled asset care practices. • Delivered much better efficiencies in our kitchens, improving franchisee profitability. • Trialled a proof-of-concept cloud-based point-of-sale.	• Execute Leading Brands and Signature Brands annual plans.

Material strategic KPIs

This measure is featured in remuneration incentives *(page 141)*.

Like-for-like sales growth SA (%)



Achieved Underway Not achieved

Prioritise our franchise partners

Evaluation

Our franchise partners represent our brands, which translates into our success. We work hard to develop close, mutually beneficial relationships with them. Regular interactions are conducted with the national franchise forums for each brand and set metrics are evaluated. These metrics are strategic and therefore not disclosed.

2022 | What we did	2023 | What we will do
• Drove consumer activity through value offerings. • Focussed on franchisee profitability and sustainability to survive the impact of the July unrest and COVID-19.	• Support Casual Dining franchisees where necessary through the recovery phase with targeted royalty and marketing fund relief.

Ensure regulatory compliance

Evaluation

We understand that compliance with all relevant regulations and strong relationships with industry authorities permits us to operate and enhances our reputation as a responsible corporate citizen among our stakeholders.

In 2022, we received no fines or penalties related to non-compliance.

2022 | What we did	2023 | What we will do
• Uphold hygiene and health and safety controls and COVID-19 protocols across the business. • We are in the process of developing a regulatory compliance framework. • Ensured the business was ready for POPIA, AARTO Act and amendments to the JSE Listings Requirements. • Maintain and improve our National Occupational Safety Association of SA (NOSA) gradings (3 and 4).	• Complete and implement the regulatory compliance framework. • Enhancing POPIA compliance. • Maintain and improve our NOSA gradings (3 and 4).

Achieved Underway Not achieved

SCORECARD BY STRATEGIC MATTER continued

Develop our people; ongoing commitment to transformation

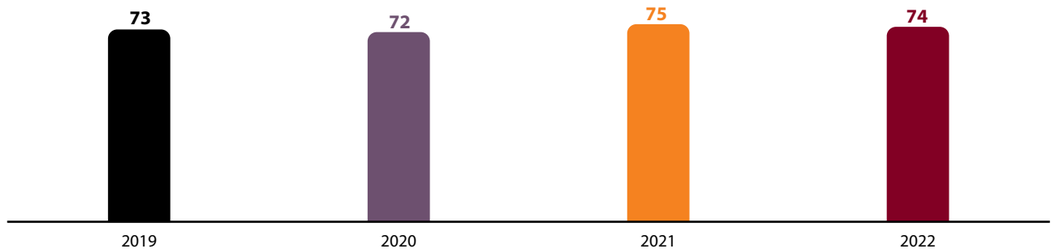
Evaluation

We are a team of results-oriented people operating in a high-performance culture. Human capital is considered a core corporate asset at Famous Brands, and the quality of our people is critical to our success. Mutually beneficial relationships stem from ensuring our people are developed, recognised and rewarded appropriately. We measure success in this category through our annual morale engagement survey, amount of training conducted and completed and BBBEE rating.

2022 | What we did	2023 | What we will do
• Maintained our BBBEE rating through initiatives to address each BBBEE element. • Restarted skills development programmes by re-joining the YES programme. • Scaled up training programmes for employees. • Retained key talent.	• Partner with the YES programme. • Ensure all training and development momentum is back at pre-COVID-19 levels at a minimum.

Material strategic KPIs

Employee engagement survey (%)



BBBEE compliance

Achieved Underway Not achieved

Optimise capital management

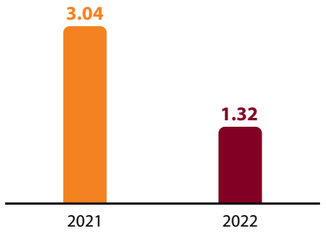
Evaluation

We focus on organic and acquisitive growth in South Africa and other selected markets. Following a series of acquisitions in 2016, the Group's capital structure includes debt as a permanent feature. We need to ensure that capital is correctly deployed to meet operational requirements, service debt, support future growth and pay dividends to shareholders when appropriate.

2022 | What we did	2023 | What we will do
• Increased free cash flow. • Decreased interest-bearing debt. • Improved working capital management. • Tightly controlled the capital investment programme and made prudent capital investment and budgeting decisions.	• Continue to pay down interest-bearing debt. • Seek further improvement in working capital management.

Material strategic KPIs

Net debt to EBITDA (times)



Achieved Underway Not achieved

Unpacking our strategic performance

Our sustainability journey

We recognise the importance of adopting the right tools, resources and practices that will help to create increasingly sustainable products, reduce the usage of resources and improve recycling efficiency.

Sustainability has become a business imperative for the food services industry. Through innovation, policies and better resource practices, we are on a journey to improve our sustainability. We believe that this will benefit our customers and franchise partners, while limiting our impact on the environment.

Sustainability matters are addressed through the Social and Ethics Working Committee with oversight from the Board's Social and Ethics Committee. This ensures senior involvement and integration with the Board. Management has KPIs aligned to sustainability achievements. For example, in Manufacturing, plant managers are incentivised to reduce their electricity and water usage.

Famous Brands have initiatives to encourage recycling among franchisees, and many landlords facilitate recycling at their malls. We have operational standards regarding the responsible disposal of waste products, such as cooking oil.

Our food philosophy

We create food that is good for our customers, employees, franchisees, local communities and the environment. We believe in FOOD with thought:

Focus on the future of communities and the environment

Observing and implementing eco-efficient practices

Open, responsible sourcing

Developing and managing sustainability policies

We commit to developing our FOOD philosophy in line with best practices. This means we will:

- Review and update our goals and timeframes on an ongoing basis.
- Strive to remain responsive to emerging trends impacting health and wellness, sustainability and our communities.
- Be continually mindful of the stakeholders' interests and expectations.
- Be accountable for our actions.

Responsible sourcing

Famous Brands only procures from reputable suppliers once they have been through our extensive vetting process. Most suppliers have service level agreements to specify quality and service standards, and we schedule site visits to ensure that suppliers meet our standards.

Seafood: All our seafood is sustainably sourced. We only purchase seafood from well-managed populations, where these species can handle current fishing pressure or are farmed in a manner that does not harm the environment.

Cage-free eggs: All our brands only use cage-free eggs in their recipes.

Quick fact

Over the past five years, Famous Brands has focussed on buying more from local suppliers. Today, about 85% of products purchased are from local suppliers.

Read more about our local beef project on page 82.

Source: Internal management disclosure.

The United Nations Sustainable Developing Goals

In 2020, we reported our commitment to support and contribute to the achievement of the SDGs. We recognise that our contribution will benefit the citizens in the countries where we operate and support our internal operational efficiency objectives.

We have identified the SDGs that are the most relevant to our business and where we can have the most significant contribution. We have dedicated executive management oversight to these areas.

In 2021, we began identifying aspirational targets for each SDG. In 2022, these were approved by management and our Social and Ethics Committee. We plan to communicate these targets and integrate them into our business processes in 2023.

	Goal	UN SDG target
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls.	• End all forms of discrimination against all women and girls everywhere. • Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. • Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources. • Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels. **Famous Brands opportunity** Strengthen opportunities given to women at all leadership levels. Increase the percentage of women at junior, middle and senior management levels.
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	• By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. • Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services. **Famous Brands opportunities** • Ensure equal work for equal pay across the Group. • Increase the support for Black-owned SMMEs.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	• Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. • Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries. • Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. • By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. **Famous Brands opportunities** • Develop SMMEs within the enterprise and supplier development programme, with a focus on developing one supplier per year. • Created more than two jobs through SMMEs participating in the enterprise and supplier development programme.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	• Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries. • By 2030, achieve the sustainable management and efficient use of natural resources. • By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses. • By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. **Famous Brands opportunity** Decrease our carbon footprint by 25% by 2026.
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.	• Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. • Integrate climate change measures into national policies, strategies and planning. • Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning. **Famous Brands opportunity** Reduce our water usage by 25% by 2026.

OUR SUSTAINABILITY JOURNEY continued

2019

- Our Logistics Supply Chain operation ceased stocking plastic straws.
- All plastic straws were removed from the SA and UK restaurant network and replaced with paper straws.
- We removed all shrink-wrap packaging from our Retail sauce bottles and replaced it with recycled cardboard boxes.

2020

- We began converting all hot take away coffee cups to fully recyclable or compostable alternatives.
- Recycling logos were added to all our plastic cutlery to drive awareness that the material can be recycled and responsibly disposed of.
- Cage-free eggs are in use by Vovo Telo, Mugg & Bean, Fego Caffé, PAUL[1] and Creative Coffees. Effective October 2019, egg products were removed from all manufactured sauces, and a phased roll-out of the sauces commenced.
- All polystyrene was eliminated from our Leading Brands restaurant network and replaced with recyclable packaging.

2021

- Eliminated balloons in Debonairs Pizza, Fishaways, Wimpy SA and AME restaurants.
- Steers concluded the cage-free egg transition in October 2020.
- All brand packaging ranges are 100% recyclable.
- Famous Brands became a signatory to the South Africa Food Loss and Waste Agreement.
- We launched our fully recyclable, compostable and biodegradable packaging into Wimpy to replace the widely used grill and breakfast box.

2022

- All brands, except for Fego Caffé, have converted to fully recyclable take away cups.
- Famous Brands sets targets for selected UN SDGs.
- All operations using cage-free eggs, ahead of the 2025 target.
- Meat plant solar system commissioned.
- Clean-in-place improvement project to step change effectiveness and reduce water usage at the same time for Sauce Plant.
- Refrigeration system for the new KwaZulu-Natal depot will be waterless and reduce electricity usage.

2023

- Solar step change projects planned for Midrand and KwaZulu-Natal sites.

2026

- Famous Brands has committed to reducing food waste by 26%.
- We have plans in place to have reduced our carbon and water usage by 25% vs. 2020.

2030

- In line with the Consumer Goods Council of South Africa's stated goal of reducing food waste by 50% by 2030, Famous Brands has committed to cutting its food waste by 50% compared to the F2022 benchmark.

[1] *Licensed brand by PAUL International.*

Our plastic waste reduction and recycling successes

We constantly review and modify our brand packaging material to align with best practice benchmarks.

We drive our plastic waste reduction and recycling initiatives at the front-end (restaurants) and back-end (Supply Chain).

Since 2019, Famous Brands has led a packaging initiative to provide better, more environmentally friendly packaging across the brands. Today, all Famous Brands procured brand packaging ranges are currently 100% recyclable, and work is now being done to improve our status by accelerating conversion to biodegradable and compostable packaging.

We constantly review and modify our brand packaging material to align with best practice benchmarks.

We are looking at other ways to reduce plastic usage, including bulk packaging rather than single packaging options, changing plastic lids to paper lids, moving milkshake cups to paper cups, and reducing container sizes. With these changes, small reductions can make a big difference. For instance, a change from individually wrapped Wimpy biscuits to bulk wrapping would save about four tonnes of plastic wrapping per year.

In the Manufacturing division, we have stopped shrink-wrapping products, reducing plastic waste and eliminating electricity previously used.

Quick fact

The transition from our standard hot cup to our compostable hot cup began in 2018. Vovo Telo and Mugg & Bean began phasing out the original cup to using compostable cups in 2019. Fego Caffé remains the only brand to move over. This will phase out by October 2022. Challenges with this transition include expensive and imported materials and a lack of local innovation in this space.

Source: Internal management disclosure.

The impact of our initiatives in numbers

Switching from plastic to paper straws reduced our plastic waste by 11 tonnes per year. This is equivalent to 7.8 standard football fields.

Removing balloons from restaurants has reduced our latex waste by 20.4 tonnes per year. The removal of cups and sticks used in conjunction with balloons) has reduced our plastic waste by 26.3 tonnes per year.

Replacing the plastic wrapping of toothpicks with paper wrapping has reduced our cellophane waste by 3.1 tonnes per year.

Removed all shrink-wrapping for Retail sauce bottles in favour of recycled cardboard boxes. Resulting in an average saving of 30.5 tonnes of shrink-wrap packaging per annum.

Extended Producer Responsibility

South Africa must take steps to reduce the amount of packaging waste sent to our country's landfills. For this reason, the Department of Forestry, Fisheries and the Environment implemented new Section 18 regulations to the Waste Act from 5 May 2021. The new Extended Producer Responsibility regulations aim to ensure that producers take responsibility for the life cycle of their products, right through to post-consumer waste disposal. It is hoped that this waste will be increasingly diverted from landfills, and more recycling and other circular economy activities will gain momentum.

Famous Brands has registered with several producer responsibility organisations that manage the Extended Producer Responsibility schemes for various packaging schemes, such as plastic or glass. We are also working with suppliers to ensure that they are registered. There are only two producer responsibility organisations that we have not signed up with, namely MetPac SA and the Glass Recycling Co. Our metal and glass suppliers have signed up with these organisations and will report on our behalf.

We are awaiting further clarity from the government on the levy schedule for the different packaging types. The minister is yet to communicate the fees for the various substrates and start dates for reporting. Some suppliers have included an additional fee into their pricing to Famous Brands which covers the Extended Producer Responsibility fee. This is then paid to the Producer Responsibility Organisation. On the other hand, some suppliers are yet to charge the Extended Producer Responsibility fee.

We also registered with the Department of Forestry, Fisheries and the Environment by 5 November 2021. We are 100% compliant with Section 18 requirements as legislated by the department.

	Substrate	PRO	Comment
Famous Brands Management Company (Pty) Ltd	Glass	The glass recycling company	Not registered – supplier Consol registered
	Metal	Metpac	Not registered – supplier Nampak registered
	Paper	Fibre Circle	Registered
	Plastic	Polyco	Registered
Famous Brands Coffee Company (Pty) Ltd	Plastic	Polyco	Registered
Marathon Holdings (Pty) Ltd	Paper	Fibre Circle	Registered
	Plastic	Polyco	Registered

South Africa Food Loss and Waste Agreement

Our overall food waste in our Manufacturing division is less than 1% of input. We hope to reduce this by 50% by 2026.

In 2021, Famous Brands became a core signatory to the South Africa Food Loss and Waste Agreement. This agreement was developed by the Consumer Goods Council of South Africa and the Department of Trade, Industry and Competition together with the Department of Forestry, Fisheries and the Environment. Famous Brands has committed to:

- Work with the government, food sector and associated organisations to achieve the SDG target, which states that "by 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses".
- Adopt the food utilisation hierarchy, which prioritises increased food utilisation and food waste reduction, followed by the redistribution of edible, nutritious surplus food for human consumption and the creation of secondary markets for surplus food, taking food safety into account.
- Confidentially report our annual quantities of food waste and quantities diverted to food surplus redistribution, according to the agreed reporting protocol. In 2021, Famous Brands submitted our food waste figures, with pleasing reductions in waste.

Our efforts will be focussed on:

- Meeting our commitment to reduce food waste in our Manufacturing division by 50% by 2030.
- Identifying food loss and waste arising from our operations and isolating the underlying causes.
- Ensuring that food safety is maintained at every level.
- Building our partnership with non-profit SA Harvest to re-distribute edible surplus food to those in need.

We have an established partnership with the charitable organisation SA Harvest whose motto is 'Rescuing Food, Fighting Hunger'. This relationship began during COVID-19 when Famous Brands management worked closely with the organisation to re-distribute stock that our hibernated operations could not use. We continue to work with them and other non-profits to distribute food close to its expiry date.

Quick fact

We are always investigating ways to reduce our food waste in our Manufacturing division. The potato skins not used when making chips and the whey that is a by-product of cheese production are taken by pig farmers and become animal feed. This way we prevent these by-products from going to the landfill and contribute to a more circular economy.

Source: Internal management disclosure.

Better for You awareness

We consider the Department of Health's goals of reducing obesity and encouraging healthier lifestyles in designing our menus. Our extensive menus across our brands cater to dietary restrictions, food allergies, intolerances and lifestyle choices.

Our Leading Brands' menus highlight a 'Better for You' offering, including vegetarian and vegan options and sugar-free sodas, at a lower price than the regular soda. At Steers, sugary beverages may be swapped out for bottled water at no extra cost. Steers no longer promotes upselling, to disincentivise upsizing of meals. Fishaways promote a range of 'Healthier for you' meals under 500 calories.

Wimpy UK and our Leading Brands, except for Milky Lane, all have full kilojoule counts on their menus. We plan to roll out kilojoule counts on Milky Lane's menu in 2023. Full nutritional guidelines, including a list of allergens, are displayed on our Leading Brands' websites to help customers make informed choices. Customer feedback indicates that having kilojoule counts available is helpful and does guide their decision making.

We offer vegetarian and vegan options across our menus. We have improved our bun and sauce recipes to exclude eggs, which makes them allergen and vegan friendly.

Our TruFruit juice range was reformulated to reduce sugar to be below the sugar-tax threshold.

Environmental report

Famous Brands is committed to high standards of environmental responsibility and continuous improvements against our targets.

Our Environmental and Climate Change Policy

Our Environmental and Climate Change Policy outlines our commitment to responsible environmental practices and continuous improvement. This policy includes measures to limit air pollution, use more sustainable packaging, invest in renewable energy, and cut water and energy usage.

Since this policy was developed, we have made solid progress in achieving our environmental targets. We see the greatest opportunity in reducing food waste across the front-end and back-end and reducing our energy consumption. This includes investing in solar energy at key sites where the high investment is justified.

Our environmental focus areas

Manufacturing	• Investigating alternative cleaner fuel and energy options (with lower GHG emission factors), including planned renewable energy projects. • Use of improved quality refrigerants to reduce electricity consumption. • Efficient water usage and effluent management are set against a continuous improvement target. • New plant design focussed on responsible consumption. • Maximising recycling opportunities for our general waste. • Responsible sourcing of sustainable food products for processing. • Responsible re-use or redistribution of food through the donation of excess food products.
Logistics	• Optimisation of transport efficiencies in our Logistics fleet. • Better route planning and reduction in the number of trips. • Responsible redistribution of near expiry date stock through donations to identified charities. • Use of improved quality refrigerants to reduce electricity consumption.
Brands	• Maximising recycling opportunities for our general waste. • Rolling out fully biodegradable and compostable take away coffee cups. • All brand packaging ranges are currently 100% recyclable. • Reduction in food wastage through portion control and made-to-order practices in our restaurants. • Responsible re-use or redistribution of food through the donation of excess food products.

Our electricity and water usage

The Group's consumption of non-renewable resources on a geographical basis is detailed on page 76. All energy sources have increased compared to last year.

Carbon footprint report

Famous Brands has aligned its carbon footprint assessment methods with global best practices. This approach allows the Group to adequately prepare for the potential introduction of a carbon tax while proactively reducing its overall carbon footprint. Although Famous Brands is below the threshold for paying carbon tax, all sites are registered for carbon tax with SARS.

Famous Brands conducted a detailed assessment of the Group's carbon footprint for its Manufacturing and Logistics divisions and Company-owned restaurants. The Group does not have equity in nor financial or operational control of franchised restaurants, and the franchise operations are not included in this assessment. This assessment focussed on:

- **Scope 1:** Identifying and quantifying direct GHG emissions that will require reporting to the Department of Environment, Forestry and Fisheries, and be liable for the carbon tax. Direct emissions include mobile fuel combustion (own fleet) and stationary fuel combustion (on-site equipment).
- **Scope 2 and 3:** Understanding the primary sources of indirect GHG emissions contributing to the Group's overall carbon footprint. Indirect emissions include purchased electricity, water supply and waste disposal.

The Group's total GHG emissions in 2022 by scope and division are detailed below.

Scope	Emission source	Manufacturing tCO_2e	Logistics tCO_2e	Total tCO_2e	% increase/ (decrease)
Scope 1 32.42%	Mobile fuel combustion	**102.69**	**7 497.33**	**7 600.02**	**32.39**
	Stationary fuel combustion	**9 404.84**	**49.37**	**9 454.21**	**36.33**
	Total Scope 1 emissions	**9 507.53**	**7 546.70**	**17 054.23**	**36.80**
Scope 2 64.84%	Purchased electricity, heat and steam	**26 117.70**	**7 988.94**	**34 106.64**	**173.58**
	Total Scope 2 emissions	**26 117.70**	**7 988.94**	**34 106.64**	**19.82**
	Total Scope 1 + 2 emissions	**35 625.23**	**15 535.64**	**51 160.87**	**24.99**
Scope 3 2.74%	Purchased goods and services and water supply	**498.10**	**25.36**	**523.46**	**45.54**
	Waste generated in operations	**738.02**	**179.74**	**917.76**	**46.14**
	Total Scope 3 emissions	**1 236.12**	**205.10**	**1 441.22**	**45.92**
All scopes	**Total Scope 1, 2 and 3 emissions**	**36 861.35**	**15 740.74**	**52 602.09**	**25.49**
Division contribution		**70.08%**	**29.92%**	**100%**	

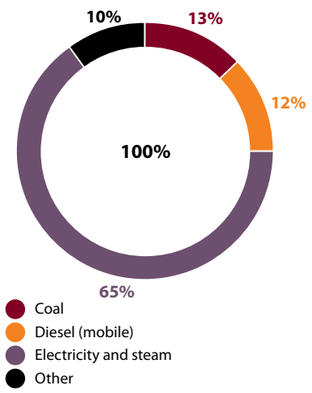
The Group's consumption of non-renewable resources on a geographical basis is detailed below. All energy sources have increased in the year under review compared to the comparable periods in the previous years.

ENVIRONMENTAL REPORT continued

Input	Unit of measurement	2021	2022
SA operations: Manufacturing and Logistics divisions			
Water	kilolitres	287 201	**363 906**
Energy			
Electricity	MWh	25 366	**29 301**
Electricity – solar	MWh	548	**650**
Diesel	kilolitres	1 461	**2 010**
Petrol	kilolitres	452	**635**
Paraffin	kilolitres	54	**67**
Liquefied petroleum gas	tonnes	32	**37**
Natural gas	gigajoules	29 257	**34 886**
Coal	tonnes	2 121	**2 827**
Steam*	tonnes	6 617	**7 754**
CO_2 emissions	metric tonnes CO_2e		**52 602**
Direct		14 961	**17 054**
Indirect		25 970	**34 106**
SA operations: Signature brands excluding Group associates			
Electricity			
All Company-owned restaurants	MWh	1 084	**1 779**
Water			
All Company-owned restaurants	kilolitres	5 584	**11 143**
Botswana			
Electricity			
All Company-owned restaurants	MwH	3 833	**4 148**
Headquarters	MwH	60	**139**
Water			
All Company-owned restaurants	kilolitres	30 285	**32 218**
Headquarters	kilolitres	112	**164**
Kenya			
Electricity			
All Company-owned restaurants	MwH	128	**272**
Water			
All Company-owned restaurants	kilolitres	697	**1 419**

** Supplied from a third-party coal user.*

Emissions source tCO_2e



Emissions across Scope 1, Scope 2 and Scope 3 increased by 25.49% year-on-year due to higher activity levels as the front-end of the business recovered.

- Mobile fuel usage increased by 32.39%, while stationary fuel increased by 36.33%. This is due to more activity for our fleet and the burning of fuel in our generators due to load shedding.
- Purchased electricity usage increased by 34.45%.
- Water usage in our operations increased by 23.29%, while water supply emissions climbed 45.54%.
- Waste generated in our operations was 1 556.52 tonnes for a mix of industrial and commercial waste to landfill. Emissions related to waste were calculated at 917.76 metric tonnes CO_2e, increasing 46.14% year-on-year.

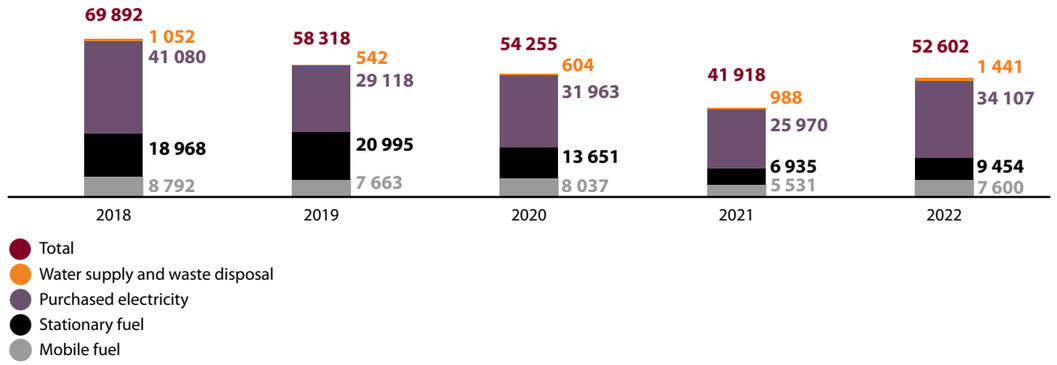
Despite the increased operational activity in 2022, our emissions have been kept within our targeted ranges due to:

- A Group-wide utilities savings awareness programme.
- Employee awareness campaigns to encourage environmentally responsible behaviour.
- Smart metering of electricity, water and key fuel usage tied to key performance indicators.
- Fuel type conversion to lower carbon fuels.
- The annual electricity generated from solar systems increased during the year.
- Close monitoring and evaluation of new generators.
- Cultivating potatoes closer to the Lamberts Bay Foods processing plant to reduce the travel emissions.

We are targeting a 25% improvement in our water and carbon usage per case of production between 2022 and 2026. We have identified the following focus areas to reduce our carbon footprint further:

- Enhancing plant efficiencies to produce more units per hour of plant time.
- Switching to low carbon fuels where practical (for example, less coal and paraffin and more gas and solar).
- Improving electricity usage by refrigerators.
- Fleet route optimisation to reduce the number of trips required.
- Investing in new solar installations (The solar plants on The Meat Plant switched on in February 2022).
- Managing our utility usage at our largest plants (The Meat Plant, Cater Chain, Lamberts Bay Foods and our Midrand Campus).

Carbon footprint by type (2018 to 2022) (tCO_2e)



Transformation report

We view transformation as a social, moral and strategic business imperative. We strive to foster a more equal and inclusive society through the ongoing transformation of our business and initiatives that improve the lives of previously disadvantaged South Africans.

Famous Brands works towards an employee demographic that represents South Africa. We have made good strides to transform our business over the years. We observe the principles of equality and fair treatment in all operations and interactions with employees.

In South Africa, our business transformation strategy follows the objectives of the Department of Trade and Industry's BBBEE Codes of Good Practice. In 2021, Famous Brands moved from the CATHSSETA (Tourism and Hospitality) to the FOODBEVSETA (Food and Beverages), which is more aligned with our business activities.

Together with our executive leadership team, our Group Transformation Manager is responsible for executing our BBBEE transformation strategy across the business. Transformation is monitored by the Social and Ethics Working Committee and the Board's Social and Ethics Committee. We follow best practices and align our activities with the 10 Principles of the United Nations Global Compact. We ensure that we operate according to high standards of responsibility, ethics and accountability.

The BBBEE scorecard

We aim to improve our scores across the five elements of the BBBEE. These are ownership, management control, skills development, enterprise and supplier development and socio-economic development. We have moved from being non-compliant in 2018 to a level 4 rating in 2022. The consistent progress achieved in improving our BBBEE score is depicted on page 64.

This report provides details on our progress, targets and outlook regarding our transformation journey. While much progress has been achieved, we acknowledge that there is much work still to be done. We believe that the strategies to entrench diversity in the boardroom, our workforce and our supply base are gaining momentum.

BBBEE score analysis

Composition of our BBBEE scorecard	Target points	2022	2021
Ownership	27.00	**9.82**	11.46
Management control	19.00	**15.01**	14.43
• Board representation	6.00	**5.27**	5.27
• Employment equity	13.00	**9.74**	9.11
Skills development	20.00	**20.00**	19.76
Enterprise and supplier development	40.00	**34.61**	31.32
• Procurement	25.00	**19.61**	15.32
• Supplier development	10.00	**10.00**	10.00
• Enterprise development	5.00	**5.00**	5.00
Socio-economic development	5.00	**5.00**	5.00
Total	110	**84.43**	81.97
Level contributor status		**4**	4

Ownership

The ownership element measures the effective ownership of enterprises by Black people, including how they are entitled to the voting rights and economic interest associated with the equity holding. Voting rights afford the rights to determine strategic and operational policies of an enterprise, while economic interests result in the accumulation of wealth by Black people.

Black ownership decreased from 14.4% in 2021 to 12.08% in 2022, based on an analysis of mandated investments. Famous Brands shares are publicly traded on the JSE, and many of our shareholders are ordinary South Africans who own shares through their pension funds and other investments. We commit to continue monitoring our ownership status while listed on the JSE.

Management control

Management control is exerted through the Company's governing bodies, including the Board and executive management. At the time of verification in September 2021, the Board comprised 40% Black directors, with Black women making up 30%. *Read more about our Board and Exco composition on page 111.*

Employment equity

The employment equity element measures initiatives intended to promote equal opportunity and fair treatment in the workplace under the regulations of the Employment Equity Act, No 55 of 1998. At Famous Brands, diversity is our strength, and employees have equal access to opportunities and resources and are encouraged to contribute to Famous Brands' success.

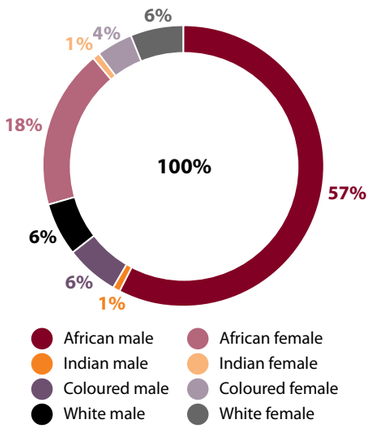
We improved our employment equity score from 9.11 to 9.74. This is a true reflection of the commitment to targets we set with the Department of Labour.

	Male				Female				
Occupational Levels	**African**	**Coloured**	**Indian**	**White and desig-nated groups**	**African**	**Coloured**	**Indian**	**White and desig-nated groups**	**Total**
Executive Management	**0**	**0**	**0**	**1**	**1**	**0**	**0**	**0**	**2**
Other Executive Management	**6**	**2**	**4**	**25**	**2**	**1**	**2**	**10**	**52**
Senior Management	**3**	**0**	**1**	**4**	**0**	**0**	**0**	**2**	**10**
Middle Management	**43**	**7**	**15**	**55**	**39**	**1**	**10**	**51**	**221**
Junior Management	**250**	**46**	**11**	**31**	**96**	**25**	**14**	**37**	**510**
Semi-skilled	**491**	**32**	**3**	**5**	**96**	**12**	**2**	**15**	**656**
Unskilled	**311**	**30**	**0**	**1**	**117**	**36**	**0**	**0**	**495**
Total	**1 104**	**117**	**34**	**122**	**351**	**75**	**28**	**115**	**1 946**
Disabilities	**37**	**17**	**0**	**0**	**38**	**5**	**0**	**0**	**97**

TRANSFORMATION REPORT continued

71%	29%	88%	115%
Male	*Female*	*Black (ACI)*	*People with disability 100% (ACI)*

Total workforce



Skills development

Famous Brands engages, develops and retains a high-value workforce by investing in skills development programmes.

The skills development element measures the extent to which the Company provides ongoing training and development of the core technical skills and competencies of Black people to support their performance and career progression while also enriching the local labour pool.

Our talent development is a key focus that supports our transformation journey. Management continuously improves the necessary integration between employment equity and talent development while delivering a value-adding learning and development strategy. Key projects included our learnership and internship programmes which provided an opportunity to 167 young Black South Africans.

We spent approximately 85% of our total skills development budget on the development of Black employees across all levels. Of this, 15% was spent at senior and executive management levels.

The HR teams play a critical role in developing employees and assisting the business in achieving its objectives. Training initiatives include the Executive Development Programme, International Executive Development Programme, Managers Challenge, People with Disability Programme, learnerships and internships.

R4.7 million	R409 000	167	71
Spent on disabled training and development	*Spent on bursaries*	*Learnerships and internships for Black people*	*learnerships for people living with disabilities*

Case study: Saying yes to YES

Establishing a Barista training programme will set Famous Brands apart from its competitors in the preparation of coffee while setting new and improved industry standards.

In February 2022, we announced the launch of the Famous Brands Academy Barista Learnership. We have partnered with the Youth Employment Service (YES) Programme to offer 120 unemployed youths a 12-month work placement.

The youths will begin a training course focussed on coffee and the skills required to be outstanding baristas. They will also undergo the Training Institute's Team Members training, covering all aspects of working in a restaurant. They will be placed in franchise partners' stores to gain crucial work experience for the remainder of their 12-month learnerships. The youths will gain the experience they need to secure a full-time position, while Famous Brands also benefits from a talent pipeline of trained baristas to place in our stores.

They will also complete the YES readiness training programme with 25 modules on life skills, such as money management and digital literacy.

Darren Hele signed the YES CEO pledge to fully commit to this programme. YES is a South African non-profit that brings together business, government and labour to address South Africa's youth unemployment crisis. Since being founded three years ago, YES has worked with over 1 814 South African companies to create more than 70 400 work experiences.

The YES initiative allows for up to two BBBEE levels of enhanced BBBEE status recognition. This depends on the level of job creation against the prescribed targets and the subsequent absorption of the youths.

Enterprise and supplier development

The enterprise and supplier development element comprises preferential procurement and enterprise and supplier development. It is designed to widen market access for entities to integrate them into the mainstream of the economy by encouraging the adoption of BBBEE.

Preferential procurement refers to the extent to which Famous Brands buys goods and services from suppliers with excellent BBBEE credentials. Enterprise and supplier development refers to the monetary and non-monetary support to develop and foster new or existing small and micro Black-owned enterprises.

The increase in our score for preferential procurement reflects our commitment to increased investment in procuring from Black, Black women-owned and qualifying small and micro-enterprises.

We are actively investing in the transformation of our Supply Chain. We focus on understanding the contributor level of each supplier in the database. Suppliers between non-compliant and a level 5 contributor status are assisted with a transformation plan or replaced with a qualifying supplier. We also track BBBEE certificates and monitor our supply chain BBBEE initiatives each month.

1 875	R2.45 billion	R360.8 million
Suppliers supported	*Spend with qualifying BBBEE suppliers*	*Spend with small and medium enterprises*

TRANSFORMATION REPORT continued

777	R1.01 billion	R897 million
Small and medium enterprise suppliers supported	Spend with >51% black-owned suppliers	Spent with Black women-owned suppliers

Enterprise and supplier development

We continue to invest in enterprise and supplier development projects that add supplier diversity and embark on new projects that add value to our Supply Chain. Below are some of the key initiatives:

Berlin Beef

Famous Brands is working to enhance sustainable cattle production in previously disadvantaged communities to improve their economic participation in the red meat value chain and create Black commercial beef farmers.

Famous Brands has supported the Berlin Beef project since 2018. The next exciting project in development is the Eastern Cape Beef Breeding Cluster.

More than 75% of cattle slaughtered countrywide are finished in feedlots. More than 90% of slaughtered stock comes from the commercial sector, despite the fact that 40% of cattle are farmed by smallholder farmers.

The main limitations of smallholder livestock production are poor genetic make-up of the cattle and natural resources management. These limitations affect the quality and consistency of production and reduce the marketability of livestock.

This project seeks to improve the quality of the existing cattle by introducing suitable and adaptable genetic material that will be accepted by the formal market. In addition, the project trains and capacitates farmers on natural resources management to enhance livestock production. This will allow smallholder farmers to take advantage of the market opportunity provided by the Berlin Beef and Famous Brands partnership.

The project targets 200 Black smallholder farmers and 1 000 communal farmers based in 200 villages in the Eastern Cape. The project will allocate 200 breeding bulls and 10 000 breeding heifers to these emerging farmers. Each village has an average of 40 households, and this will result in economic benefit to approximately 8 000 families located in the participating villages.

Famous Brands will benefit from receiving a consistent supply of high-quality, locally produced beef. This beef is from a BBBEE compliant supplier ensuring that Famous Brands receives enterprise and supplier development points from this initiative.

Berlin Beef initiative in numbers

R5 million	220	16 500
Famous Brands will contribute a total of R20 million made up of R5 million per year over four years	Black Eastern Cape beef farms are supported by the initiative	Calves on farms are taken care of by Black and/or land reform farmers under the mentorship and supervision of the fund

900	3 500
Jobs were created by this initiative	People are direct and indirect beneficiaries creating community development in the Eastern Cape

Owner-Driver Programme

Our Owner-Driver Programme was developed in 2010 to assist Black drivers in starting their own businesses. The primary objective behind the programme's implementation was to drive efficiencies and improve productivity and customer service levels in our distribution network.

Owner-Driver Programme in numbers

37	115	R4.6 million
Owner-drivers	Direct jobs created	In cases delivered to our stores

Socio-economic development

Socio-economic development contributions are those financial or non-financial contributions to individuals or communities where at least 75% of the beneficiaries are classified as Black. Our socio-economic development initiatives are rooted in supporting and investing in our communities. A few of our key initiatives are included below:

S.A. HARVEST Rescuing food • Fighting hunger	**R1.47 million** was invested in food donations to the community reaching 5 000 beneficiaries in four provinces within South Africa.
VARSITY Sports	**R7 million** was invested in grassroots sports development reaching over 400 beneficiaries across six sporting codes in five provinces within South Africa.
CUPCAKES HOPE	**R1 million** was donated to support children who have cancer.

Outlook

We remain committed to identifying additional strategies for all BBBEE elements to create value and contribute positively to society. As agreed with the BBBEE Commission, we have moved our BBBEE verification timeline and will issue our BBBEE certificate by end August 2022. Our commitment is linked to the ever-changing legislative requirements, and we strive to ensure compliance which will add value to all stakeholders involved.

Investing in consumer-facing technology

Famous Brands has invested in consumer-facing technology for several years. This investment is increasingly relevant post-COVID-19 as consumers interact with brands in the digital space.

The restaurant industry has evolved over the past decade and at a rapid pace, primarily due to new technology and evolving customer preferences. Customers do not want to wait long for their food. They want the option of delivery, collection, or dining in the restaurant.

The planning cycle for technology projects follows a one-year roadmap, which leads into a three-year strategy. A cross-functional working group manages technology projects at Famous Brands, coordinates the allocated budget and aligns projects to the overarching corporate strategy. The working group consists of senior management from different brands and disciplines.

COVID-19 has accelerated some technology projects that were not on the original plan. These are not new developments but rather enhancements to current technology platforms. An example of this is the popular Kerbside Collect option.

Quick fact

In 2022, we revamped the Debonairs Pizza website to provide customers with a fresh and intuitive experience.

We invested in search engine optimisation to improve our search rankings on Google. We ensure that all our brand websites are easily discoverable on Google.

Source: Internal management disclosure.

INVESTING IN CONSUMER-FACING TECHNOLOGY continued

Enabling the delivery environment	We have invested in **delivery technology solutions** to enable the delivery environment. We continue to invest in enhancements, especially in the Quick Service Restaurant space, including **driver tracking.** Most customers interact with the brands through their smartphones, so Famous Brands needs to consider a mobile-first approach. As data is expensive, we also need to offer different channels, including the call centre and website. Customers use the most convenient channel at the time and use different channels at different times. Our brands' mobile applications are promoted in-store, on product packaging, and through advertising activities.
Better data for decision making	We have moved to formalise our **database infrastructure** in the cloud, to bring all customer data onto one platform. This will allow us to analyse data and compare data between brands. We are compliant with POPIA. We use our customer data to segment our customers. We communicate the right message using the right channel to reach the right customer.
Rewarding customers with loyalty programmes	In an industry that is so closely tied to economic fluctuations, restaurants depend on customer loyalty for survival. Our **customer loyalty programmes**, especially at Casual Dining Restaurants, boost revenues by providing upselling opportunities. Customers seek out rewards programmes when the economy is weak. Our **e-vouchering** capabilities allow brands to remove plastic card-based vouchers that are simple to purchase and issue and apply to all brands within the Famous Brands ecosystem.
Minimal contact solutions	**Contactless payment** options are becoming more important to customers. These options help keep customers age by letting them tap or swipe to pay for their orders. This prevents unwanted physical contact between customers and employees at a time when safety and social distancing are critical. Safety, speed, and efficiency have always been essential pieces of the dining experience, and COVID-19 has amplified the demand for these factors. **Order and pay at table technology** allow customers to order and pay for the meal from the convenience and safety of their device. This also improves table turn times and hospitality while providing valuable data to better understand customers. **Self-service terminals** are a growing trend and becoming a major feature of Quick Service and Casual Dining Restaurants. These provide a top-notch digital experience through easy-to-use interfaces. They also give customers more control over the ordering process, making it easier to customise their orders and reduce errors. A well-designed terminal can increase the average transaction size using upsell prompts, and order volume while shortening queues.
Improving operational efficiencies at restaurants	We investigate and implement **back-of-house technology** solutions to help franchise partners and Company-owned restaurants run better businesses. For example, there is technology to manage the queues in the drive-thru by identifying bottlenecks. We support franchise partners and managers in Company-owned stores with training on using the technology. **Point-of-sale** is no longer simply the cash register but is becoming the brain of a restaurant operation. Point-of-sale has migrated to the cloud, allowing for cost savings, efficiencies and better data insights. This includes monitoring stock management and security footage through the point-of-sale. We trialled a new point-of-sale with positive results and will be rolling it out for new stores and revamps for specific brands. We will continue to investigate new point-of-sale solutions as the technology changes, and renewal cycles come up.

Corporate social investment report

Famous Brands CSI Programme is deliberate, focussed and coherent. It relies on long-term partnerships with non-profit partners and commitment from franchisees.

Famous Brands' CSI Programme is professionally managed, guided by a policy framework and is seen as strategic to the business and brand building across our brand portfolio. Certain CSI activities qualify for recognition under the socio-economic development pillar of the BBBEE scorecard.

CSI activities are coordinated by the Transformation Office, with input from the Social and Ethics Working Committee and oversight from the Board's Social and Ethics Committee. Franchisees also run their own CSI activities, with guidance from Famous Brands, and franchisees' contributions are acknowledged at annual brand conferences.

CSI programme's strategic objectives

Our CSI policy and activities focus on:

- Long-term partnerships with reputable CSI partner organisations.
- Initiatives that enjoy broad-based stakeholder support while avoiding unsustainable relationships and handout tendencies.
- Programmes that actively consult the beneficiaries in the programme design, implementation and evaluation.
- Quantifying the costs and benefits of the programmes selected in terms of their ability to contribute to capacity building, improving quality of life and sustainable development.
- Defining the roles and responsibilities of stakeholders and beneficiaries, with a specific emphasis on financial controls and corporate governance compliance.
- Contribute to the socio-economic upliftment of historically disadvantaged communities.
- Improving relationships with our existing stakeholders and engaging new stakeholders.

Current CSI initiatives

Each brand within the Leading Brands portfolio has its own CSI initiative, some established, some new, and some in development. Each CSI initiative is linked to the brand story, and activities elevate the profile of recipient non-profits, and funds raised to allow them to sustain their activities.

Sport is a major focus for certain Leading Brands.

Since 2019, Steers has sponsored the Varsity Cup and Varsity Shield, contests that showcase the best up-and-coming rugby players. Steers also connects players with various scholarship programmes to ensure players continue with their education.

Our CSI approach is evolving from being about 'what we do' to becoming 'who we are'.

In the future, we hope to drive more franchisee involvement in CSI activities and encourage employees at restaurants to promote campaigns and assist customers in taking part. This will require training, messaging and reward and recognition for employees. We also plan to showcase more prominent CSI promotional material at restaurants.

Quick fact

COVID-19 has impacted our CSI activities. Lower footfalls in malls, trading restrictions, and a weak economy have made fundraising more difficult. Famous Brands has adapted to these challenges by extending the timeframes used for fundraising campaigns and promoting donations through brand websites and apps.

Source: Internal management disclosure.

Steers ROUNDA

According to Statistics South Africa, 11% of the population (6.5 million people) suffer from hunger. Steers has partnered with ROUNDA since 2018 to combat hunger and alleviate poverty in South Africa. ROUNDA is an initiative by the Nikela Charity Funding and Development Trust. The initiative, which runs both in-store and online, allows customers to donate an additional R1 with the purchase of any Steers product.

ROUNDA has fed thousands of hungry stomachs and enabled the building of five Shout libraries across South Africa. These libraries provide access to books for many South Africans who would not otherwise enjoy the benefits of reading. For Nikela Trust's 2022 financial year, (March 2021 to February 2022), with the support of employees and franchise partners, Steers raised R1.07 million to donate to ROUNDA for running feeding schemes, supporting early childhood development and education programmes, and supported sick and vulnerable individuals, all working collectively to reduce the impact of hunger. The total collected for ROUNDA through Steers from inception is more than R4.2 million.

Debonairs Doughnation

Debonairs Pizza's Doughnation is a community project that started in 2012 that uses excess pizza dough to make flatbreads delivered to organisations that feed children, the elderly, and families in need. Doughnation runs across South Africa and Botswana.

After the unrest in KwaZulu-Natal in July 2022, Debonairs supported the charities they already support with an additional R2 million.

Wimpy and Reach for a Dream

Wimpy has supported Reach for a Dream since 2013. This charity foundation helps children with life-threatening illnesses fulfil their dreams. Customers can purchase a sticker for Slipper Day for R20 or donate. For every sticker purchased, or every donation over R20, Wimpy will reward customers with a free coffee to be enjoyed on Slipper Day.

Wimpy began the Cups for Votes initiative in 2009. On 1 November 2021, Wimpy once again incentivised South Africans to vote in the national municipal elections by rewarding them with a free Wimpy coffee for voting. Customers responded positively to the campaign with high social media engagement rates.

The Wimpy Cups for Vacs initiative began in August 2021 when the COVID-19 vaccination programme became widely available. Wimpy rewards customers with a free coffee with proof of vaccination within 48-hours of receiving the jab.

As part of Wimpy's sponsorship of Lifesavers South Africa, Wimpy created the 'Hero of the Month' award for a lifesaver who has made an outstanding contribution to lifesaving. The recipient received a Wimpy voucher. Wimpy also sponsored the Lifesaving Surfboat Shootout, where lifesavers race boats branded in Wimpy branding.

Case study: Mugg & Bean and Cupcakes of Hope

Since 2012, Mugg & Bean has been a proud supporter of Cupcakes of Hope, which assists families dealing with childhood cancer with day-to-day financial assistance. The brand's ethos of generosity envisaged by the Mugg & Bean founders provides a natural fit with the valuable work undertaken by Cupcakes of Hope. The initial collaboration involved in-store activations encouraging customers to order specially developed cupcakes in our restaurants, with the proceeds donated to the non-profit.

Each subsequent year as Cupcakes of Hope supported more families, Mugg & Bean also expanded its activity. The brand enabled customers and franchisees to join in contributing more. The relationship evolved from purely a financial contribution to a true partnership. Franchisees actively participate in projects and activities run by Cupcakes of Hope. Mugg & Bean also linked its heritage giant muffin range to the campaign, allowing for a better fit for the brand and its products.

After the challenging COVID-19 period, Mugg & Bean launched its most ambitious Muffins for Kids with Cancer campaign in September 2021. In the spirit of partnership with the franchise network, Mugg & Bean donated R5 from every muffin sold. This was split 50/50 between Mugg & Bean and the franchisees.

Mugg & Bean also launched an exciting Giant Monster Muffin and received complimentary TV airtime from our media partners in addition to in-store, digital, out-of-home and social media elements. A comprehensive campaign and franchisee-driven activities allowed Mugg & Bean to raise R1.1 million for Cupcakes for Hope. This allows the organisation to assist over 200 families.

Milky Lane and the Smile Foundation

Milky Lane has partnered with the Smile Foundation since 2018. Milky Lane hosts fun events, including cycling challenges, to raise funds for the foundation.

Established in 2007, the Smile Foundation has helped provide plastic and reconstructive surgery to more than 4 000 children living with facial abnormalities, including cleft lip and palate, facial paralysis and burns. Milky Lane celebrates children who have undergone the surgery with NiceCream cakes, Stix and Conez for the celebration hosted for children and their families.

Tembisa Feeding Scheme

Famous Brands Head Office has supported Tembisa Child and Family Welfare since 2020. The canteen at the Famous Brands Midrand Campus supports the organisation through a daily feeding scheme for 80 children and staff members.

Tembisa Child and Family Welfare was established in 1986 to care for abandoned, abused and neglected children and HIV/AIDS infected orphans. Ideally, the organisation places children with foster or adoptive families. Where this is not possible, children are placed in two children's homes. The organisation also creates local employment through projects such as a sewing school, a bakery, food gardening and soap recycling.

Operational review

Impact of COVID-19 on the industry

COVID-19 forced restaurants to adapt quickly and changed the way consumers experience dining.

Some of these shifts include the adoption of contactless technology, a rise in take away and delivery sales, a preference for outdoor dining, adjusted staffing levels, and menu rationalisation. Consumers remain under financial pressure in most markets, and many can no longer eat out as frequently.

COVID-19 directly impacted our business along four key themes:

Restrictions and health concerns
- Trading activity remains muted due to restrictions related to sit-down dining, seated capacity, trading times and alcohol sales.
- Research indicates that fear of contracting COVID-19 remains a first or second barrier to consumers eating at a sit-down restaurant.

Financial-related impacts
- Consumers are eating out less due to financial constraints.
- Consumers increasingly look for value purchases.
- Work from home has reduced the frequency of dining at Casual Dining Restaurants.

Travel-related impacts
- Lower domestic and international travel levels resulted in lower numbers of travellers through airports, leading to lower turnover from these sites.
- Lower levels of domestic travel and restrictions on travel to and from Gauteng decreased turnover for our highway and transient sites.

School, sport and event-related impacts
- Limited in-person schooling and no school sport limit movement, directly impacting impulse purchases to and from venues.
- Limited sporting and cultural events also limit impulse purchases as consumers are on the road less.

Famous Brands has explored several ways to draw foot traffic and boost revenues. All our brands ensured that hygiene standards and COVID-19 protocols were upheld.

Menus
We continue to operate with reduced menus for many brands to simplify restaurant operations without compromising consumer choice.

We continue our menu engineering principles to improve delivery menus to ensure that consumers receive the best quality take away product.

Price increases and promotions
We strive to keep menu price increases below food inflation to remain competitive, and this is essential when consumer spending power has declined significantly.

Promotional activities focus on value for money propositions. Reduced trading hours in SA and other AME markets have required a renewed focus for casual dining on lunch and breakfast promotions as evening trade has been subdued.

Take away and delivery channels
Both Leading and Signature Brands embraced take away and delivery, including kerbside pick-up, own delivery and third-party delivery, order ahead options and increasing drive-through capacity. Adopting technology to enable enhanced service is critical to this channel shift. Tamper-proof food safety stickers were implemented across own delivery and third-party aggregators and have proven to be an industry differentiator.

Operational planning
Our operational planning focuses on business sustainability, adherence to all COVID-19 health and safety protocols and maintaining the highest brand and quality standards while offering a superior customer experience.

Customer safety remains at the heart of all we do.

New payment options
Contactless and mobile payment options have become crucial.

Important definitions

System-wide sales refer to sales reported by all restaurants across the network, including new restaurants opened during the year.

Like-for-like sales refer to sales reported by all restaurants across the network, excluding restaurants opened or closed during the year.

Leading Brands' sales refer to sales of the Leading Brands trading in SA.

Signature Brands' sales refer to franchises and Company-owned store sales in SA as well as cross-border sales where the brand is not managed by the AME management team.

Brands summary

Our Brands portfolio consists of Leading Brands and Signature Brands. The Leading (mainstream) Brands portfolio is segmented into Quick Service Restaurants and Casual Dining Restaurants brands.

Our brands are represented through a network of 2 758 franchised and 66 Company-owned restaurants in SA, AME and the UK.

Salient features – Global footprint

	Start of 2022	New stores	Converted stores	Revamped stores	Stores closed	End of 2022	Segment revenue (%)	Like-for-like sales growth (%)	Operating margin (%)
AME	**266**	31	–	20	10	**287**	5.3	14.9	9.9
SA	**2 436**	86	2	123	54	**2 470**	14.1	34.7	10.1
Leading Brands	**2 275**	81	2	123	40	**2 318**	11.9	33.0	48.0
Signature Brands	**161**	5	–	–	14	**152**	2.2	59.3	(5.3)
UK	**71**	1	–	6	5	**67**	2	23.8	(6.1)
	2 773	118	2	149	69	**2 824**			

SA

Salient features – SA	Leading Brands 2021	Leading Brands 2022
Segment revenue (%)	10.0	**11.9**
Like-for-like sales growth (%)	(29)	**33.0**
Operating margin (%)	33.4	**48.0**
Total number of restaurants	2 275	**2 318**
New restaurants opened	69	**81**
Number of restaurants converted	2	**2**
Number of restaurants revamped	77	**122**
Number of restaurants closed	51	**40**

In 2022, the South African restaurant industry faced headwinds due to COVID-19 restrictions, consumer apprehension regarding eating out and poor economic conditions. The civil unrest experienced in July slowed the local economic recovery, COVID-19 restrictions related to the third and fourth wave and a poor tourism season in December.

This has been an incredibly challenging period for our franchise partners. Famous Brands continues to provide ongoing direct financial support to affected franchise partners in the form of royalty and marketing fee breaks.

For the first three months of the financial year, capacity was limited to 100 people or 50% of the available capacity. For the second three months, the capacity limit was 50 people. Sit-down dining was not permitted for the first two weeks of July. Alcohol and trading time restrictions due to curfews further dampened performance.

Combined system-wide sales across our Leading and Signature Brands improved 37.1%, and like-for-like sales increased by 34.7%. Leading Brands' system-wide sales improved by 35.8%, while like-for-like sales grew by 33.0%. Signature Brands' system-wide sales improved 55.1%, and like-for-like sales improved by 59.3%.

Impact of July's unrest on SA operations

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 18 July 2021, and several Famous Brands' and franchisee properties suffered varying degrees of damage. The total number of restaurants damaged and rendered non-operational was 99, the majority being in KwaZulu-Natal.

At the height of the unrest, all our KwaZulu-Natal restaurants and numerous in Gauteng closed for a few days. Across all brands, we recorded a total loss of 4 111 restaurant trading days due to these closures.

Famous Brands provided ongoing support to franchisees impacted by the riots in royalty relief, assistance with insurance claims and bridging finance between restoration and insurance payouts.

Leading brands portfolio: Quick Service

Quick Service	Start of 2022	New stores	Converted stores	Revamped stores	Stores closed	End of 2022
Steers	**632**	18	1	32	9	**642**
Debonairs Pizza	**610**	36	1	48	2	**645**
Fishaways	**248**	6	0	13	6	**248**
Milky Lane	**85**	5	0	3	1	**89**
Giramundo	**4**	0	0	0	2	**2**
Wakaberry	**3**	0	0	0	1	**2**
Total	**1 582**	65	2	96	21	**1 628**

Established in the 1960s in South Africa, Steers is a well-loved hamburger brand known for its legendary 100% pure flame-grilled burgers, hand-cut chips, fresh ingredients and real flavour.

Key developments and initiatives

- Steers experienced a positive shift in day trading activity with consumers returning to work, including lunch and mid-afternoon activity.
- Supply chain uncertainty and the rise in input costs, most notably on beef, oil and packaging, impacted the pricing strategy and margins. Steers implemented a margin protection pricing strategy with an average price increase of 5.7%.
- National promotions were anchored in real customer occasions and were executed through advertising, in-store messaging and online promotions.
- Wacky Wednesday continues to drive sales activity for online orders and in-restaurant trade. Despite a higher price point, Wacky Wednesday volumes have remained largely intact.
- Steers amplified its own delivery with promotions on television, social and digital media to grow the remote convenience channel to meet customer demand.
- The brand continued its strong association with Varsity Cup Rugby to reach the next generation of customers with televised SuperSport games on DSTV. Unfortunately, some games were interrupted due to COVID-19 lockdowns.
- Steers grew its store footprint by 18 new restaurants and one conversion despite a challenging environment. This included opening five new drive-thrus.

Areas of focus in 2022

- Margin protection through price increases and menu engineering.
- Growing own delivery channel and leveraging third-party delivery aggregators.
- Continued the roll-out of self-service terminals and digital screens.
- Rebuilding restaurant network after July's unrest.

Focus for 2023

- Grow delivery on own platform and third-party delivery platforms.
- Continue to roll out self-service terminals and digital screens across all restaurants.
- Promotions to entice customers back to breakfast and dinner options.
- Investment in media spend to support the promotional strategy around clearly articulated customer occasions.
- Deliver improved profitability for the franchise partners.
- Continue to push own delivery online offers with exclusive promotions to retain current users and attract new users to the Steers app and own delivery platform.
- Ensuring the affordability of products is a priority, especially on the Real Value products, including the burger and flame-grilled chicken categories.

Awards

- Steers received notable mentions achieving 2nd place in Coolest Sauces, Coolest Fast Food Place at 5th place, and 6th place on Coolest Restaurant categories of the Sunday Times Generation Next Awards.

Debonairs Pizza is a market-leading Quick Service Restaurant brand that owes its popularity to an unwavering focus on pizza innovation, cutting edge customer-interactive technology and free home delivery, which it pioneered in 1996.

Key developments and initiatives

- Sales performance exceeded expectations despite the operating environment.
- July's unrest impacted the Debonairs Pizza network, with 63 restaurants closing for a period. By year-end, only six restaurants remained closed.
- Debonairs Pizza's online ordering channel continues to grow while call centre volumes decline further. The most significant shift in customer behaviour has been the increase in ordering for in-store collection.
- Sales on third-party aggregator platforms continued to grow substantially with demand from a high-income customer base who prefer the convenience of an aggregator app, rather than individual brand apps.
- Demand for larger sharing meals declined while smaller meal-for-one purchases increased.
- Promoted good value offers, including sharing meals and meal and drink combos.
- We targeted the home delivery group meal occasion by promoting the exceptional sharing value of our flagship products.
- The brand continues to drive affinity through its association with soccer, specifically television sponsorships of SABC's Soccer Laduma and Soccer 411 and expanding its reach to include a sponsorship package that offers full coverage of all DSTV SuperSport soccer tournaments.
- The brand opened 36 new restaurants with only two restaurant closures.

Areas of focus in 2022

- Grew delivery via third-party aggregators.
- Upgrading our delivery software.
- Relaunched the brand website.
- Marketing campaigns to drive the brand's value offerings and sharing bundles.
- Rebuilding restaurant network after July's unrest.

Focus for 2023

- Continue to offer customers exceptional value despite inflationary pressures.
- Recover more costs from delivery given the rising petrol price.
- Continue to invest in leading consumer-facing technology.
- All new restaurants will implement self-service terminals.
- Begin the process of converting all restaurant in-store menus to digital.
- Rolling out new systems to enable monitoring of order preparation time, introducing measures to reduce order prep time, increase capacity and exceed customer expectations.
- Continue the national roll-out of new delivery software.
- Launching a new Debonairs Pizza express container concept to take pizza to communities that cannot easily access our restaurant offering.

Awards

- Debonairs Pizza was voted the 2nd Coolest Fast Food Brand in the Sunday Times Next Generation Awards 2021. The brand was voted the Most Reputable Fast Food Brand in South Africa in the 2021 Top Companies South Africa Reputation Index. In addition, Debonairs Pizza was acknowledged as the 2nd Most Reputable Company in South Africa, outranking many other major brands.
- The brand's advertising received attention, with two of its social media campaigns winning awards at the 2021 Assegai Integrated Marketing Awards, including a Gold Assegai Award for a delivery campaign.

Fishaways is South Africa's leading Quick Service Restaurant seafood brand, offering uncompromisingly fresh and nutritious seafood-based meals that cater to the discerning and health-conscious consumer.

Key developments and initiatives

- Fishaways' performance improved thanks to growing brand awareness and offering the right products and price points.
- Fishaways was left relatively unscathed by July's unrest. The brand closed nine stores, and seven of them had reopened by year-end.
- The customer shift towards family occasions at home resulted in an uptick in sharing meals.
- The spent per customer dining at the restaurant has increased.
- The margins have come under pressure due to rising input costs, especially cooking oil and packaging.
- Take away continues to grow, accelerated by COVID-19.
- The brand opened six new restaurants

Awards

- Best of Mbombela: Fishaways voted Best Fish and Chips.
- Best of Bloemfontein: Fishaways voted Best Fish and Chips.

Areas of focus in 2022

- Focus on operational efficiencies to drive bottom-line profitability for franchisees.
- Maintained a consistent presence on TV promoting value and variety.
- Invested further in Fishaways own delivery platform with live driver tracking to elevate the consumer experience.

Focus for 2023

- Special offers on third-party aggregator platforms to drive sampling of fish dishes to expose South Africans to this meal option.
- Continue to elevate the under 500 calorie menu offerings and exploit the market opportunity for healthier choices.
- Continue to build the Fishaways brands through advertising campaigns which emphasise the value of fish as a component of a healthy lifestyle.
- Develop a Fishaways CSI initiative.
- Continue to leverage and extend the Momentum Multiply partnership.

Since the late 1950s, Milky Lane has been a household favourite in SA, serving deliciously decadent ice cream treats and desserts. Popularly known as the "Feelgood Specialists", this brand is a leader in the indulgence category.

Key developments and initiatives

- Milky Lane relies on holiday trade and experiences its best-performing periods during Easter and the school holidays during October and December.
- The sit-down channel remains under pressure, with counter sales making up the bulk of the sales mix.
- Milky Lane NiceCream Carts continue to support the network through increased turnover via this new channel. Milky Lane currently has 60 NiceCream Carts trading nationally.
- Continued to grow deliveries through third-party delivery platforms via regular promotions.
- NiceCream Cakes and NiceCream Stix Bundles continue to perform well.
- Downloads of the Milky Lane app continue to grow.

Areas of focus in 2022

- Promoted ordering via the Milky Lane app.
- Expanded delivery via third-party delivery platforms to a national roll-out.

Focus for 2023

- Continued product innovation and more points of purchase to improve appeal and access for consumers.

Awards

- Best Ice Cream Shop in Johannesburg in the Star Readers' Choice Awards.
- Best Ice Cream Shop in Pretoria in the Star Readers' Choice Awards.

OPERATIONAL REVIEW continued

Leading Brands portfolio: Casual Dining

Casual Dining	Start of FY2022	New stores	Revamped stores	Stores closed	End of FY2022
Mugg & Bean	**236**	8	9	10	**234**
Wimpy	**458**	8	17	9	**457**
	694	16	26	19	**691**

MUGG & BEAN

Since opening in 1996, Mugg & Bean restaurants are known for the spirit of generosity, and the brand's bottomless coffee, giant muffins and hearty portion sizes. Mugg & Bean is also accessible to customers through various convenient formats, including On The Move, On The Move Limited Service and On The Move Express.

Key developments and initiatives

- Mugg & Bean's overall performance continues to be impacted by COVID-19 restrictions and changing consumer behaviour in response to the pandemic. This particularly affects sit-down restaurant trade.
- The On The Move format, offering convenient coffee and light meals, continues to perform strongly with turnover growth driven by increased foot traffic and new store openings.
- The July unrest badly impacted the Mugg & Bean brand with 60 restaurants affected, and On The Move restaurants closed at the peak of the unrest. Fortunately, the brand only had one store closed with long-term damage.
- Restaurants offered trimmed-down menus to support franchisees' operational efficiencies. However, selective innovation was introduced to attract customers and differentiate the offering from competitors.
- Menu price increases were kept below food inflation to remain price competitive.
- Mugg & Bean extended its partnership with Discovery Vitality with direct and indirect benefits to the brand.
- Mugg & Bean enhanced its online ordering capabilities by allowing franchisees to sign-up for order online customer functionality. Uptake has been positive in the On The Move format where average order value and repeat orders per store are better than walk-in orders.
- The turnover contribution from third-party delivery continued to grow, however, towards the latter part of the year, this flattened out as sit-down dining numbers improved.

Areas of focus in 2022

- Reduced menus to simplify franchise partners' operations.
- Managed menu price increases below food inflation to remain competitive.
- Cancelled or postponed marketing campaigns that were not essential.
- Ongoing direct financial and non-financial support to our franchisees to guide them through the challenging year.
- Increased use of third-party delivery platforms.
- Rebuilding the restaurant network after July's unrest.

Focus for 2023

- Manage menu price increases and monitor margin pressures.
- Selective innovation in chosen categories to attract customers and drive growth.
- Work closer with Discovery Vitality to evolve the Mugg & Bean offering and increase communication to Discovery's customers, including digital integration.
- Expanding order online capability to sit-down restaurants.

WIMPY

Wimpy is a leading Casual Dining Restaurant and family favourite, built around the idea of "enjoy every moment". The brand is known for its famous Wimpy coffee, all-day breakfasts, burgers and grills, complemented by a delicious selection of shakes and desserts.

Key developments and initiatives

- Many customers did not travel over December due to the fear of tighter lockdown restrictions. This particularly impacted airport sites.
- Wimpy began to steadily recover from November to February compared to pre-COVID-19 levels as vaccination rates increased and fears of COVID-19 subside.
- Third-party delivery continued to grow strongly.
- The menu strategy focussed on maintaining food costs through innovation that included cross-utilisation of ingredients and measures to enhance operational efficiencies in the kitchen.
- In October 2021, Wimpy launched 14 new products to provide customers with good quality and value local flavours.
- Eight new restaurants have opened, four restaurants were relocated and 13 were refurbished.
- Wimpy launched order and pay at tables functionality across all restaurants allowing customers to order on the app for sit-down and take away.

Areas of focus in 2022

- Positioning Wimpy as a welcoming, inclusive family restaurant and enhancing the customer experience.
- Increasing the range of value for money products.
- Building equity around new CSI initiatives.
- Investing in consumer-facing technology.

Focus for 2023

- Roll out self-service terminal units to meet customer expectations of digital and contactless services.
- Continue to position Wimpy as the inclusive restaurant that welcomes all South Africans. Work is underway to translate the entire menu into all 11 national languages.
- Enhance franchisee profitability by improving operational efficiencies.

Awards

- Reach for a Dream Virtual Slipper Week – Orchids Award and Assegai Certificate.
- Wimpy Engen Summer Campaign – Craft Mention.
- 2021 Sunday Times Generation Next Awards – 3rd place in the Coolest Brands to Go Out and Eat Category.

Signature Brands portfolio

Our Signature Brands portfolio comprises a range of bespoke Casual Dining offerings. There are 152 Signature Brands restaurants in South Africa and one Zambia-based Turn 'n Tender. Except for PAUL, which is operated under a licence agreement and all are Company-owned stores, Signature Brands are 100% owned by Famous Brands. The Group operates 10 Company-owned stores within the Signature Brands portfolio.

Signature Brands has segmented its portfolio into the following three categories:

Fun Dining

Mythos is a contemporary Greek restaurant with a traditional spirit, serving time-honoured dishes and modern cuisine in a stylish Mediterranean setting. The authentic dining experience is infused with the customary Greek passion for life.

MYTHOS

With a strong Roman influence, **LUPA Osteria** offers modern yet traditional neighbourhood Italian food in a warm, welcoming environment. From our pasta and sauces to our pizza bases, everything is made from scratch by our talented chefs.

In 1977, four brothers with a love for the finest steak, opened their first **Turn 'n Tender** restaurant, a traditional South African steakhouse. Decades later, the brand has evolved to become a destination for discerning lovers of steak, ribs, burgers and fine wine in a contemporary setting.

Turn 'n Tender

SALSA serves authentic Mexican food prepared traditionally, with an unconventional twist. The cuisine is complemented by craft tequilas and beers and a dining experience that epitomises vibrant and welcoming Mexican entertaining.

Luxury

Founded in 1889 in France, **PAUL**[1] is an internationally renowned fifth-generation family-owned artisanal bakery-café chain. The brand's traditional French offering is served in its trademark chic restaurants, complemented by crafted baked products. Famous Brands holds the licence agreement for PAUL in South Africa.

Vovo Telo is a specialist artisan bakery synonymous with excellence in craft baking, mouth-watering breakfasts and lunches and perfectly brewed coffee. The brand uses local artisanal products, supporting producers who share its respect for quality and integrity.

Captive Markets

Fego Caffé epitomises café-style dining, serving delicious light meals, sweet treats and unparalleled coffee. With the finest beans sourced from South America and Africa, the brand is the connoisseur's choice for an extraordinary coffee experience.

Coffee Couture is a specialised hospital coffee shop brand situated in Mediclinic hospitals nationwide. Coffee Couture's offering comprises tasty meals complemented by a creative coffee offering. The brand also offers a range of gifts and other convenience retail items.

Established in 1965, **House of Coffees** is a specialist coffee shop serving premium coffees and hearty meals. The brand's restaurant patrons enjoy the high-quality coffee blends which are also available in leading retailers nationwide.

Our bespoke **NetCafé** brand was created to cater to the Netcare Group's hospital staff, patients, and visitors. The brand offering comprises a full sit-down menu, a deli section and a retail convenience outlet. Netcare operates the largest private hospital business in South Africa.

OPERATIONAL REVIEW continued

Salient features – SA	Signature Brands 2021	2022
Segment revenue (%)	2	**2**
Like-for-like sales growth (%)	(0.8)	**59.3**
Operating margin (%)	(166.3)	**(5.3)**
Total number of restaurants	162	**152**
New restaurants opened	5	**5**
Number of restaurants revamped and/or converted	1	**1**
Number of restaurants closed	14	**14**

Trading conditions

Signature Brands overall sales turnover bounced back for the year but is still lower than pre-COVID-19 levels. These figures continue to improve each month. Signature Brands are particularly impacted by COVID-19 restrictions such as curfews, capacity reductions and alcohol restrictions. These trading conditions are not conducive to attracting interest from potential new franchisees.

Performance and focus areas

Like-for-like sales were up by 59.3%, while system-wide sales were up 56.1%. Operating margins improved to -5.3% (2021: -41.1% before impairment to goodwill). Delivery remained strong.

Fun Dining

The Fun Dining category experienced strong growth in the first quarter of the year. This growth was eroded by the restrictions that followed the third and fourth COVID-19 waves.

Captive Markets

NetCafé and Coffee Couture, which operate in Netcare and Mediclinic hospitals, are the hardest hit by COVID-19 trading restrictions. These restrictions include one visitor per patient per day, no casual visitors, limited visits from hospital suppliers and sales representatives and a ban on the sit-down service. While some restrictions are loosening, sales turnovers are tracking way below pre-COVID-19 levels. These are expected to recover in 2023.

Vovo Telo's restaurants are primarily located in local residential malls. The brand's strong coffee, breakfast and lunch offering performed well, almost reaching pre-COVID sales.

Luxury

PAUL[1] was the best-performing restaurant in the portfolio for the second consecutive year. These restaurants have strong day trading attributes, rely less on alcohol sales and evening trade, and are less affected by the COVID-19 curfew and alcohol restrictions. In 2022, the brand opened three new restaurants in premium shopping precincts.

Optimising our operating structure

In 2021, Signature Brands completed the strategy of rationalising its portfolio. In 2022, the focus shifted to optimising the operating structure to support the growth of the portfolio categories.

In 2022, Famous Brands bought out the minority shareholders in LUPA Osteria and Turn 'n Tender. All four Fun Dining brands are now 100% owned by Famous Brands. This change in ownership structure allowed the Signature Brands team to consolidate the management structure into an efficient services hub to support each portfolio category, providing dedicated procurement, finance, menu development, IT and franchise services.

Quick fact

Diners have no reservations about naming PAUL[1] the Best Bistro and Best French Restaurant in the Best of Joburg Awards. Here is what the judges said: "A big merci beaucoup to PAUL for keeping the bistro vibes going. We love the French-inspired menu, and as for those pastries – well, surely one won't hurt."

Source: Best of Joburg Awards.

Famous Brands completed a corporate restructure where the Fun Dining franchised businesses were consolidated into one entity called FB Signature Brands. The Company-owned restaurants were sold into a newly created entity called FB Signature Brands Co Stores. This change simplifies the corporate structure.

Turn 'n Tender's central kitchen, which was housed in a separate entity, was sold to Cater Chain in February 2022. This was completed as a processing facility does not fit within a franchise business. The move is sure to unlock synergies for Cater Chain. Cater Chain is 75% owned by Famous Brands.

Supporting franchisees

Famous Brands continues to support franchisees across the portfolio. This support included a reduction of franchise fees for the full year according to a sliding scale. A special compensation was made during the June and July 2021 lockdown and liquor restrictions where franchisees were granted a 50% reduction in franchise fees.

Many franchisees are struggling with cash flow issues as they await the finalisation of insurance payouts. Famous Brands has spent significant time negotiating with landlords on behalf of franchisees regarding rental arrears due to COVID-19. Paying back these arrears is an ongoing challenge for several franchisees and negatively impacts cash flow and the ability of franchisees to re-invest in their restaurants.

Signature Brands designed streamlined menus to simplify restaurant operations and improve margins. This also allowed the restaurants to operate with fewer employees to ensure their businesses could survive in low turnover environments.

Awards in 2022

Turn 'n Tender	SALSA	Mythos	LUPA Osteria	PAUL[1]
• Best of Joburg – Best Steakhouse • Best of Ekurhuleni – Best Rare Rump Steak – Joint Winner Best Restaurant for Business Lunch • Best of Mbombela – Best Steakhouse	• Best of Joburg – Best Mexican Restaurant • Best of Ekurhuleni – Best Mexican Restaurant • Best of Bloem – Best Mexican Restaurant	• Best of Joburg – Best Greek Restaurant • Best of Pretoria – Best Greek and Mediterranean Restaurant	• Best of Joburg – Best Sit-down Pizzeria	• Best of Joburg – Best Bistro and Best French Restaurant

Focus for 2023

While Signature Brands now has a tight portfolio of brands, there are strategic gaps to be filled. In April 2022, Famous Brands acquired a 51% shareholding in Lexi's Healthy Eatery. Lexi's, whose slogan is 'Eat more plants', is a Casual Dining Restaurant brand, offering a full-service, sit-down, plant-based dining experience across breakfast, lunch and dinner. The acquisition includes the franchise and the central kitchen operations of the business.

In 2023, Famous Brands will incorporate this acquisition into the Signature Brands stable and develop an expansion strategy for Lexi's. These plans include expanding the eatery into a Quick Service Restaurant brand and developing its products for the retail supermarket space.

In 2023, Famous Brands plans to develop exciting Quick Service Restaurant Formats based on brands within the Fun Dining category. The plan is to launch some of these formats in the coming year.

Other focus areas for 2023 include:

- Grow selected brands in SA.
- Capitalise on good sites becoming available at competitive rentals.
- Improve franchisee profitability through operational efficiencies.
- Expand and enhance the usage of third-party delivery platforms.

[1] *Licensed brand by PAUL International.*

AME

The Group operates in 16 countries in the AME region, outside of South Africa.

AME	Start of 2022	New stores	Revamped stores	Stores closed	End of 2022
Debonairs Pizza	**99**	18	9	4	**113**
Steers	**41**	4	5	1	**44**
Wimpy	**25**	1	0	1	**25**
Fishaways	**7**	0	0	1	**6**
Mugg & Bean	**28**	4	2	1	**31**
Milky Lane	**9**	0	2	0	**9**
Total	**209**	27	18	8	**228**
Keg	**5**	0	1	0	**5**
Europa	**1**	0	0	0	**1**
Mr Bigg's	**51**	4	1	2	**53**
Total	**57**	4	1	2	**59**
AME total	**266**	31	20	10	**287**

	Leading and Signature Brands	
Salient features – AME	**2021**	**2022**
Segment revenue (%)	6	**5**
Operating margin (%)	9.5	**9.9**
Total number of restaurants	266	**287**
New restaurants opened	13	**31**
Number of restaurants revamped and/or converted	7	**20**
Number of restaurants closed	57	**10**

Trading conditions

The impact of COVID-19 gradually reduced during 2022, with most markets recovering to 2020 trading levels by year-end. All AME markets experienced some COVID-19 restrictions, including border closures, curfews, travel bans and health and safety protocols. While several African countries started vaccination programmes, vaccination rates tend to be low. Ten restaurants closed permanently during 2022 as a direct result of COVID-19.

Performance and focus areas

The AME region delivered solid results, with revenue increasing by 9% to R345 million (2021: R316 million). System-wide sales in this region increased by 19.5% but are still below pre-pandemic levels. The operating profit increased to R34 million (2021: R30 million).

The region achieved significant growth in the delivery sales across Quick Service Restaurant brands in Botswana, Ethiopia, Kenya, Nigeria and Sudan. Debonairs Pizza and Steers delivery apps were launched in Kenya. A new format dark kitchen store was opened for Debonairs Pizza in the United Arab Emirates in response to the ongoing customer shift to online platforms.

The Mugg & Bean On The Move format was launched in Angola at four Total Energies sites in Luanda.

Famous Brands continues to grow its Company-owned footprint in Africa. Four new Company-owned Mr Bigg's restaurants opened in Nigeria, and one Debonairs Pizza. A Debonairs Pizza and one Steers restaurant opened in Kenya. Company-owned restaurants introduce new brands to markets and drive faster scalability. They also allow Famous Brands to set the benchmark standards for those brands and develop sustainable business models for future franchisees.

Famous Brands assisted franchises by providing reduced royalties and extended payment terms to support the overall continued sustainability of the brand networks.

Restaurant revamps and relocation activity increased versus the prior year, with 20 projects completed.

Focus for 2023

We aim to grow our footprint selectively in the AME region through strategic partnerships, geographic expansion and Company-owned restaurants. We will continue investing in establishing Company-owned restaurant networks in Nigeria and Kenya.

We plan to enhance our online ordering, call centre and social media platform capabilities across key markets. This includes launching the Debonairs Pizza and Steers delivery apps in Zambia.

UK

Famous Brands operates the Casual Dining Restaurant Brand Wimpy in the UK.

	Wimpy	
Salient features – UK	**2021**	**2022**
Segment revenue (%)	2	**2**
Operating margin (%)*	12.8	**12.8**
Total number of restaurants	71	**67**
New restaurants opened	5	**1**
Number of restaurants revamped and/or converted	7	**6**
Number of restaurants closed	1	**5**

* *Operating margin before impairment loss.*

Trading conditions

The UK began 2021 in a lockdown period where restaurants could only offer delivery and take away services. Lockdown measures were eased in May 2021, allowing indoor hospitability to re-open with social distancing measures in place. In July 2021, all restrictions were lifted, including social distancing, allowing restaurants to operate without any seating limits.

The UK restaurant industry faces challenges due to significant utility price increases, rising food inflation, supply chain disruptions, fuel cost increases and poor labour availability.

Performance and focus areas

The UK recorded revenue of R133 million (2021: R112 million) and operating profit improved 18% to R17 million (2021: R14 million) before an impairment loss. The operating margin for the year was 12.8%, indicating no change from 2021 before impairment to goodwill. Delivery sales declined reflecting that more customers had returned to dining in restaurants.

While the pandemic placed additional pressure on the UK restaurant industry, Wimpy maximised trade through all available channels. Famous Brands continued to support its franchisees. Focus areas included digital marketing, especially digital social activity and national in-store marketing campaigns. This marketing drive assisted in boosting sales.

The Wimpy team maintained a consistent level of supply to restaurants despite supply chain issues and shortages of both food products and paper products within the UK.

Focus for 2023

Wimpy begins 2023 with four new restaurants in development. The brand will work on improving operational efficiencies, grow the franchise network, and steadily roll out Wimpy revamps to enhance the brand in the region.

OPERATIONAL REVIEW continued

Supply Chain

Our integrated Supply Chain comprises the Manufacturing, Logistics and Retail operations that support our Brands pillar in SA and selected African countries. The primary function of our Supply Chain is to provide a competitive advantage to franchise partners through efficient supply, product innovation and margin management. These businesses are managed and measured independently.

Most of our manufacturing plants are wholly owned, but we also operate certain partially owned subsidiaries. The Retail business sells condiments (sauces, dressings, spices), frozen meat products, coffee (ground and beans), frozen chips and other value-added products.

	Manufacturing		Logistics		Retail	
Salient features	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Segment revenue (R million)	2 118	**2 770**	2 994	**4 052**	151	**222**
Segment operating profit (R million)	181	**299**	(13)	**60**	1	**2**
Operating margin (%)	8.6	**10.8**	(0.4)	**1.5**	0.5	**1**
Capex (R million)	20	**57**	4	**3**	–	**–**

Manufacturing

Trading conditions

Over the year, South Africa has seen significant food inflation, peaking at 6.9%. Our basket price pressures were mainly from beef, green coffee beans, milk and whey powders, oil and spices. The stronger Rand has helped soften some significant increases in commodity prices.

COVID-19 continues to disrupt supply chains with a global shortage of vessels and containers, resulting in higher shipping costs, higher costs of imported goods and longer shipping timelines.

Extreme food safety precautions had to be taken, more than in pre-pandemic times. Safety protocols would dictate a potential plant shutdown in the event of COVID-19 high-risk safety breaches.

While the Eastern Cape is still experiencing a drought, better summer rains have improved dam levels and support good agricultural production. Water scarcity and electricity availability require operational focus to drive consumption efficiencies and contribute to cleaner operations.

Hygiene, health and safety standards and COVID-19 protocols were rolled out across all operations. We focus on a leader-led safety culture across the Supply Chain. Asset care practices apply across the value chain and ensure sufficient maintenance capex. The focus of asset care is on safety and environmental impact factors.

Performance and focus areas

Manufacturing turnover increased by 31% to R2.8 billion (2021: R2.1 billion) driven by increased demand from the front end of the value chain. Operating profit was up 65% on the prior year. All plants turnovers were up on the previous year thanks to good volumes and some inflationary increases. Production volumes are up by between 8% and 38%, depending on the product line. Products with higher Quick Service Restaurant exposure continue to perform better than those with high Casual Dining Restaurant exposure. Demand from Retail sales continued to grow.

In April 2021, Famous Brands sold its shareholding in the Famous Brands Great Bakery Company. At the end of January 2022, the Gauteng Bakery operation based at Midrand was closed. All employees were offered alternative employment within the Group while 11 employees opted for retrenchment.

In 2022, Famous Brands began the National Occupational Safety Association of SA (NOSA) audit system, and no plant was rated below three stars. Our sauce plant, coffee plant, Turn 'n Tender central kitchen, TruBev and Midrand meat plant all achieved four stars in 2022. We aim to achieve a four star rating or better for all sites in 2023.

Famous Brands monitors customer complaints across all plants and saw a reduction of customer complaints, with the notable exception of the Famous Brands Cheese Company, which was affected by product recalls and had a poor year in terms of its performance metrics. These included two proactive, plant-initiated product recalls due to the quality of the batches involved not meeting our agreed brand and quality standards. A batch of our cheese slices was recalled, before it was dispatched to customers, due to a potential contamination detected by our laboratory, that later passed all quality checks. Several mozzarella batches produced in September and October 2021, were recalled due to poor in-store store product performance, The stock was returned from both customers and our depots to the plant and replaced at no cost to customers. Additional pre-dispatch quality checks were added to prevent this happening again.

In addition, Manufacturing focussed on the following key initiatives for 2022:

- An ESG roadmap was developed.
- New and improved products were developed.
- Famous Brands Coffee Company moved to a new, more efficient site.
- A two-year wage negotiation aligned with a consumer price index (CPI)-based approach was concluded.
- Major hazardous installation gaps were resolved at the Midrand Head Office and Midrand Meat Plant.
- Implemented a new bacon production system to manage pork costs. Lamberts Bay Foods migrated to the Group's finance system, Sage X3, eliminating the need for month-end merging of numbers for consolidation and simplifying training and system requirements.
- Person machine interface, an additional module of our main maintenance management system, was introduced and implemented at the Famous Brands Ice Cream Plant. This allows for hour by hour tracking of throughput and quality control for the plant.

Capex increased to R57 million (2021: R20 million), including deferred projects from 2021.

Food safety risk was managed well, and no plant stoppages occurred during the year. 100% food safety accreditation at all manufacturing facilities was achieved.

Focus for 2023

- Enhancing efficiencies and reducing costs to improve the overall profitability of the Group and franchisees.
- Implementing the first phases of the ESG roadmap.
- Rolling out person machine interface to all plants.
- Key system upgrades to allow for greater monitoring and insights.
- Maintaining and improving NOSA ratings.
- Turnaround performance of Cheese plant.
- Repurpose now closed Gauteng Bakery plant.
- Commission coffee grounds recycling facility.

Logistics

Salient features	2021	2022
Number of trucks	109	**104**
Number of owner-drivers	28	**28**
% of cases delivered by owner-drivers	42	**56**
Energy consumption (diesel, petrol, other) (litres)	1 853 511	**2 519 462**
CO_2 emissions	5 414	**7 600**

Performance and focus areas

The performance of Logistics improved due to the easing of COVID-19 restrictions, although this was slowed down by the COVID-19 third and fourth wave and July's civil unrest. July's taxi strike in the Western Cape also slowed the recovery in that province. Logistics turnover increased by 35% to R4 billion (2021: R3 billion). The operating margin increased to 1.5% (2021: -0.4%), while national case volumes grew by 53.5%.

July's unrest in Gauteng and KwaZulu-Natal significantly impacted the Logistics business. Revenue losses to the KwaZulu-Natal logistics division amounted to approximately R62 million. The KwaZulu-Natal Distribution Centre was damaged and closed for three weeks before it became fully operational. Our business continuity plan ensured we delivered stock to franchisees through cross-docking and the use of other depots. This proved to be a good stress test for our business continuity plan.

Famous Brands extended the lease of the Crown Mines Distribution Centre until 2024 while the depot's relocation project is in process. We reviewed the layout of the Eastern Cape Province Distribution Centre to increase capacity and efficiency and extended the lease to 2024 while we discuss commercial rates for possible future expansion. The new KwaZulu-Natal Distribution Centre was approved, and we are finalising the lease and development agreements.

The fleet mix review per depot was completed with the reallocation in progress. We upgraded various systems to unlock operational efficiencies and gain greater visibility of key metrics. This included upgrading the drivers' tracking system with dashcams and other tools to improve driver behaviour and safety.

We implemented an AARTO management system to align with the new AARTO Act that went live in July 2021. The implementation process included a review of all policies and procedures associated with the act.

Thanks to a renewed and continuous management focus on safety, all depots achieved a four-star NOSA rating for safety.

Capital expenditure of R3 million (2021: R4 million) was incurred.

Focus for 2023

- Replacement of the warehouse management system to drive productivity and efficiency.
- Ongoing benchmarking of processes, costs and margins to enhance efficiencies and reduce operating costs.
- Relocating and commissioning the new KwaZulu-Natal Distribution Centre targeted for November 2022.
- Focussed evaluations of key personnel to enhance capability and competency development.
- Implement a water-saving project in the Western Cape Province Distribution Centre by reusing the condensed water runoff from the freezers.
- Continued focus on managing and reducing negative environmental impacts.

Retail

Performance and focus areas

The Retail business continued with its strong performance with a 47% increase in sales to R222 million (2021: R151 million). This is in line with the trend towards increased home consumption. We launched 16 new product lines, including dressings, sauces, private label and own-brand coffee blends and a new type of meat patty. While the introduction of new products was slow in the first half of 2022 due to retailers looking to limit in-store promotions due to COVID-19, new product introductions have picked up.

Focus for 2023

Famous Brands plans to grow the Retail business by launching a minimum of 12 new products, promoting the existing products and growing the number of outlets where products are sold. New product innovation includes a Wimpy range of chips, hash browns, skinny fries and thick-cut fries. Pricing will remain under pressure as food input costs increase.

Group associates

Famous Brands holds strategic stakes in the following entities: UAC Restaurants Limited in Nigeria and Sauce Advertising, DHQ and FoodConnect in SA.

UAC restaurants	Sauce Advertising	FoodConnect	DHQ
Shareholding owned by the Group	Shareholding owned by the Group	Shareholding owned by the Group	Shareholding owned by the Group
49%	**37%**	**49%**	**49%**
This business comprises the Mr Bigg's and Debonairs Pizza brands in Nigeria, as well as a central kitchen (bakery and manufacturing) and distribution component.	Sauce Advertising assists the Group by providing enhanced marketing capabilities and leveraging marketing spend to improve the business's competence in the digital market.	FoodConnect is a sales and distribution business in the food and beverage sector. It owns the rights to the Group's Baltimore ice cream brand and distributes the product to third parties. This provides Famous Brands with a strategic route-to-market. As a Level 2 BBBEE contributor, FoodConnect supports the Group's transformation agenda.	In March 2021, Famous Brands Design Studio (Pty) Ltd, a non-core asset trading as DHQ transitioned to an associate company. DHQ provides restaurant planning and design services to the Group and third-party clients. Famous Brands now holds 49% (formerly 60%) after the creation of the DHQ employees' share trust. Famous Brands donated the shares to the trust.

Applying strong corporate governance

Governance at a glance

97%
Average Board and Committee meeting attendance

278 years
Board members' aggregate years of experience

60%
Board independence

30% female
Gender diversity

Good corporate governance is essential to ensure that Famous Brands' entrepreneurial energy is matched with the appropriate checks and balances.

Compliance Statement

The Board confirms that for the year ended 28 February 2022, the Group complies with the provisions of the Companies Act and is operating in conformity with its Memorandum of Incorporation. The Board further confirms the application of the King IV™ Code of Corporate Governance.

The Group's King IV application register is available at https://famousbrands.co.za/governance/king-iv-register/

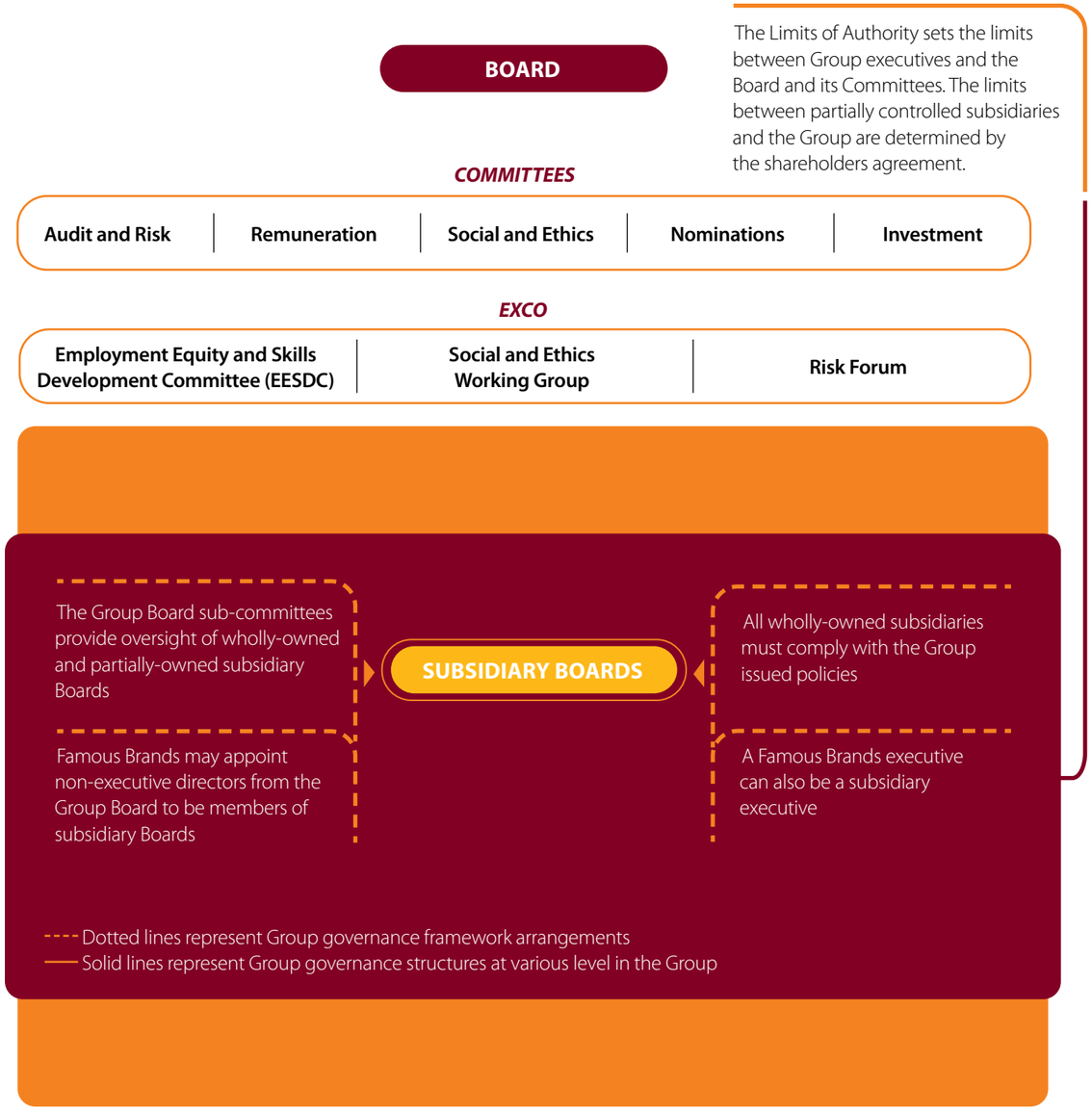
Major Board decisions

- Approved the continued support to franchisees through royalty and marketing fee reductions and deferrals.
- Approved the appointment of Deon Fredericks as the Group Financial Director.
- Approved the appointment of Fagmeedah Petersen-Cook and Busisiwe Mathe to the Board.
- Approved the minority shareholder buy-outs in LUPA Osteria and Turn 'n Tender.
- Approved the purchase of the 51% shareholding interest in Lexi's Healthy Eatery.
- Approved the closure of Gauteng Bakery.
- Approved the sale of Famous Brands Great Bakery Company.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Board Charter for the 2022 financial year.

The Board and its Committees have Charters that are reviewed on an annual basis. The latest reviews took place in 2022, and where necessary, the Charters were amended or updated in line with the King IV recommendations and the JSE Listings Requirements.

Governance structure and framework



The Board is satisfied that the Limits of Authority Framework contributes to role clarity, accountability and the effective exercise of authority and responsibilities.

Our approach to governance and leadership

The Board is the ultimate custodian of corporate governance. As outlined in the Board Charter, directors are required, individually and collectively, to exemplify the characteristics of integrity, competence, accountability and transparency.

Our governance approach

Our governance philosophy is critical to our business approach and guided by our seven core values, established more than five decades ago. *Refer to page 21 for our business values.*
The Board and management exercise effective leadership by following these values and applying the King IV principles, which result in the four good governance outcomes of ethical and effective leadership, sustainable value creation, effective controls and oversight as well as trust and confidence in the Group.

Board composition

Aligned with King IV and the Board Charter, the Board comprises a majority of independent non-executive directors (six), two non-executive directors and two executive directors, being the CEO and Group Financial Director. The Board is satisfied with the level of independence on the Board.

Board diversity and balance of skills and experience

The Board appreciates the value of diversity, including gender, race, age, experience and expertise. The Board has a broad Diversity Policy, which is incorporated in the Nominations Committee Charter.

The Board is satisfied with the Board's size and diversity. Although no targets have been set for race representation in the membership of the Board, the Board has set a target of 35% of gender representation by 2024 as part of its focus on SDG 5 (gender equality).

Succession planning is in place for the CEO and other key non-executive and executive positions.

Rotation and changes to the Board

Chris Boulle, John Lee Halamandres and Alex Maditse will retire by rotation and have made themselves available for re-election at the AGM and the Board supports their re-election.

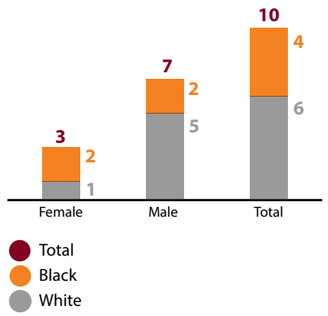
Santie Botha has served more than nine years on the Board.
The Board has assessed her independence and is satisfied that she exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence her unduly or cause bias in decision-making.

Board changes in 2022

The following changes to the composition of the Board took place in the review period:

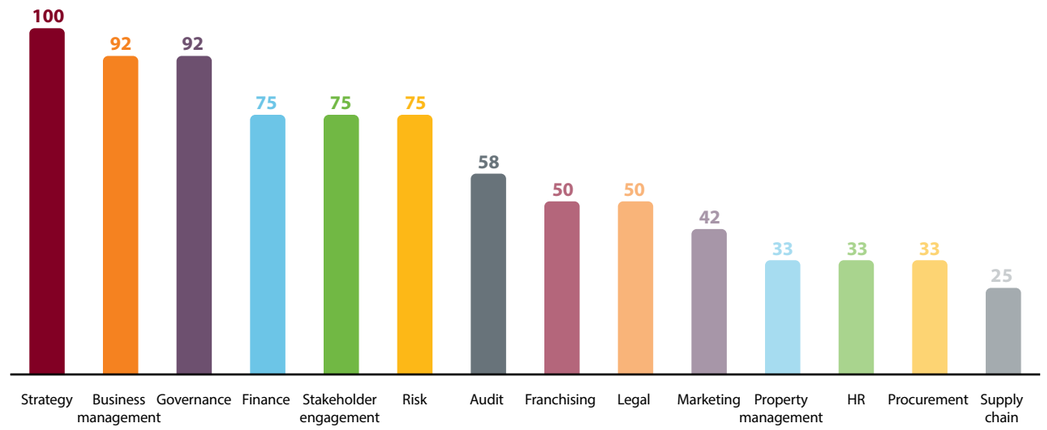
- Emma Mashilwane retired at the 2021 AGM and stepped down as a member of the Audit and Risk Committee and Chairman of the Remuneration Committee.
- Lebo Ntlha resigned as Group Finance Director and executive director in June 2021, effective 1 November 2021.
- Fagmeedah Petersen-Cook was appointed as an independent non-executive director with effect 1 June 2021.
- Deon Fredericks was appointed as Group Financial Director, and his role changed to executive director, effective 1 August 2021.
- Busisiwe Mathe was appointed as independent non-executive director, effective 20 October 2021.

Board demographics and gender

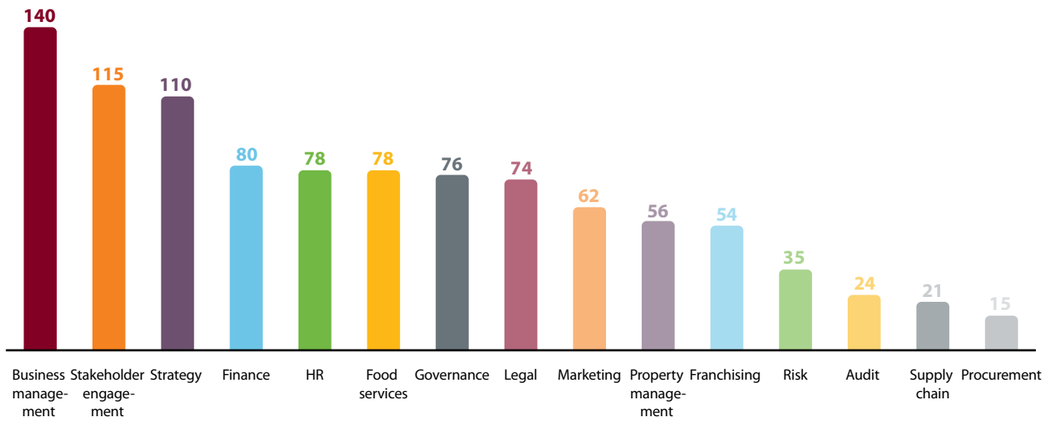


- Consequently, the following Committee changes were made:
  - Chris Boulle was appointed as Chairman of the Remuneration Committee and member and Chairman of the Audit and Risk Committee.
  - Fagmeedah Petersen-Cook was appointed as a member of the Remuneration Committee, Audit and Risk Committee and member and Chairman of the Investment Committee.
  - Chris Boulle stepped down as Chairman of the Social and Ethics Committee and Alex Maditse assumed the role in October 2021.
  - Busisiwe Mathe was appointed as a member of the Audit and Risk Committee effective 20 October 2021.

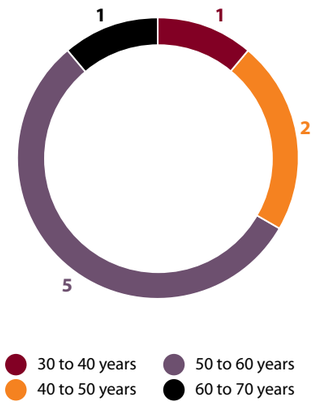
Board skills profile (%)



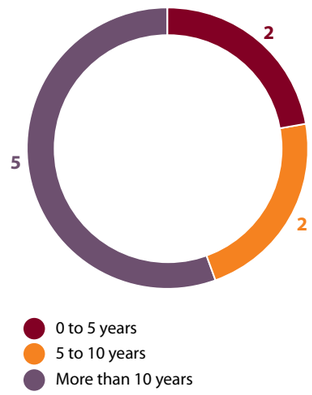
Exco skills profile (combined years of experience)



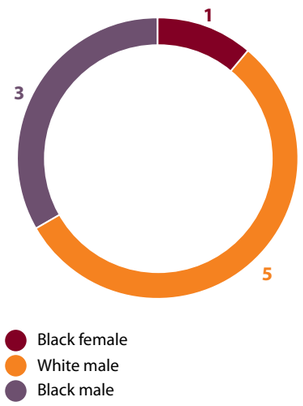
Exco age



Exco tenure



Exco demographics



Board of Directors and Executive Management

as at 28 February 2022

Santie Botha (57)

Independent non-executive Chairman

BEcon (Hons)

Norman Joseph Adami (67)

Independent non-executive director

B.Bus Science (Hons), MBA

Christopher Hardy Boulle (50)

Independent non-executive director

BCom, LLB, LLM

Busisiwe Mathe (41)

Independent non-executive director

BCom, CA(SA)

Fagmeedah Petersen-Cook (46)

Independent non-executive director

BBusSc (Actuarial Science)

Darren Paul Hele (50)

Chief Executive Officer

BCom

Alexander (Alex) Komape Maditse (59)

Independent non-executive director

BProc, LLB, HDip (Company Law)

Nicolaos (Nik) Halamandaris (47)

Non-executive director

John Lee Halamandres (68)

Non-executive director

Deon Jeftha Fredericks (61)

Group Financial Director

BCompt (Hons), Business Management (Hons), CA(SA), CIMA

Celeste Appollis (50)

Company Secretary and Head of Legal

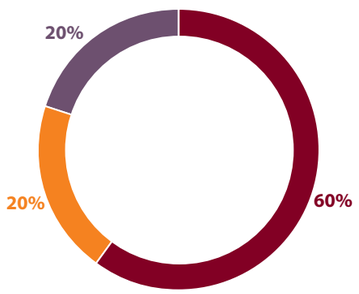
BA LLB H.Dip. (Company Law)

Jabulani Mahange (61)

Group HR Executive

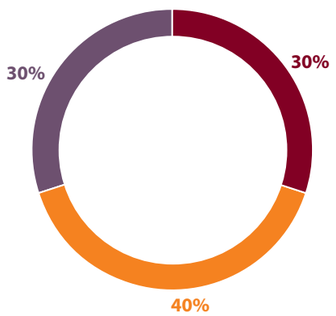
BA, BED (Wits), PDM (Wits), MBL (SA)

Board independence



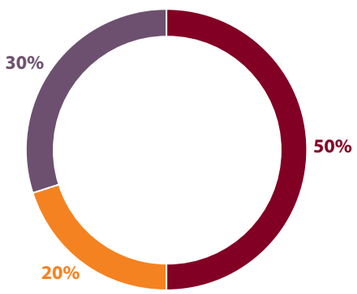
- Independent non-executive director
- Non-executive director
- Executive director

Board age



- 40 to 50 years
- 50 to 60 years
- 60 to 70 years

Board tenure



- >5 years
- <5 years and >9 years
- <9 years

- Non-executive directors
- Executive directors
- Exco

Andrew Mundell (53)

Group Executive – Business Development

BSc Agric (Hons), M.B.A. (UCT)

Derrian Nadauld (48)

Chief Operating Officer – Leading Brands

NDip Catering Management and Certificate Marketing Management

Ntando Ndaba (36)

Group Risk Executive

BTech

Jean-Paul Renouprez (48)

Group Executive – Manufacturing and Logistics

MBA, B.Sc Engineering

Philip Smith (59)

Managing Director – AME

A Levels (UK)

Refer to the detailed CVs on page 180.

● Non-executive directors ● Executive directors ● Exco

Key governance matters addressed during 2022

Operational	• Considered and approved the 2022 budget, with 2020 as a baseline, under continuing difficult operating environment (lockdown period announced in December 2020) but noted the slight recovery at the start of the 2022 year. • Considered impact of July unrest on operations and support to franchise partners affected.
Strategy and financing	• Reviewed and approved the 2022 to 2024 corporate strategy, focussing on brand health and drivers of performance such as an IT and digital strategy and related IT and digital structure and initiatives. • Considered the draft 2023 to 2025 corporate strategy, business plan and financial roadmap. • Reviewed the 2022 business plan to drive recovery. • Approved the acquisition of minority interests in Turn 'n Tender and LUPA Osteria. • Approved the UAC Restaurants' expansion plans. • Considered and approved the principles for Project Unite and funding for the acquisition of 39 Richards Drive, Midrand and the relocation of the KwaZulu-Natal logistics centre and the sale of the Famous Brands Great Bakery Company.
Risk management, internal control and compliance	• Considered the challenges in the publishing of the financial results related to the finalisation of the year-end audit. • Reviewed compliance of the AFS with the JSE's proactive monitoring recommendations. • The Internal Financial Controls Programme was reviewed to support the CEO and Group Financial Director's attestation statement. • Monitored the implementation of POPIA and AARTO compliance.
Succession and talent management	• Approved CEO and Exco scorecards for 2022 with EBITDA and HEPS as short-term incentives (STI) and absolute TSR and ROCE as part of the LTI. • Approved executive director remuneration, including salary increases and STI allocations, and approved Exco LTI allocations. • Approved a 4.5% increase of non-executive director fees, subject to shareholder approval. • Reviewed the CEO and Group Financial Director's performance scorecards. • Reviewed Board succession and composition in line with the Diversity Policy and CEO's succession planning. • Reviewed ongoing training of Board members. • Approved the Board appointments of Fagmeedah Petersen-Cook and Busisiwe Mathe. • Approved the Board appointment of Deon Fredericks as Group Financial Director.
Corporate and performance reporting	• Reviewed and approved the annual Board workplan. • Evaluated Board performance. • Approved the 2021 AFS and IAR. • Reviewed and approved market communications relating to the 2021 annual results and 2022 interim results.
Corporate citizenship	• Approved the continued support to franchise partners facing COVID-19 impact and difficulties. • Reviewed and approved the Company's proposed SDGs targets. • Considered Famous Brands' position on climate change and the targets that have been set. • Reviewed progress made with transformation and the BBBEE scorecard, including maintaining a Level 4 BBBEE status and assessed the implications of changing scorecards on the current contributor level. • Approved the vaccination roll-out programme on sites.

Performance evaluations

In October 2021, performance evaluations of Board members and the Board's overall effectiveness across several categories were completed.

The results of the Board evaluation indicated an improvement in the overall scores. The evaluation concluded that the Board functioned well with an open and in-depth discussion of important issues. There has been significant improvement in concise yet sufficiently detailed and informative packs. The Board and Exco complement each other and collaborate to resolve key concerns. The tone set by Exco is highly rated, especially with executive management considering and implementing appropriate responses for key risks identified through a continual process of risk assessment.

Key focus areas for improvement in 2023 included:

- Legal, regulatory and compliance updates are required on a more regular basis.
- The effectiveness of internal controls requires focus and the Audit and Risk Committee needs to be further strengthened.
- Board composition in terms of accounting, IT and digital and e-commerce skills needs to be considered for succession purposes when considering new directors for appointment.
- Succession plans for key executives to be reviewed in 2022.

Meeting attendance

	Board	Audit and Risk Committee	Social and Ethics Committee	Nominations Committee	Remuneration Committee	Investment Committee
Number of meetings	**6**	**4**	**3**	**3**	**3**	**2**
Board/Committee members	**12**	**4**	**4**	**3**	**3**	**4**
Meeting attendance						
NJ Adami	**6**	**4**	**–**	**3**	**–**	**2**
SL Botha	**6**	**4***	**–**	**3**	**3**	**2**
CH Boulle	**6**	**4/2***	**3**	**–**	**3**	**2**
DJ Fredericks	**6**	**4/2***	**–**	**–**	**1***	**1***
N Halamandaris	**6**	**4***	**3**	**–**	**–**	**2***
JL Halamandres	**5**	**–**	**–**	**–**	**–**	**1***
DP Hele	**6**	**4***	**3**	**3***	**3***	**2***
K Ntlha**	**5**	**2***	**–**	**–**	**–**	**2***
AK Maditse	**6**	**–**	**3**	**3**	**–**	**–**
TE Mashilwane	**3**	**2**	**–**	**–**	**1**	**1**
F Petersen-Cook^	**3**	**2**	**–**	**–**	**2**	**1**
B Mathe^^	**2**	**2/1***	**–**	**–**	**–**	**–**

** By invitation.*
*** Resigned from Famous Brands and left her position in November 2021.*
^ Joined the Famous Brands Board in June 2021.
^^ Joined the Famous Brands Board in October 2021.

Ethical and effective leadership

The Board

The Board is held accountable for ethical and effective leadership through a Code of Conduct and annual performance evaluations. Members' declarations of interests are regularly reviewed and updated with possible conflicts of interest noted at every Board meeting. The Nomination Committee evaluates potential conflicts of interest. It communicates its concerns to the Chairman of the Board or the Chairman of a relevant committee mandated to discuss the matter with the member concerned.

The Company

Famous Brands has a Code of Ethics that is reviewed annually. Employees are required to comply with the Code of Ethics. The following policies are in place to foster an ethical culture:

- A Gift Policy.
- A Whistle-blowing Policy.
- An Anti-Occupational Fraud Policy.
- A Conflict of Interest Declaration Policy.

Famous Brands has an Ethics Management Programme run in conjunction with The Ethics Institute. In 2022, 46 employees were trained through this programme. Since its inception in 2019, 109 managers have gone through this programme.

Famous Brands offers training to employees to establish ethical conduct, due care and compliance. This training includes the following modules, among others:

- Meeting etiquette.
- Workplace ethics.
- Workplace professionalism.
- Dealing with bullying.
- Sexual harassment.
- Risk management.
- POPIA.
- Labour Relations Act.
- Basic Conditions of Employment Act.
- Occupational health and safety.

Technology governance

At Famous Brands, we deploy technologies to assist with the following:

Quality assurance: We use technologies to assist in compiling our critical operational and financial data. These technologies assist with quality assurance, prevent human errors and save time. This enables effective decision making and quality reporting.

Payment technology: Secure payment platforms are critical to keeping information safe and preventing unlawful access. These also include contactless payment solutions, which are becoming more popular with consumers.

Our ordering systems are integrated with a variety of payment applications.

Online ordering systems: Our delivery channel and some online ordering systems in-store are reliant on our online ordering systems. These can process high volumes of data with no errors and downtime.

CRM systems: Our CRM systems allow the brand teams to run personalised consumer marketing campaigns using consumer data ingested via multiple sources that are POPIA compliant. This data is sorted, cleaned, modelled and segmented according to strategic and ad hoc requirements.

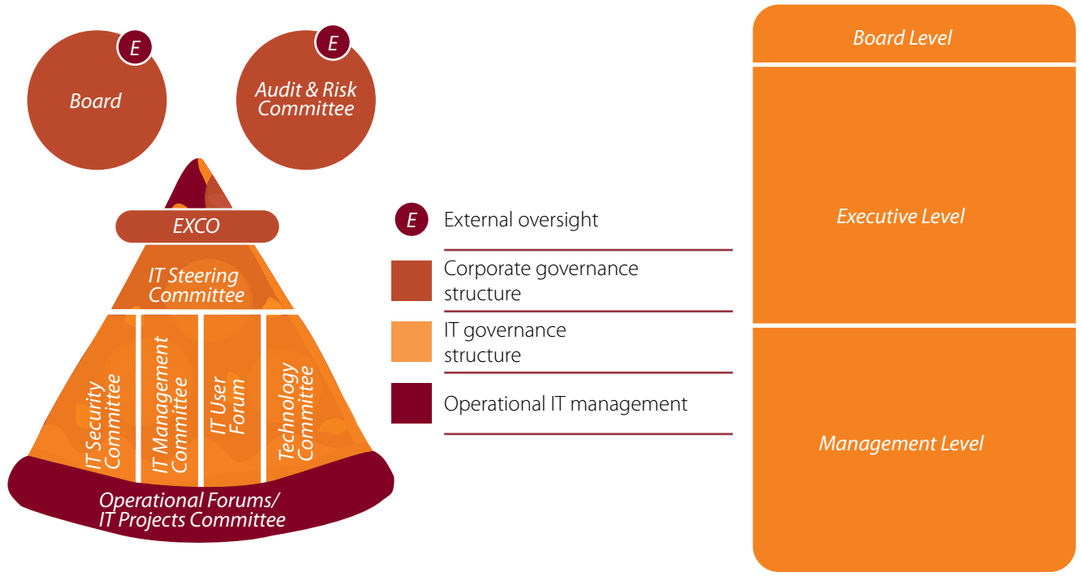
Self-service: We have self-service terminals at some restaurants and are rolling out this functionality across certain brands.

E-vouchering: Our e-vouchering systems enable brands to remove plastic card-based gift cards with digital versions that are simple to purchase and issue and apply to all purchase points within the Famous Brands ecosystem.

Compliance: Our compliance system provides critical raw material data to ensure food safety. It monitors plant conditions and issues alerts in the case of health and safety risks.

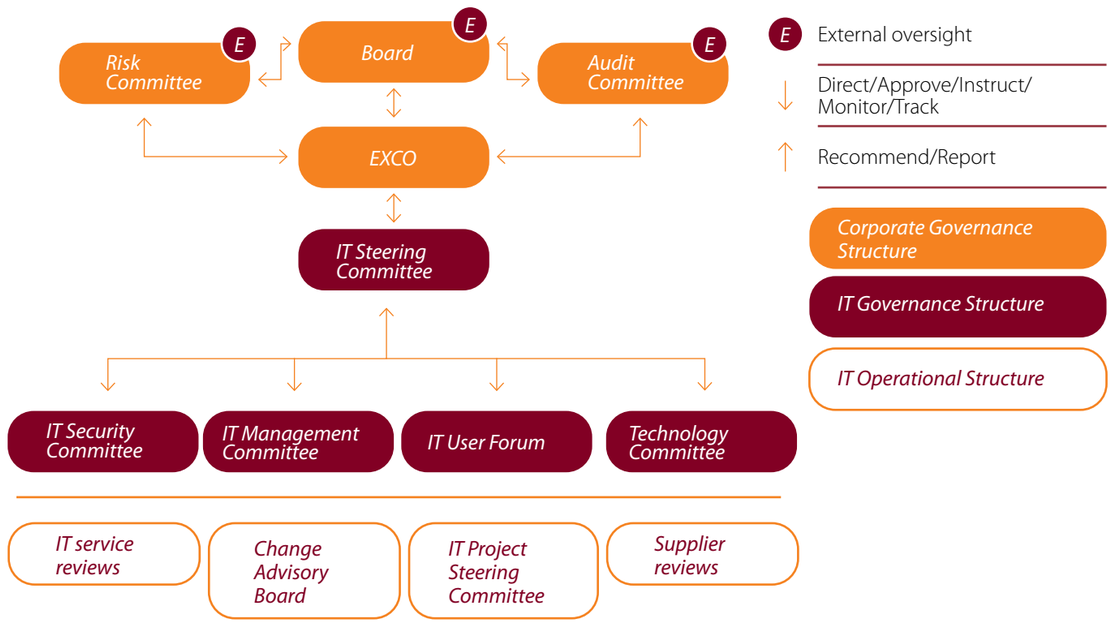
IT Governance Framework

Famous Brands subscribes to the internationally recognised and accepted Control Objectives for Information and Related Technologies (COBIT) IT Governance Framework. The Governance Framework adopted is reflected below.



IT Governance Hierarchy Model

This Hierarchy Model will be enabled by the IT governance operating structures as reflected in the diagram below.



To date the following governance documents have been created to enable the IT Governance Framework:

- IT strategic planning.
- Project management.
- Managed security processes.
- Managed continuity.
- Performance and conformance management (this is still work in progress).

Policy and Procedures

From a policy perspective, there are several policies to guide the "acceptable use" of IT resources and infrastructure. These include policies governing the use of the internet, email, business systems, IT equipment procurement and disposal and password construction, to mention a few.

IT governance within the Famous Brands Group is driven through the IT Steering Committee, with oversight exercised by the Board through the Audit and Risk Committee. The IT Steering Committee is guided by a Charter document and meetings are scheduled quarterly, and cover the following topics:

- Alignment of the annual IT strategic objectives to the overall business objectives.
- Prioritisation of active and future business projects requiring underlying IT solutions.
- Annual IT Budget.
- IT Policy reviews & implementation.
- Bi-annual review of disaster recovery and business resumption contingencies.

In 2022, the IT Steering Committee meetings were placed on hold and substituted by weekly IT feedback sessions to Exco to facilitate better alignment and quick response to technology projects we were working on. These meetings covered the following over and above the topics above:

- In progress IT projects and projects planned for the near future.
- IT issues that can disrupt the business operations.
- Capital and operational investments including:
  - Integration gateway.
  - Migrating of the server to the cloud.

In 2022, the Audit and Risk Committee monitored the implementation of the following critical technology projects:

Enterprise resource planning: The successful upgrade of SAGE X3 from version 9 to version 12.

Disaster recovery plan: The testing of the disaster recovery plan post the upgrade to SAGE X3 version 12.

Cyber security: Implementation of the first year of the three-year cyber security plan including two penetration tests.

System integration platform: The installation of the API Gateway platform.

POPIA: Implementation of security safeguards (encryption) to sensitive data identified.

The Audit and Risk Committee will monitor critical technology deployment planned for 2023 noting the ability of these technologies to reduce risks related to cyber-attacks, secure payment and financial sustainability. These include:

- Reviewing improvements to the cyber security systems and processes as part of the three-year cyber security plan.
- Implementation of the system integration platform for all channels, service providers, systems and partners.
- Server replacement.
- Monitoring the development and implementation of Information and COBIT control objectives in line with the three year IT plan.

Compliance

Several key regulatory and legislative changes occurred in 2022.

- POPIA, came into effect in July 2021, following a lengthy revision process and a one-year grace period for organisations to comply. We have implemented processes and procedures to ensure compliance with this legislation.
- Famous Brands continued to prepare for the new AARTO regulations, including introducing a points-based licence demerit system for traffic offences. The first phase of AARTO launched on 1 July 2021, which was the establishment of service outlets. The demerit system is only expected to come on online in the fourth phase, starting 1 July 2022.
- South Africa's Extended Producer Responsibility regulations came into effect on 5 May 2021. This legislation intends to ensure producers take responsibility for the life cycle of the products they introduce to the market, right through to post-consumer waste disposal. Famous Brands has reviewed the legislation and has completed the work to ensure that the Company is recognised by the various producer responsibility organisations. The regulator must still finalise details regarding the process.

Famous Brands achieved 100% NOSA compliance for all plants, with no plants receiving less than a three star rating.

We received no material regulatory penalties, sanctions or fines for contraventions or non-compliance. We are compliant with environmental regulations, with no findings of non-compliance with environmental laws.

Our planned future focus areas include:

- Monitor and respond to the implementation of the Extended Producer Responsibility regulations.
- Developing a comprehensive regulatory compliance framework to map the legislation across each geography.

Combined assurance

The Audit and Risk Committee assists the Board in entrenching the combined assurance model across the Group.

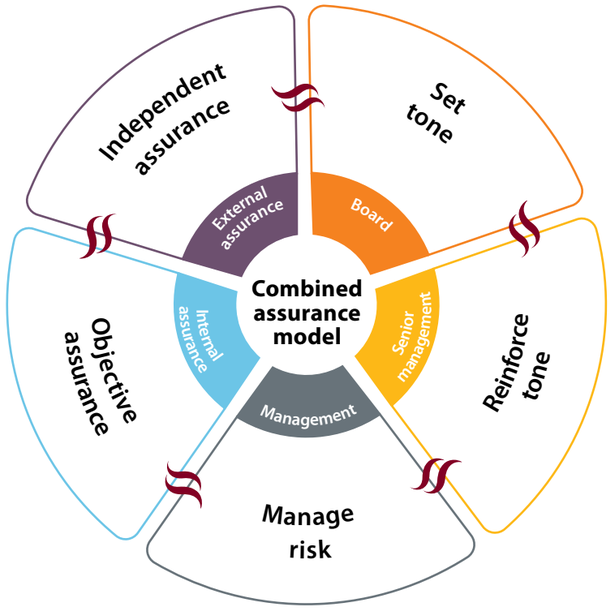
The Committee is responsible for overseeing Famous Brands' system of internal controls which is intended to evaluate, manage and provide reasonable assurance against material misstatement and loss. Together with the Group Risk Executive, the Audit and Risk Committee ensures that risks and opportunities are properly identified, assessed, and quantified. The Board is further supported by divisional management through the Group Risk Forum.

The Group's combined assurance model enhances the assurance obtained from management and internal and external assurance providers while developing a strong ethical environment and mechanisms to ensure compliance. The Internal Audit and Risk departments ensure adequate controls are in place. The external auditor, KPMG, evaluates key controls and accounting matters during the annual audit process.

Internal audit

In 2022, Famous Brands conducted 17 internal assurance audits across the Group (2021: 16).

Internal resources were responsible for 82% of these audits (2021: 81%). The focus of the year was on Corporate Functions, Supply Chain and Leading Brands. The scope of our work included IT general controls, compliance readiness reviews, finance, operations and inventory management.



Company Secretary

Celeste Appollis, the Company Secretary, ensures that the Board is aware of its fiduciary duties and that the Board and management execute their functions as per the Limits of Authority Framework. The Board and each director have unfettered access to the Company Secretary. She also facilitates the appointment, induction and ongoing training for all directors.

The Board has evaluated the Company Secretarial function as set out by the JSE Listing Requirements and Companies Act and is satisfied that Celeste has the required experience and expertise to fulfil the role. There is an arm's length relationship between her and the Board to allow her to execute her role properly. The Board has trust in the arrangement for accessing professional governance services. As the Company Secretary, Celeste can contact the Chairman to raise any concerns.

Audit and Risk Committee report

The key focus for the Committee was assessing the timeline for the return to normal trading, reviewing debt service and covenant requirements and the working capital needed to support this return, while operating in an ongoing risk-laden economic environment.

Mandate

The purpose of the Audit and Risk Committee is to assist the Board in discharging its oversight responsibilities, including safeguarding the Group's assets, ensuring adequate risk management and control processes, and preparing financial statements in compliance with all applicable legislation and regulations.

Members	Invitees	Relevant skills profile of members
Chairman • DJ Fredericks* 2/4 • CH Boulle* 2/4 **Members** • NJ Adami • F Petersen-Cook** • B Mathe*** • TE Mashilwane****	• CEO • Group Financial Director • Chairman of the Board • Group Finance Executive • N Halamandaris • Group Risk Executive • Internal Audit Manager • Company Secretary • Representatives from KPMG (external auditors)	Committee members are highly skilled in finance, accounting and risk.

* *Deon Fredericks stepped down as the Chairman and member of the Audit and Risk Committee on the announcement of his appointment as Group Financial Director. He attends the Audit and Risk Committee as an invitee. Chris Boulle was appointed as the new Chairman for the Committee.*

** *Fagmeedah Petersen-Cook joined the Board and was appointed to the Committee in July 2021.*

*** *Busisiwe Mathe joined the Board and was appointed as a member of the Committee in October 2021.*

**** *Emma Mashilwane retired from the Board at the AGM on 23 July 2021 and left the Audit and Risk Committee.*

***** *Lebo Ntlha resigned and left the Committee in November 2021.*

Focus areas for 2022

General

- Reviewed and approved the Committee Charter.
- Reviewed and recommended the IAR to the Board for approval.

Annual assessments

In a closed session with the auditors, the Committee reviewed and considered the following assessments:

- The Group Financial Director.
- The finance structure.
- The Head of Internal Audit.

Overall, the Committee reflected that it was satisfied with the expertise and competency of the Group Financial Director and the finance function and identified areas for improvement. The Committee found that the Head of Internal Audit was knowledgeable and provided leadership to the department. The Chairman of the Committee provided feedback directly to the parties concerned.

Financial statements, accounting practices and other financial matters

- Reviewed the assessment prepared by management of the going concern status of the Group and made recommendations to the Board. The Committee is satisfied that the Group is a going concern for the foreseeable future based on the information available at the time of approval of the AFS.
- Reviewed the financial and general covenants applicable to the Group based on the lending and capital structure, which was found to have been appropriate and complied with.
- Considered matters raised relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's financial statements, internal financial controls and any related matters.
- Reviewed the processes in place for reporting matters relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's AFS, internal financial controls and any related matters and agreed on matters that required improvement. The Committee can confirm that there were no matters of concern noted.
- Reviewed and recommended the short and long-form announcements, interim results and AFS to the Board for approval.
- Considered accounting treatments, significant unusual transactions and key accounting judgements.
- Considered the reports of the internal and external auditors on the Group's systems of internal control, including financial controls, business risk management and maintenance of an effective internal control system.
- Received assurance from management that proper and adequate accounting records were maintained and the systems safeguard the assets against unauthorised use or disposal.
- Reviewed the Group tax report.

Based on the above, the Committee formed the opinion that there were no material breakdowns in internal control, including financial control, business risk management and the maintenance of effective material control systems.

External audit

- Considered the quality controls processes of the external auditor and specifically audit quality reviews conducted over the designated auditor, including those performed by the Independent Regulatory Board for Auditors (IRBA) as part of its routine review process.
- Considered the appropriateness of the other auditors engaged to perform audits within the Group, being Blick Rothenberg Chartered Accountants in the UK and PKF Botswana, and deemed them appropriate.
- Reviewed the external auditors' report on the Group Consolidated and Company AFS and the key audit matter.

Focus areas for 2022

Internal audit

- Reviewed and approved the internal audit business plan and budget.
- Performed the annual review and approval of the Internal Audit Charter.
- Reviewed the internal audit reports and processes.
- Reviewed the implementation of the internal controls projects to enable the CEO and Group Financial Director to provide a positive statement on the adequacy and effectiveness of internal financial reporting controls.

Risk management

- Evaluated and reported to the Board on the effectiveness of risk management controls and governance processes.
- Reviewed and approved the risk management business plan and budget.
- Performed the annual review and approval of the Risk Management Charter.
- Reviewed the Group risk register, IT governance, and the insurance gap analysis and approved management's steps to close gaps.

Monitoring effectiveness of risk management

Famous Brands operates in a complex, challenging environment where existing and emerging risks influence our operations, value creation ability and sustainability. The Board, supported by the Committee, monitors our top risks and mitigation actions, as aligned to our approved risk appetite and risk management strategy. Current and emerging risks are managed and monitored as part of our day-to-day processes.

Our executives, management and assurance providers collaborate to reinforce a strong Group-wide risk culture. Our combined assurance model includes audit, compliance, risk and business management teams, who ensure a coordinated approach to risk management. Based on the review performed in 2022 and the monitoring and oversight activities performed, the Committee concluded that the Group's risk management and internal control systems were effective.

Read more about our combined assurance model on page 120.

Read more about our top risks and risk management processes on page 50.

Going concern

The Committee has considered the going concern assessment as prepared by management, including the Group's outlook regarding trading conditions that will persist into the foreseeable future. This assessment is based on a range of varied scenarios. These include an estimated timeline for the return to normal trading, debt service and covenant requirements and working capital requirements. The Committee is satisfied that the Group is a going concern for the foreseeable future based on the information available at the time of approval of the AFS.

Key focus areas for 2023

The key focus areas identified for the coming year are as follows:

- Further improvements to financial controls.
- Improving consolidation of financial statements and financial reporting.
- Enhancing finance team structure and skills depth.

Conclusion

Having considered all the material factors and key audit matter, the Committee recommended the AFS for the year ended 28 February 2022 for approval to the Board. The Board has approved the AFS, which will be open for discussion at the forthcoming AGM of shareholders.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year. I will be available at the AGM to answer any questions regarding the activities of the Committee.

Chris Boulle
Chairman

23 June 2022

Social and Ethics Committee report

The Committee reviewed its transformation and sustainability initiatives in the context of our broader socio-economic realities, and a backdrop where COVID-19 continues to impact our business and employees.

Mandate

The purpose of the Social and Ethics Committee is to assist the Board in discharging its oversight responsibilities regarding how the Group does business according to its values, ethical standards and social responsibility. As per the Companies Act, the Committee's duties include oversight over social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment.

Members	Invitees	Relevant skills profile of members
Chairman • CH Boulle* 2/3 • A Maditse* 1/3 **Members** • DP Hele • N Halamandaris • AK Maditse	• Group HR Executive • Group Executive: Business Development • Group Risk Executive • Group Transformation Manager • Company Secretary	Committee members are highly skilled in governance, law and sustainability reporting.

** Chris Boulle stepped down as the Chairman of the Social and Ethics Committee in October 2021 and was replaced by Alex Maditse.*

Oversight areas

The Committee, together with the Social and Ethics Working Group (made up of the executives of the Group), have adopted best practice for this committee as recommended by the IoDSA. It encapsulates King IV, the Companies Act, the 10 Principles of the UN Global Compact and legislation related to the economy (including fraud and corruption), workplace matters, environment and society (including stakeholder relations).

Governing and managing ethics

We have the following measures in place to ensure that we adequately govern and manage ethics within the Group:

- Published policies related to ethics published on the Group intranet.
- Whistle-blowing Policy is in place together with channels to report unethical activity.
- Regular internal communications campaigns on topics related to values and ethics.
- Training for managers and executives.

Focus areas for 2022

The Committee and/or the Social and Ethics Working Group worked on the following matters:

General

- Reviewed and approved the Committee Charter and annual Committee workplan.
- Reviewed and accepted management's feedback (based on relevant legislation and best practice) regarding the Group's activities relating to:
  - Social and economic development.
  - Good corporate governance.
  - ESG matters.
  - Consumer relationships.
  - Labour and employment.
- Reviewed and recommended the non-financial disclosures contained in the IAR to the Board for approval.
- Approved the Group's CSI activities and provided the Board with updates on existing CSI projects and progress achieved and made recommendations regarding new proposed projects.
- Noted the Risk Management Plan for 2022.

Compliance *(refer to page 119 for more information)*

- Reviewed progress made to ensure POPIA compliance across the Group.
- Monitored the implementation of a software tool to support compliance with AARTO and the implications of this tool for disciplinary processes for drivers employed by Famous Brands.
- Monitored the Group's preparations for the Extended Producer Responsibility legislation.
- Reviewed and approved the new Competition Law Compliance Policy.

Transformation and labour *(refer to page 78 for more information)*

- Reviewed and reported to the Board on the Group's employment equity performance relative to the Group's Employment Equity Plan, which was set out in the annual Employee Equity Report submitted to the Department of Labour.
- Reviewed and considered the employment equity targets as agreed with the Department of Labour, in the context of broader diversity objectives for the Group. This included the approach for recruiting people with disabilities and the process to help existing employees identify and report their disabilities.
- Reviewed and reported to the Board on the Group's detailed BBBEE strategy, targets and budget, and progress made aligned to the scorecard.
- Noted the formation of a new Enterprise Development and Supplier Development Committee, established to provide oversight into enterprise development and supplier development projects.
- Noted the ongoing impact of COVID-19 on the BBBEE strategy and performance against approved targets.
- Noted the Group's move to the Food and Beverage SETA.
- Noted the progress made with wage negotiations and relationships with the various trade unions.

Ethical conduct *(refer to page 117 for more information)*

- Noted the report on the Group's Code of Ethics and policies regarding gifts, conflict of interest, fraud and whistle-blowing.
- Monitored the progress of ethics training across the Group.
- Whistle-blowing cases monitored and investigated.
- Noted the Conflict of Interest Declaration Policy exercise, the results of the annual employee survey (Voice your View) and the equal work for equal pay analysis completed in 2021.
- Received feedback on health and public safety.

Sustainability disclosures *(refer to page 66 for more information)*
• Approved the targets for the seven UN SDGs identified as relevant for the Group.
Environmental impact (refer to page 74 for more information)
• Reviewed and considered the IoDSA King IV Guidance Paper on the responsibilities of governing bodies in responding to climate change. • Evaluated management plans and their progress. These projects related to: – Measures to monitor and improve our water and electricity consumption and the reporting of this data. – More environmentally friendly packaging options. – An initiative to reduce food waste.
Health and safety
• Monitored our health and safety procedures against globally accepted best practice. • Monitored enhanced food safety measures across the business through the new food safety effectiveness system. • Monitored management's adherence to COVID-19 protocols across the operation and reports on COVID-19 statistics across the Group. • Considered a mandated vaccination policy but decided not to mandate vaccinations. • Reviewed safety reports related to injuries and fatalities and agreed on extended management reports to include near-miss incidents.

Focus areas for 2023

The key focus areas for the Committee for 2023 are:

- Wage negotiations with unions.
- Monitor POPIA compliance and increase POPIA awareness among employees as well as a POPIA and data protection legislation gap analysis and remedial actions in foreign territories where the Group operates.
- Making policy documents more accessible to employees.
- Monitor the implementation of the Competition Law Compliance Policy and improve competition law awareness.
- Recommending and approving CSI projects for 2023.
- Review performance against approved UN SDG targets.
- Maintaining our Level 4 BBEEE status, investigating new enterprise and supplier development projects and improving the detail of internal transformation reporting.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year. I will be present at the AGM to answer any questions regarding the statutory obligations of the Committee.

Alex Maditse
Chairman: Social and Ethics Committee

23 June 2022

Investment Committee report

The Committee focussed on investment projects that were aligned to the overall strategy, and supported the objective of right-sizing the business in response to a post-COVID-19 trading environment.

Mandate

The purpose of the Investment Committee is to assist the Board in discharging its oversight responsibilities regarding the Company's investment strategy and policy. The Committee assists the Board in considering investment opportunities, approving acquisitions, disposals and capex, and reviewing the performance of previous investments.

Members	Invitees	Relevant skills profile of members
Chairman • CH Boulle* 1/2 • F Petersen-Cook* 1/2 **Members** • NJ Adami • SL Botha • CH Boulle	• CEO • Group Financial Director • N Halamandaris • Group Risk Executive • Company Secretary	Committee members are highly skilled in actuarial science, business strategy, finance and commercial law

* *Chris Boulle stepped down as Chairman of the Investment Committee in June 2021 and was replaced by Fagmeedah Petersen-Cook.*

Focus areas for 2022

The Committee reviewed and approved the annual workplan and Committee Charter. The Committee evaluated key investment projects including:

- Project Decade including the relocation of the KwaZulu-Natal Distribution Centre.
- Project Unite, which relates to the expansion of the current Midrand facility.
- Expansion PAUL[1] – three new restaurants.
- Expansion of our Nigerian footprint through further investment in our associate UAC Restaurants.
- The purchase of the remaining minority shareholdings in Turn 'n Tender and LUPA Osteria.
- Approved the sale of our minority shareholding in Famous Brands Great Bakery Company (Pty) Ltd.
- Reviewed the weighted average cost of capital (WACC) calculation and impairments.
- Considered and approved the capex for strategic IT projects.
- The company store portfolio.

Focus areas for 2023

Our focus areas for 2023 include the finalisation of the investment for Project Unite, supporting management in the evaluation of growth opportunities and the consideration and review of strategically important Group IT projects.

I confirm that the Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the financial year. I will be present at the AGM to answer any questions regarding the activities of the Committee.

Fagmeedah Petersen-Cook
Chairman: Investment Committee

23 June 2022

[1] *Licensed brand by PAUL International.*

Nomination Committee report

The focus of the Committee was to ensure that the Board had the requisite skills and independence to provide the business with the leadership needed during a tough trading environment and to position it for the recovery to normal trading.

Mandate

The purpose of the Nomination Committee is to ensure that the composition and structure of the Board and its Committees and the executive leadership team perform at their best in support of the business and stakeholders. The Committee is also responsible for evaluating the overall performance of the Board and individual Board members and selecting the best candidates for each seat on the Board.

Members	Invitees	Relevant skills profile of members
Chairman • SL Botha **Members** • NJ Adami • AK Maditse	• CEO • Company Secretary	Committee members are highly skilled in governance, law and business strategy.

Focus areas for 2022

Over and above the annual review, amendment and agreement of the Committee workplan and Charter, the Committee:

- Evaluated the Exco succession plan and related organogram, particularly focussing on relevant skills in the IT reporting structure.
- Reviewed the Board composition and was comfortable with the balance between independent non-executive directors, non-executive directors and executive directors.
- Considered the appropriate composition and rotation of Board members and the composition of various Board Committees, particularly the Audit and Risk Committee and Remuneration Committee, with the resignation of Emma Mashilwane.
- Considered leadership structures by evaluating a schedule of subsidiary boards and directors and supported the appointments of:
  - Deon Fredericks as Group Financial Director, and his appointment to material wholly-owned and partially-owned subsidiaries.
  - Fagmeedah Petersen-Cook as an independent non-executive director to Famous Brands Board, member and Chairman of the Investment Committee and member of the Audit and Risk and Remuneration Committees.
  - Busisiwe Mathe as an independent non-executive director to the Famous Brands Board and member of the Audit and Risk committee.
  - Gerard Carolan as an independent non-executive director to the Board of Wimpy UK.
  - Jeddidah Thatho as an independent non-executive director to the Board of Famous Brands Kenya.
- Evaluated the Board's performance and effectiveness (page 116).

Focus areas for 2023

The key focus areas for 2023 will be the appointment of a new independent director to the Board, preferably a chartered accountant, as well as succession planning for long standing Board directors. The continuous focus on succession planning within the IT and HR departments will remain a focus area.

I confirm that the Committee is satisfied that it has fulfilled its responsibilities according to its terms of reference for the financial year. I will be present at the AGM to answer any questions regarding the activities of the Committee.

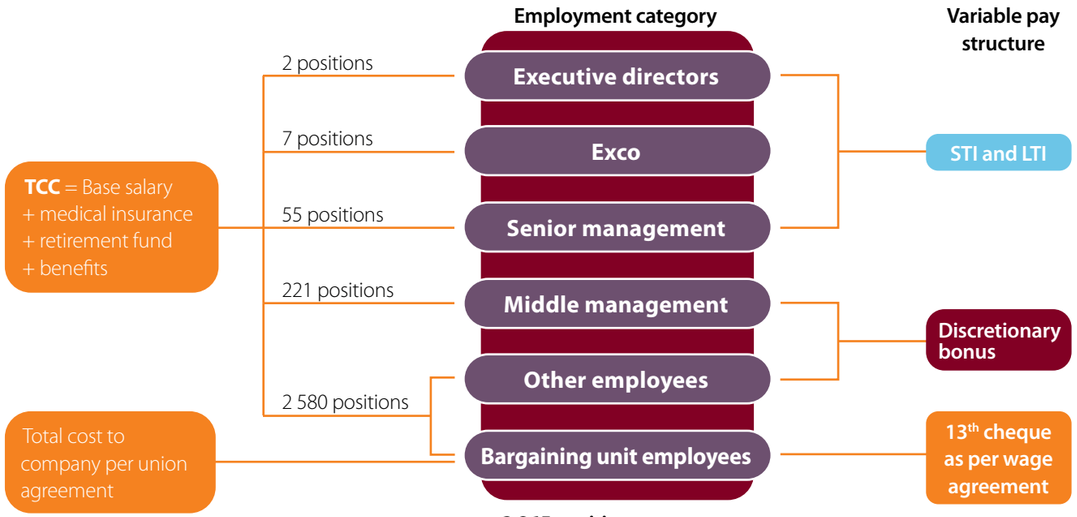
Santie Botha
Chairman
23 June 2022

Rewarding value creation

Salient features

50% STI pool for executive management.	**100%** 13th cheques for bargaining unit employees.
100% discretionary bonus pool allocation for admin employees' bonus.	**4.5%** annual increase for bargaining unit employees.
R4 million Payroll savings due to salary cuts in July 2021 level 4 hard lockdown.	**28** retrenchments
4% Non-executive directors fee increase	**No** malus or clawback provisions triggered in 2022.

Remuneration landscape and eligibility



2 865 positions
(includes permanent and temporary SA employees, excludes UK, AME and Associates)

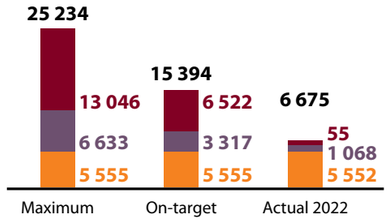
Remuneration at a glance

Minimum shareholding requirement

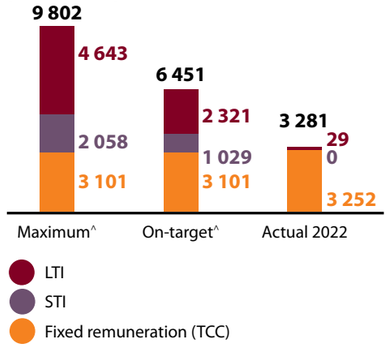
% of base salary	CEO	Group Financial Director
Target	200%	100%
Actual	133%*	0%

* *Shareholding x 28 Feb VWAP ÷ base salary*

Pay for performance: CEO (R million)



Pay for performance: GFD* (R million)



^ ***Maximum LTI*** *is depicted at the Famous Brands annual award quanta (One third of target holding multiple). LTI on target is depicted as 50% of the maximum. Maximum and* ***on target*** *have no COVID-19 modification.* ***Actual 2022*** *values are earnings in the reporting period.*

* *The previous Group Financial Director resigned on 30 November 2021. The new Group Financial Director commenced service on 1 August 2021, hence his compensation is not reported here. Compensation details are in the implementation report, on page 148.*

STI (CEO and Group Financial Director)

Profile of scorecard	%
Personal weighting	30
Group	70
Financial and operational plan performance	60
Market-share performance and customer measures	20
People performance	10
Transformation and ESG	10
Total	**100**

Refer to detailed scorecard across all roles on page 143.

Shareholder voting in favour of

87.20% Remuneration Policy

89.08% Implementation report

99.77% Non-executive directors' remuneration

In 2022:

- **STI |** R12.1 million to executives, R29.5 million to administration employees and R8 million to bargaining unit employees.
- **LTI |** 81 586 of LTI retention shares vested to 34 participants, totalling R5.6 million.

Important abbreviations and definitions

TCC: Total cost to company = Base salary + medical insurance + retirement fund + benefits **Base salary** = TCC - medical insurance – retirement fund – benefits **STI:** Short-term incentive **LTI:** Long-term incentive **13th cheque:** One month's TCC **SARs:** Share appreciation rights **Executive directors:** The CEO and the Group Financial Director. **Executive Committee** (excluding the executive directors) is referred to as Exco. **Executive management team** includes the executive directors and Exco

Remuneration Committee report

The key focus of the Committee was to review the suitability of our remuneration structures and targets in light of the steady return of our businesses to normal trading.

Mandate

The purpose of the Remuneration Committee is to assist the Board in discharging its oversight responsibilities relating to all compensation matters, including reviewing all components of remuneration, proposing measures for the STI and LTI schemes, implementing all relevant employee compensation policies, ensuring alignment with market best practices and compliance with King IV.

Members	Invitees	Relevant skills profile of members
Chairman • TE Mashilwane* 1/3 • CH Boulle* 2/3 **Members** • SL Botha • F Petersen-Cook**	• CEO • Group HR Executive • Company Secretary • Group Financial Director	Committee members are highly skilled in business and strategy, legal, risk and governance, marketing, and finance.

** Emma Mashilwane stepped down from the Board and as Chairman of the Remuneration Committee on 23 July 2022, she was replaced by Chris Boulle as the incoming Chairman.*
*** Fagmeedah Petersen-Cook joined the Remuneration Committee on 1 June 2022.*

Focus areas for 2022

General

- Reviewed and approved the Committee Charter and annual Committee work plan.
- Reviewed and approved remuneration-related disclosures in the IAR and AFS, and the Remuneration report for presentation at the AGM for purposes of passing non-binding advisory votes.
- Follow up on delayed temporary employee relief scheme payments (TERS) from the Unemployment Insurance Fund (UIF).
- Noted the changes in the BBBEE scorecard related to employment equity.
- The King IV guidance paper on effective stakeholder engagement within the context of remuneration was tabled and noted.

Remuneration amendments

- Considered proposed performance measurements for STI (HEPS and EBITDA) and LTI (TSR and ROCE) and proposed targets for STI and LTI (page 137).
- Approved increases of 4% for administration employees and the payment of their annual bonuses.
- Monitored the conclusion of a wage agreement regarding bargaining unit employees' increases of 4.5%.
- Approved increases and bonuses for Exco members.
- Approved Executive LTI allocations in line with scheme rules and SARs/retention share split.
- Considered and approved the deferred decision on executive directors' LTI increases.
- Approving the vesting of LTI shares on 1 November 2021 and the purchase of shares by the Famous Brands Share Incentive Scheme to settle the number of shares due to participants.
- Monitored the completion of Project Genesis and realised wage bill savings of R4 million.
- Monitored the improved governance structures to oversee the implementation of the Remuneration Policy.
- Reviewed a report based on a benchmarking study to review Exco remuneration relative to the market.
- Approved the inclusion of D-band employees in the STI as they form the main executive talent pipeline. This incentive will replace the discretionary bonus (13th cheque), which they have been receiving. The award of these incentives will be based on performance. The scheme will only come into effect in the 2024 financial year if financial performance allows.
- Engaged shareholders for feedback on remuneration matters, including obtaining and noting feedback from shareholders on the Remuneration Policy rules relating to STI and LTI. See page 136 for a detailed breakdown of feedback, with the Committee's responses.

Non-executive directors fees

- Approved the reinstatement of non-executive director fees to 100% following the COVID-19 reduction in 2021.
- Recommended and approved a 4% increase in non-executive director fees and approved an hourly rate of R2 500 for non-executive directors who perform consulting services to the Company.

Executive performance
• Reviewed the CEO's performance scorecard for 2021 and set his scorecard for 2022. • Reviewed the previous Group Financial Director's performance scorecard for 2021 (Lebo Ntlha) and set her scorecard for 2022. • Set the new Group Financial Director's performance scorecard for 2022 (Deon Fredericks). • Approved the 2022 scorecard for Exco in consultation with the Exco team. The Exco scorecard applies similar principles to the CEO scorecard with the focus on fiscal discipline and alignment to the three-year strategic plan, and the inclusion of EBITDA and HEPS as part of STI and absolute TSR and ROCE as part of LTI weightings. • Oversaw psychometric assessments for Exco members to inform a Leadership Development Programme.
Succession
• Reviewed CEO succession and agreed development planning for potential CEO successors. • Agreed to the implementation of a leadership development programme for Exco members. • Reviewed and considered succession planning for Exco positions. • Noted management's proposed succession plan for executive and senior management roles. • Engaged shareholders for feedback on succession planning.

Focus areas for 2023

Our focus areas for 2023 include:

- Continue to improve Remuneration report disclosure.
- Engage shareholders for their input on the Remuneration Policy and the Implementation report.
- Focus on fair and responsible remuneration across the Group.
- Oversee the creation of the Leadership Development Programme.
- Improve benchmarking capabilities with a measured approach to determining remuneration, ensuring sustainability, transparency and fair and responsible remuneration.

I confirm that the Committee is satisfied that it has fulfilled its responsibilities according to its terms of reference for the financial year. I will be present at the AGM to answer any questions regarding the activities of the Committee.

Chris Boulle
Chairman: Remuneration Committee

23 June 2022

Background statement

It is the view of the Remuneration Committee that the Remuneration Policy has achieved its stated objective of driving performance while ensuring retention. This is also in the context of COVID-19, to prioritise the recovery and growth of the business, preserving livelihoods and limiting the impact on the most vulnerable of our employees.

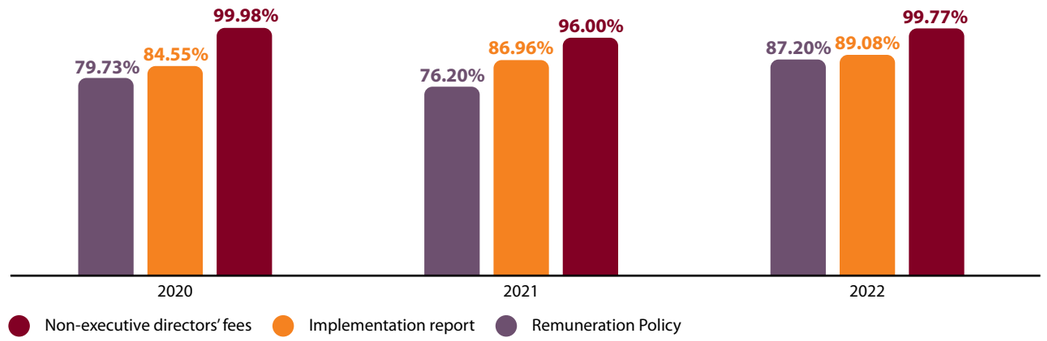
Factors influencing remuneration

External considerations	• Shareholder views and recommendations. • Economic trends and competitive pressure. • The labour market and the pay gap between executive management and other employees. • Requests from bargaining unit representatives. • Market benchmarks for employees premised on comparable job grades and selecting the appropriate peer group benchmarks in the market with similar attributes, including complexity, industry, size and geographic spread. • The potential maximum total remuneration that each executive could earn, benchmarked against the market at the 50th percentile. • Reports on the effects of COVID-19 on remuneration across industries.
Internal considerations	• Consideration of the appropriateness of the performance evaluation report and its alignment to remuneration principles. • Cash flow management and cost leadership are integral parts of the business, with the hospitality industry being once again impacted during COVID-19 imposed lockdowns. • Concluded Project Genesis, a programme designed to position the business to survive, reduce operating expenses and implement initiatives designed to save the Company and save jobs. • Alignment between roles, including between the CEO and Group Financial Director roles and between executive roles across SA, AME and the UK. • Implementing the legal requirements regarding equal pay for equal value of work. • Executive recruitment and succession planning considerations.

Shareholders' view on our remuneration

At the 2022 AGM, all remuneration-related resolutions received significant support from our shareholders.

Shareholders' view on our remuneration



BACKGROUND STATEMENT continued

The Committee evaluated feedback from various shareholders regarding the root cause for dissenting votes. The main concerns received through written submissions and the Committee responses to these concerns are noted in the following table.

Shareholder feedback	Committee feedback and actions taken
STI and LTI	
Shareholders recommend the disclosure of achievement against current and prior STI and LTI targets in future Remuneration reports. Some shareholders believe that gross domestic product (GDP) is a better measure than consumer price inflation (CPI) and requested Famous Brands reconsider this.	The Committee shall endeavour to disclose performance against targets for STI and LTI awards. The current targets and basis of awards are described in the implementation report, STI section on page 141 and LTI section on page 144, as well as in the table below dealing with Remco decisions. The Committee remains comfortable that HEPS growth is measured relative to CPI and not GDP.
LTI	
• **ROCE:** Shareholders voiced concern over the adequacy of disclosure of targets and achievement of such. Shareholders recommend a stretch target of at least 30% over the long-term.	• **ROCE:** a stretch target will be 130% of WACC.
• **Share price:** Shareholders recommend a growth target of at least 15%.	• **Share price:** We maintain the view to use the WACC as a base with a stretch for ROCE.
• **TSR:** A shareholder recommended scrapping absolute TSR and replacing it with a free cash flow target or relative TSR.	• **TSR:** Free cashflow is difficult to measure month to month, without a monthly budget balance sheet to measure against. Relative TSR was not considered as there are insufficient competitors available.
• **2022:** Implement stringency for LTI achievement for 2022 and exclude Gourmet Burger Kitchen from earnings base targets, considering the volatility of markets due to COVID-19.	• **2022:** Stringency for LTI achievement, including GBK, was applied.
• **Vesting restrictions:** Shareholders recommend disclosure on how it is ensured that individual LTI allocations are made in line with vesting restrictions.	• **Vesting Restrictions:** Refer to relevant note in the IAR. The Committee considered the recommendations and remain comfortable with the targets set and the measurements of ROCE and TSR. Additional disclosure of targets and consequences of performance are provided in this report.
Performance scorecard	
Shareholders perceive the key performance areas (KPAs) for people measures and transformation and ESG to be unclear with uncertainty on what is measured. They suggest: • Famous Brands to determine appropriate benchmarks for ESG. • ESG targets should be split between STI and LTI.	People measures include targets for employee opinion survey results, Exco succession cover and Executive stability (attrition). Further details are in the Group scorecard (page 143). Benchmarks were determined for ESG and are contained in the Group scorecard. These include BBBEE targets (employment equity and supplier development), injuries on duty and sustainability measures (GHG emissions and water usage). The Committee is comfortable with the current measures regarding LTI.

Shareholder feedback	Committee feedback and actions taken
MSR	
Shareholders recommend that Famous Brands develop a timeline for future implementation, including consequences of non-achievement. Shareholders also recommend a target of 300% for the CEO.	The Committee believes that the current MSR is appropriate and will review it once the current target is reached. Current shareholding of CEO and Group Financial Director is disclosed on page 131.
Malus and clawback	
Shareholders identified some flaws in the current disclosure and suggested improved wording.	The policy is in its infancy and has not been applied as yet. The Committee was comfortable with the degree of disclosure.
Retention shares	
Shareholders view the allocation of retention shares as part of LTI as outdated.	The Committee reviewed the retention share scheme both from an allocation split and performance perspective. It is comfortable with the 25% retention shares/75% SARs allocation split, as it adequately favours the "at-risk" portion. This is also more stringent than current market trends. The vesting criteria of the retention shares are performance-related (minimum rating "meet expectations"), and service-related (employee must be in Famous Brands' employ at date of vesting).

Key decisions and changes to policy

Focus area	Consequent decisions by Committee	Policy reference
Appropriateness of 75%/25% split in performance and retention shares	• The current split will be retained. • Vesting of shares will be executed in line with the Famous Brands LTI Scheme rules.	137
Inclusion of D-Band employees in STI scheme	Lower D-band employees will in principle be included in the STI scheme, however the implementation is planned for FY2024.	133
STI key performance	KPAs are as follows: • Financial and operational performance: 60%. • Market share: 20%. • People: 10%. • ESG: 10%. Financial performance will be measured using HEPS and EBITDA (stretch) • HEPS: 50%. • EBIDTA: 50%.	142
2023 LTI KPIs and targets	• Absolute TSR: 30-DAY VWAP share price plus the cost of equity (both as at 28 February 2022). • ROCE: stretch of 130% of WACC to be determined as at 28 February 2022.	

Focus area	Consequent decisions by Committee	Policy reference
The following measures were taken to manage the effect of COVID-19, aiming to balance the survival of the business with protecting and preserving livelihoods. Throughout, we aimed to limit the impact on the most vulnerable employees.	• Salary reductions were imposed during level 4 lockdown in July 2021 as follows: – 15% Exco, executives and senior management (grades D upper to F). – 10% supervisory, technical, specialist and managerial employees (grades C to D3). – 7.5% all other employees (grades A to B). – Total wage bill saving generated: R4 million. • Bonuses of non-unionised employees (B3 to Group CEO) reduced to 50% of on-target amount. • There were 28 retrenchments. • Capped the executive bonus pool: 50%. • CEO's bonus approved at 50% of target, effectively 20%. • UIF TERS payments to employees: R5.7 million.	
Malus and Clawback Policy	No malus and clawback conditions were triggered	145
Administration and bargaining unit employee increases	• Bargaining unit employees: Approved at 4.5% effective March 2022. • Administration employees (non-bargaining unit): Approved at 4.5% effective March 2022.	139
Executive salary increases	• Average of 4.5% annual increase effective March 2022.	
Non-executive directors' fees	• Reverted to 100% fee basis after reduction in 2021. • Fees increased by 4% effective June 2021.	147
2016, 2017 and 2018 LTI vesting	• Shares purchased to settle shares due: 81 586. • Value of vested shares: R5.7 million. • No value for SARs as share price at date of vesting was below award price.	144

Remuneration consultants

Where appropriate, the Committee obtains advice from independent remuneration consultants. The Committee employs the consultants directly, with direct engagement from the Committee to ensure independence.

The Committee engaged the services of 21st Century Pay Solutions. The consultants were contracted to perform the following services:

- Annual benchmarking of STI scheme.
- Job evaluation and organisational design.
- Executive salary surveys.
- Advising on the remuneration report for the IAR.

The Committee is satisfied with the independence and objectivity of 21st Century Pay Solutions being a reputable remuneration consulting firm.

Remuneration Policy

Our Remuneration Policy aligns the interests of senior executives and employees with the interests of shareholders and the Group's overall business strategy. We attract, retain and reward talented employees, by offering compensation that is fair and competitive within our industry.

Key principles of the Remuneration Policy

We have a Remuneration Policy in place to support our remuneration approach. This Remuneration Policy is based on the following key principles:

- Reward, retain and, where necessary, attract talent through fair, transparent and competitive remuneration.
- Reward short-term and long-term performance by linking STIs to operational, financial and other targets and long-term incentives to achieve the strategic objectives of Famous Brands.
- Key focus areas are reflected in the scorecard of executive management and the annual performance evaluations for employees. Scorecards reflect KPAs and the associated KPIs.
- We reward for value created, contribution and performance to ensure alignment with shareholder interests.
- Employee rewards are influenced by individual, and Company performance and employees' contributions are recognised by way of a discretionary performance bonus.
- Bargaining unit employees are subject to the terms of wage agreements and are part of a "basic plus benefits" remuneration scheme.

Fair and responsible remuneration

The remuneration principles are underpinned by a fair and responsible remuneration approach where:

- Remuneration must be free from any form of discrimination.
- Market benchmarking refers to the correct remuneration bands and levels with progression reflected for experience and accountability.
- Remuneration design and application must drive internal and external parity.
- All the applied remuneration components are designed and implemented within the applicable tax and regulatory requirements.
- Performance and value are defined and measured over the short, medium and long terms and protect our shareholders' interests.
- An overarching drive for the correct moral and legally defensible remuneration practices.

The Group continues to focus on developing an equitable workplace. It is committed to equal pay, remuneration for equal value of work and gender equality in line with the JSE Listings Requirements, King IV guidelines, and our diversity policy. Furthermore, we continue to develop the leadership succession pool and have implemented strategies to attract, motivate and retain a skilled workforce through fair, responsible, transparent and competitive remuneration.

Quick fact

In South Africa, pay audits are conducted in terms of the Code of Good Practice on Equal Pay/ Remuneration For Work of Equal Value (Code of Good Practice) under the Employment Equity Act, No 5 of 1998 (as amended) (Employment Equity Act).

REMUNERATION POLICY continued

The principle of equal pay applies to work that is the same, substantially the same or of equal value (referred to as work of equal value), when compared to an appropriate actual comparator of the same employer. This means where comparable work is of equal value, employees rendering such comparable work should not be paid unequal pay where differentiation between them is based on a prohibited ground of discrimination or on grounds that are found to be arbitrary.

As part of the annual salary increase exercise in March of each year, Famous Brands conducts an equal pay for equal work audit. The following interventions were applied this year in response to findings from this audit:

- Employees paid unjustifiably low compared to others doing comparable work: 81 employees' salaries adjusted to at least the 25th percentile of the relevant internal pay scale.
- Incorrect job titles, rendering equal pay analysis inaccurate: 10 job titles amended to reflect correct jobs and allow accurate comparison.
- Incorrect job grades, rendering equal pay analysis inaccurate: 43 job grades corrected to reflect correct grades and allow accurate comparison.

Components of remuneration in 2022

The remuneration landscape and eligibility are set out on page 130. The table that follows sets out our remuneration structures.

Operation and objective	Maximum opportunity	Performance measures
Base salary | Targeted at the 50th percentile of the market benchmark		
• Reviewed annually in May after audited results. • Increase backdated and effective 1 March of each year. • The CEO makes recommendations regarding Exco to the Committee, and does not make recommendations on his base salary, which the Committee reviews.	• Informed by CPI upward or downward adjustment to recognise individual performance. • The overall increase pool is expressed as and limited to a percentage agreed by the Committee. • Business unit employee increases are based on wage agreements.	Individual performance is reviewed on a scale of 1 to 5. The performance rating determines the percentage of the CPI increase pool that an executive will receive. Performance is measured against specific KPIs approved by the Committee.
Retirement fund | Provides a retirement benefit		
• The funds vary depending on jurisdiction and legislation. • All Company-related funds are defined contribution funds. • Any Company contribution is part of TCC.	In line with country-specific legislation.	Not applicable.
Medical insurance | Provides medical aid assistance		
• The funds vary depending on jurisdiction and legislation (some countries have national insurance). • Any Company contribution towards a medical aid fund is part of TCC.	All contributions to medical aid funds form part of the total guaranteed package, in line with Company policy.	Not applicable.
Benefits | Provided to ensure broad competitiveness in the respective markets		
Benefits are provided based on local market trends. They can include items such as life assurance, disability and accidental death insurance, assistance with tax filing, cash in lieu of leave not taken (above legislated minimum leave requirements) and provisions under the executive travel guidelines.	In line with Company policy.	Not applicable.
Bonus | Discretionary		
A bonus is provided based on individual performance, subject to Company performance criteria.	• Up to 120% of one month's TCC. • Sliding scale adjustment to recognise individual performance.	Individual performance is reviewed on a scale of 1 to 5. Performance ratings of less than 3 do not qualify.

Short-term incentives

Objective	The STI is designed to drive the short-term strategies of Famous Brands and ensures that participants deliver on the key priorities for the year. These have been designed to align and deliver on both the Company and shareholder interests. It incentivises and drives the motivation of participants, contributes to the attraction and retention of scarce human resources, and rewards superior performance.
Timing	Ordinarily, 25% of the STI is paid after the half-year results finalisation, and the balance is paid after the finalisation of annual audit and Board approval of financial results.

Operations

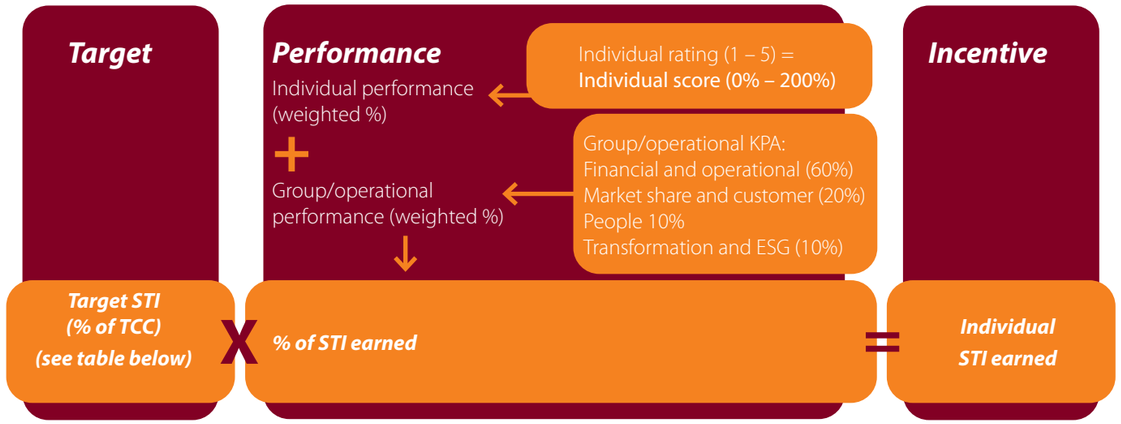
Target STI is a targeted amount applicable to a person's grade (a percentage of TCC). Actual STI earned depends on performance.

The conceptual formula to determine actual STI earned, is:

- Individual's STI earned = Target STI (% of TCC for grade/role) x % of target earned (determined by performance).
- Target STI is determined by market benchmarked targets and is validated regularly.
- Performance score is determined by individual and Group/operational performance relevant to the individual's role, to create line of sight between business performance and individual reward. These are weighted and collectively provide a weighted score for the individual.

REMUNERATION POLICY continued

Graphically, this can be explained as follows:



Target STIs by level and role:

Paterson Grade	Target STI %	Capped at maximum STI %
F upper – CEO	60	120
F lower – Group Financial Director	45	90
F lower – Other	35	70
E	15	30
D upper	10	20

To drive line of sight principles, STI earnings are linked to areas where the executive has accountability and the ability to influence. The percentages reflect the relative weighting of performance on the ultimate combined scorecard of the participant.

Relative weighting of performance %:

Position	Group	SA	Non-SA	Individual
CEO and Group Financial Director	70			30
Other Group executives	30			70
AME executive	10		60	30
SA divisional executives		70		30
UK /AME divisional executives	30		40	30

Before the start of each half-year, the Board approves KPAs and associated KPIs. The 2022 Group scorecard is:

Key performance areas	KPIs and targets
Financial performance and operational plan performance (60%)	**2022 measures and targets**

Measure	Weighting %	Target	Outcome
HEPS	50	Growth of 87% – 101%	Achieved
EBITDA	50	Growth 45% – 52%	Achieved

Market-share performance and customer measures (20%)	• Google ratings: *Outcome: Partially achieved* • Net store growth – AME net store growth: *Outcome: Achieved* – Leading Brands; Signature Brands; UK: *Outcome: Not Achieved*
People performance (10%)	• The Voice your View survey results, reflecting employee satisfaction and engagement. *Outcome: Achieved.* • Exco succession (Identified successors for Exco roles). *Outcome: Achieved.* • Executive stability ratio. This ratio is the level of attrition by voluntary resignations among executives. *Outcome: Achieved.*
Transformation and ESG (10%)	• BBBEE rating: Retain level 4. *Level 4: Achieved.* • Management control (Employment equity): *Outcome: Achieved.* • Enterprise and supplier development: *Outcome: Achieved.* • Injuries on duty. *Outcome: Achieved.* • Sustainability targets including GHG Emissions and water usage. *Outcome: Partially achieved*

Individual performance is reviewed on a scale of 1 to 5. Performance ratings of less than 3 disqualify a participant from the STI scheme.

Rating	Score %	Outcome
1 or 2	0	No STI
3	100	
4	150	
5	200	Capped

The combined outcome of the individual performance, and performance against the KPAs and KPIs, result in the actual percentage of target STI earned (which has a maximum cap).

The table below indicates how line of sight is achieved between combined performance and the individual's level of STI earned, supporting the principle of rewarding exceptional performance.

Weight the score	% of target STI
< 100%	0
> 104%	125
> 108%	150
> 112%	175
> 116%	200
> 117%	200 (Capped)

REMUNERATION POLICY continued

Long-term incentives

Objective

The LTI is designed to drive the longer-term strategic and sustainable focus of Famous Brands, ensuring alignment between the long-term interests of executives and shareholders. It serves as a wealth creation mechanism for executives and drives the creation of shareholder value when strategic performance drivers are met.

Vesting structure and methodology

Initial vesting
- 33.33% – Year 3
- 33.33% – Year 4
- 33.33% – Year 5

Top-up vesting
- No vesting period

Individual LTI earned = [TCC] X [Award multiple]

Therefore, top-ups are required to maintain TCC x multiple equation

Award value of unvested shares = [TCC] X [Award multiple]

LTI SPLIT:

SARs 75% | RSs 25%

Conditions:
- Company performance (KPAs per award letter)
- Share price must increase over vesting period
- Service condition

Condition:
- Service condition
- Minimum performance rating: 3 (meets expectations)

Role/Grade	Target multiple to be held at a point in time		Annual Award of 0.33% of target	
	SARs	RSs	SARs	RSs
Chief Executive Officer	6.53	0.55	2.18	0.18
Group Financial Director	5.60	0.47	1.87	0.16
F – Lower	4.67	0.40	1.56	0.13
E – Upper	3.54	0.30	1.18	0.10
E – Lower	2.84	0.24	0.95	0.08
D – Upper	2.13	0.18	0.71	0.06

The Company target multiple is lower than market medians

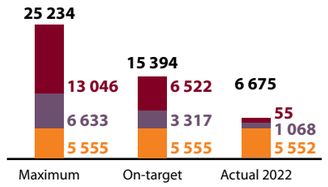
Performance conditions applied to determine vesting of SARs

Company performance	Weighting
ROCE WACC determined at 28 February 2022	**50%**
Absolute TSR 30-day VWAP share price + cost of equity. Determined on 28 February 2022	**50%**

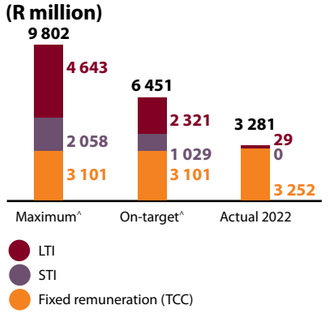
Potential consequences of performance on Executive Remuneration

The following illustrative example shows the impact of performance on maximum and on-target remuneration, compared with actual remuneration. The Group Financial Director graphic is in relation to Ms Lebo Ntlha, who resigned as Group Financial Director and left Famous Brands' service on 30 November 2021. The values reflect her potential and actual earnings up until her resignation date. Further details are in the Implementation report page 148.

Pay for performance: CEO (R million)



Pay for performance: GFD* (R million)



^ ***Maximum LTI*** *is depicted at the Famous Brands annual award quanta (One third of target holding multiple). LTI on target is depicted as 50% of the maximum. Maximum and* ***on target*** *have no COVID-19 modification.* ***Actual 2022*** *values are earnings in the reporting period.*

* *The previous Group Financial Director resigned on 30 November 2021. The new Group Financial Director commenced service on 1 August 2021, hence his compensation is not reported here. Compensation details are in the implementation report, on page 148.*

Ancillary policies – Executive management

Minimum shareholding requirements

Executive directors shall build and maintain a minimum holding of Famous Brands shares:

Executive directors may sell only up to 50% of their shares that vest until they have reached their minimum shareholding requirement.

Malus and clawback

Famous Brands have implemented malus and clawback provisions that enable adjustments to variable pay. The Board may act on the recommendation of the Committee to reduce/cancel/adjust unvested variable remuneration (malus), or to recover (clawback) vested/paid variable remuneration where there is reasonable evidence that an executive director of Famous Brands materially contributed to, or was materially responsible for, but not limited to:

- Personally acting fraudulently or dishonestly or in a manner that adversely affects the Company's reputation, or which is characterised as gross misconduct.
- Directing an employee, contractor or adviser to act fraudulently, dishonestly or to undertake other misconduct.
- Receiving an STI or LTI award because of fraud, dishonesty or a breach of obligation committed by another person.
- Receiving an STI or LTI award because of an intentional error in calculating a performance measure.

Service contracts

All members of the executive team, except the Group Financial Director, have permanent employment contracts that entitle them to standard Group benefits as defined by their specific region and participation in the Company's STI and LTI.

The Group Financial Director is on a two-year fixed-term contract.

The executive management team has a three-month notice period.

Recruitment Policy

When recruiting new executives, a comparative benchmarking exercise is done to determine the size, nature and complexity of the role and the skills availability in the market, prior to making a competitive offer.

For new appointments, the Committee may compensate for remuneration forfeited by the appointee (STI, LTI, or any other relevant and valid element). The intention is to not grant more than what the executive would have received from the Company in a 12-month period. The Committee does have the discretion to compensate higher values if it can be demonstrated through a fair-value valuation that the forfeited amounts exceed the grants. The Committee will compensate the forfeitures through a combination of equity and cash.

Termination Policy

The executive management team typically does not have fixed-term contracts, and contracts are therefore open-ended. Exceptions include where prescribed retirement ages apply, or where specific circumstances justify the appointment on a fixed-term basis. Contracts do contain defined termination notice periods. The incentive scheme rules are clear on the termination provisions by termination category.

In the event of termination, the Company has the discretion to allow the executive to either work out their notice period or to pay the TCC for the stipulated notice period in lieu of notice.

Employment contracts do not oblige Famous Brands to pay special severance or compensation on termination of employment contracts arising out of failure or incapacity to perform, or underperformance against contracted objectives.

Voluntary resignation	Dismissal/ termination for cause	Normal and early retirement, retrenchment and death	Mutual separation
Base salary			
Paid over the notice period or as a lump sum.	Paid up to the date of dismissal (exit date).	Paid up to the date of retirement or death or for a defined period based on policy and legislation governing retrenchment conditions. Death benefits are paid to the spouse (if relevant).	Paid over the notice period or as a lump sum or per agreement to remain on payroll until agreed date.
Retirement fund			
Provident fund contributions for the notice period will be paid. The lump sum does not include provident fund contributions unless contractually agreed.	Contributions to provident fund will be paid until employment ceases.		Provident fund contributions for the notice period will be paid. The lump sum will exclude provident fund contributions and risk benefits.
Medical provisions			
Where applicable, medical provision for the notice period will be paid.	Medical provision/payment will be provided until employment ceases.	Medical provision/payment will be provided until employment ceases. Subject to the medical aid rules, the employee can become a direct paying member of the medical aid.	Medical provision for the notice period will be paid; the lump sum can include medical fund employee contributions if contractually agreed.
Benefits			
Applicable benefits may continue to be provided during the notice period but will not be paid on a lump-sum basis.	Benefits will fall away when employment ceases.	Benefits will fall away when employment ceases.	Applicable benefits may continue to be provided during the notice period.

Voluntary resignation	Dismissal/ termination for cause	Normal and early retirement, retrenchment and death	Mutual separation
STI			
No STI		No bonus, but Committee has the discretion to award pro-rata STI.	No bonus, but Committee has the discretion to award pro-rata STI.
Sign-on or retention deferred bonuses			
Lapse all deferred bonuses.		Pro-rata deferred bonuses based on the length of employment from the date of allocation.	Committee determines whether a pro-rata portion may be granted. Work-back clause may not apply.
Sign-on bonus work-back clause will apply – i.e. if not worked back in full, pro-rata repayment.			
LTI			
Unvested shares will lapse in their entirety.	Lapse of all unexercised and unvested shares; vested shares will be unaffected.	Pro-rata unvested LTIs are based on the length of employment from date of offer. Performance conditions are tested over the full performance period and vest on the normal vesting dates. (In case of death, test performance as per the latest results applies immediate vesting).	Committee determines whether a pro-rata portion may be granted (or the Board in the case of the executive directors). Performance conditions are tested over the full performance period and vest on the normal vesting dates.

Non-executive directors

The Company's non-executive directors are paid based on their role. The policy is applied using the following principles:

- A Board fee is paid for the five Board meetings held each year, and the Committee members receive Committee fees for participation. The fees are split with a base fee of 20% and the remaining 80% paid based on meeting attendance. Each director's fee is paid quarterly in arrears.
- Fees are reviewed annually, and increases are implemented from June after approval by shareholders at the AGM. The level of fees is set using a benchmark comparable group derived from companies with similar size, complexity and geographic spread.
- The non-executive directors are not eligible to receive any short or long-term incentives.
- The Committee approved the fees of non-executive directors as follows:
- A 4% increase for financial year 2021 and 2022.
- R2 500 per hour fee for consulting services.

The 2023 proposed fee increases are to be approved by shareholders during the next AGM are:

- Chairman of a Committee 4.5%.
- Member of a Committee 4.5%.
- Additional fee of R2 613 per hour for consulting services.

Remuneration report – implementation

The Remuneration Committee confirms compliance with the Remuneration Policy and confirms that there were no deviations from policy.

The Implementation report provides a breakdown of both the executive director and non-executive director remuneration. The Committee assessed the prescribed officer definition with the definition of "executive management" per King IV and has determined that of the Executive Committee, only Darren Hele (CEO), Lebo Ntlha (outgoing Group Financial Director) and Deon Fredericks (incoming Group Financial Director) meet the definition.

Directors' remuneration and performance

CEO – Darren Hele

Darren Paul Hele (50)

Chief Executive Officer

BCom

STI outcome

Key performance area	Target weighting %	Actual score %
Business performance	**70**	**111**
Financial performance and operational plan performance	**60**	**72**
Market-share performance and customer measures	**20**	**17.2**
People performance	**10**	**11.4**
Transformation and ESG	**10**	**10.4**
Individual performance (Rating: 4)	**30**	**150**
Weighted score	**100**	**123**

SARS

The SARS for 2015 and 2017 were forfeited as the price was below the strike price.

The first tranche of the 2019 SARS vested in June 2022 but were below the strike price.

The expiry of the 2016 SARS was extended by five years to 2027.

Retention shares

The 2016 shares vested as the service condition and performance rating was met with 874 shares vesting.

Share options

80 000 share options were awarded in November 2014 in terms of the 2012 Share Option Scheme at a grant price of R101.20 and expire in November 2024.

Total reward

Awarded remuneration (R'000)	2022	2021
Salary	**4 861**	4 371
Medical aid	**230**	205
Retirement benefit	**348**	419
Other benefits	**113**	100
Total fixed earnings**	**5 552**	5 095
STI	**1 068***	2 938^
SARs	**–**	–
Retention shares	**55^^**	1 258
LTI	**55**	1 258
Total awarded remuneration	**6 675**	9 291

* *Relates to 2021 performance.*
** *There were extended periods of temporary salary reductions in FY2021 compared to FY2022. Apply caution when comparing the two periods.*
^ *Relates to 2020 performance.*
^^ *Value as per 5 November 2021 SENS announcement in respect of 874 vested shares.*

Individual scorecard

Key performance measures	Outcome
Execute the Group's F22 one year action plan as signed off by the Board on all agreed deliverables and time plans	Met
Ensure delivery continues toward the Group's wider goals laid out in the approved three year (F22 – F24) plan	Exceeded
Ensure recovery in staff morale and remuneration risks arising from the after effects of "Project Genesis". NPS to move from 10.4 to 18.	Exceeded
All and any Exco changes to be transformative. • Finance and IT functions improvement in skill and depth of talent.	Exceeded
Meet Associate investment and operational targets.	Threshold
Individual performance score	**Rating: 4**

Unvested awards made to the CEO during prior years and FY2022:

Year awarded	Number of awards	Vesting structure	Expiry date	Fair value at 28 February 2022 (R'000)
2019 SAR	4 927	1/3rd June 2022;	June 2025	**–**
2019 RS	38 356	1/3rd June 2023; 1/3rd June 2024		**2 775**
2020 SAR	333 104	1/3rd June 2023;	July 2025	**12 458**
2020 RS	27 504	1/3rd June 2024; 1/3rd June 2025		**1 990**
2021 SAR*	205 530	1/3rd June 2024;	July 2026	**3 227**
2021 RS*	16 970	1/3rd June 2025; 1/3rd June 2026		**1 228**

* *LTI award made to Darren Hele in June 2021*

REMUNERATION REPORT – IMPLEMENTATION continued

Group Financial Director – Lebo Ntlha

Kelebogile (Lebo) Ntlha (38)

Group Financial Director

CA(SA), MBA, PGDip Tax

Resigned effective 30 November 2021

Total reward

Awarded remuneration (R'000)	2022^^	2021
Salary	**3 044**	2 601
Medical aid	**43**	55
Retirement benefit	**165**	76
Other benefits	**–**	–
Total fixed earnings	**3 252**	2 732
STI	**0***	870^
SARs	**0**	–
Retention shares	**29^^^**	389
LTI	**29**	389
Total awarded remuneration	**3 281**	3 991

* *Relates to 2021 performance.*
^ *Relates to 2020 performance.*
^^ *The above values in respect of 2022 are actual up until her departure.*
^^^ *Value as per 5 November 2021 SENS announcement in respect of 457 vested shares.*

Group Financial Director – Deon Fredericks

Deon Jeftha Fredericks (61)

Group Financial Director

BCompt (Hons), Business Management (Hons), CA(SA), CIMA

Appointed 1 August 2021 as Group Financial Director – elect

Total reward

Awarded remuneration (R'000)	FY2022*
Salary	**2 042**
TCC	**2 042**
STI	**–**
SARs	**–**
Retention shares	**–**
LTI	**–**
Total awarded remuneration	**2 042**

* *The above values in respect of FY2022 reflect Deon Fredericks's remuneration from his effective appointment date 1 August 2021. Mr Fredericks was appointed on a fixed-term contract, hence no other fixed compensation elements apply.*

There have been no termination payments to executives during the year.

During the period under review, in line with the policy, pro rata vesting of LTI grants were applied in respect of a participant.

Non-executive directors' remuneration

	2022 R'000	2021 R'000
NJ Adami	**632**	567
SL Botha	**1 009**	911
CH Boulle	**853**	585
DJ Fredericks (appointed as Group Financial Director 1 August 2021)	**314**	445
N Halamandaris	**672**	502
JL Halamandres	**389**	238
AK Maditse	**652**	507
TE Mashilwane (resigned 23 July 2021)	**325**	576
F Petersen-Cook (appointed 1 June 2021)	**505**	–
B Mathe (appointed 20 October 2021)	**183**	–
Total	**5 534**	4 331

Summarised consolidated financial statements

Summarised consolidated statement of financial position

at 28 February 2022

	Notes	2022 R000	2021* R000
Assets			
Non-current assets		**1 624 848**	1 692 587
Property, plant and equipment	2	**640 442**	667 098
Intangible assets	3	**871 631**	917 450
Investments in associates		**9 351**	21 714
Loans to associates		**11 269**	–
Lease receivables		**13 636**	26 259
Deferred tax		**78 519**	60 066
Current assets		**1 334 803**	1 300 586
Inventories		**408 191**	354 243
Trade and other receivables	4	**447 225**	488 505
Cash and cash equivalents		**333 435**	351 871
Restricted cash		**122 793**	92 486
Lease receivables		**8 470**	–
Derivative financial instruments		**9 563**	8 011
Current tax assets		**5 126**	5 470
Total assets		**2 959 651**	2 993 173
Equity and liabilities			
Equity attributable to owners of Famous Brands Limited		**601 258**	269 506
Non-controlling interests		**119 287**	121 258
Total equity		**720 545**	390 764
Non-current liabilities		**1 194 789**	1 805 314
Borrowings	6	**881 670**	1 462 600
Lease liabilities		**232 109**	256 934
Deferred tax		**81 010**	85 780
Current liabilities		**1 044 317**	797 095
Trade and other payables	5	**675 236**	673 768
Borrowings	6	**256 482**	8 104
Lease liabilities		**89 225**	88 142
Shareholders for dividends		**2 418**	2 418
Current tax liabilities		**20 480**	22 300
Derivative financial instruments		**476**	2 363
Total liabilities		**2 239 106**	2 602 409
Total equity and liabilities		**2 959 651**	2 993 173

* *Some of the line items have been reclassified to enhance presentation and disclosure. Refer to note 14 for details.*

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 28 February 2022

	Notes	2022 R000	2021* R000
Continuing operations			
Revenue	7	**6 476 354**	4 683 828
Cost of sales		**(3 564 258)**	(2 677 794)
Gross profit		**2 912 096**	2 006 034
Other income		**20 147**	29 271
Expected credit loss		**(10 317)**	(14 972)
Selling and administrative expenses		**(2 267 278)**	(1 725 614)
Operating profit before impairment of intangible assets		**654 648**	294 719
Impairment of intangible assets		**(25 090)**	(175 485)
Operating profit		**629 558**	119 234
Net finance costs	8	**(107 501)**	(175 667)
Finance costs		**(124 836)**	(192 269)
Finance income		**17 335**	16 602
Share of profit of associates		**260**	4 862
Impairment of associate		**(8 262)**	(18 000)
Profit/(loss) before tax		**514 055**	(69 571)
Tax		**(158 555)**	(35 303)
Profit/(loss) from continuing operations		**355 500**	(104 874)
Loss from discontinued operation, net of tax		**–**	(1 111 440)
Total profit/(loss) for the year		**355 500**	(1 216 314)
Profit/(loss) for the year attributable to:			
Owners of Famous Brands Limited		**317 657**	(1 239 079)
Non-controlling interests		**37 843**	22 765
Total profit/(loss) for the year		**355 500**	(1 216 314)
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations**		**(12 895)**	102 956
Pre-tax foreign exchange differences on translating foreign operations		**(12 165)**	142 728
Tax effect on exchange differences on translating foreign operations		**(730)**	(39 772)
Other comprehensive income arising from discontinued operation		**–**	(299 664)
Pre-tax foreign exchange differences realised on discontinued foreign operation		**–**	(367 549)
Tax impact on realised foreign exchange differences on discontinued foreign operation		**–**	67 885
Movement in hedge accounting reserve**		**1 173**	18 364
Pre-tax change in fair value of cash flow hedges		**1 629**	25 505
Tax on movement in hedge accounting reserve		**(456)**	(7 141)
Total comprehensive income/(loss) for the year		**343 778**	(1 394 658)

* *Some of the line items have been reclassified to enhance presentation and disclosure. Refer to note 14 for details.*

** *This item may be reclassified subsequently to profit or loss.*

	Notes	2022 R000	2021 R000
Total comprehensive income/(loss) attributable to:			
Owners of Famous Brands Limited		**305 935**	(1 417 423)
Non-controlling interests		**37 843**	22 765
Total comprehensive income/(loss) for the year		**343 778**	(1 394 658)
Basic earnings/(loss) per share (cents) from continuing operations			
Basic	9	**317**	(127)
Diluted	9	**317**	(127)
Basic earnings/(loss) per share (cents) including discontinued operation			
Basic	9	**317**	(1 237)
Diluted	9	**317**	(1 234)

Summarised consolidated statement of changes in equity

for the year ended 28 February 2022

	2022 R000	2021 R000
Balance at the beginning of the year	**390 764**	1 800 392
Issue of capital and share premium	**–**	601
Equity-settled share-based payment scheme	**36 652**	34 449
Put options over non-controlling interests	**–**	(25 269)
Total comprehensive income/(loss) for the year	**343 778**	(1 394 658)
Dividends declared	**(28 115)**	(15 307)
Additional interest acquired from non-controlling interests	**(5 988)**	–
Disposal of interest in subsidiaries impact on non-controlling interests	**(5 711)**	(6 460)
Change in ownership interest in subsidiaries	**(12 592)**	–
Other reserve	**1 757**	(2 984)
Balance at the end of the year	**720 545**	390 764

Summarised consolidated statement of cash flows

for the year ended 28 February 2022

	Notes	2022 R000	2021* R000
Cash generated from operations		**871 082**	521 152
Net finance costs paid		**(110 921)**	(161 394)
Finance income received		**17 335**	13 242
Finance costs paid		**(128 256)**	(174 636)
Income tax paid		**(183 554)**	(69 540)
Dividends paid		**(43 853)**	(5 512)
Net cash inflow from operating activities		**532 754**	284 706
Cash flow from investing activities			
Additions to property, plant and equipment		**(122 902)**	(72 580)
Intangible assets acquired		**(16 775)**	(11 357)
Proceeds from disposal of property, plant and equipment		**10 185**	15 188
Proceeds from disposal of intangible assets		**3 387**	50
Additional investment in associate		**–**	(1 724)
Net cash inflow on disposal of subsidiary	10	**1 283**	43 890
Net cash outflow on disposal of subsidiary	10	**(1 266)**	(63 732)
Net cash inflow on disposal of associate		**–**	15 000
Dividends received from associates		**5 888**	4 048
Principal receipts from lease receivables		**11 523**	14 356
Loan to associate		**(10 592)**	–
Loan repayment from associate		**1 806**	–
Net cash outflow from investing activities		**(117 463)**	(56 861)
Cash flow from financing activities			
Net borrowings repaid		**(332 678)**	(188 303)
Borrowings raised		**24 883**	3 228 867
Borrowings repaid		**(357 561)**	(3 417 170)
Settlement of interest rate swap		**–**	(40 383)
Non-controlling shareholder loans (repaid)/received		**(836)**	1 091
Principal repayments of lease obligations		**(77 832)**	(73 490)
Settlement of put option over non-controlling interest in subsidiary		**–**	(14 828)
Lease incentives received		**1 486**	–
Share-based payment grant settlements		**(4 446)**	(6 541)
Acquisition of additional interest in subsidiaries		**(18 580)**	–
Net cash outflow from financing activities		**(432 886)**	(322 454)
Net decrease in cash and cash equivalents		**(17 595)**	(94 609)
Foreign currency effect		**(841)**	16
Cash and cash equivalents at the beginning of the year		**351 871**	446 464
Cash and cash equivalents at the end of the year		**333 435**	351 871

* *Some of the line items have been reclassified to enhance presentation and disclosure. Refer to note 14 for details.*

Primary (business units) and secondary (geographical) segment report

for the year ended 28 February 2022

Operating segments

	2022 R000	2021 R000
Revenue		
Leading brands	**772 614**	490 540
Signature brands	**145 251**	75 973
Supply Chain	**4 495 536**	3 349 104
Manufacturing	**2 769 990**	2 117 718
Logistics	**4 051 537**	2 994 081
Retail	**222 123**	151 209
Eliminations	**(2 548 114)**	(1 913 904)
Marketing funds	**583 277**	325 003
Corporate	**1 274**	14 874
South Africa	**5 997 952**	4 255 494
United Kingdom – Wimpy	**132 586**	112 322
Rest of Africa and Middle East	**345 816**	316 012
Continuing operations	**6 476 354**	4 683 828
Discontinued operation	**–**	337 669
Total operations	**6 476 354**	5 021 497
Operating profit		
Leading brands	**370 761**	200 416
Signature brands	**(7 748)**	(31 246)
Supply Chain	**361 474**	169 105
Manufacturing	**299 397**	181 177
Logistics	**60 442**	(12 883)
Retail	**1 635**	811
Corporate	**(120 952)**	(87 877)
Share-based payment charge	**(41 098)**	(41 590)
Consolidation entries	**(8 725)**	2 041
Corporate administration costs	**(71 129)**	(48 328)
South Africa	**603 535**	250 398
United Kingdom – Wimpy	**16 982**	14 392
Rest of Africa and Middle East	**34 131**	29 929
Operating profit before impairment of intangible assets	**654 648**	294 719
Impairment of intangible assets	**(25 090)**	(175 485)
Leading Brands	**–**	(36 624)
Signature Brands	**–**	(95 086)
Manufacturing	**–**	(18 575)
United Kingdom – Wimpy	**(25 090)**	(25 200)
Operating profit	**629 558**	119 234
Net finance cost	**(107 501)**	(175 667)
Share of profit of associates	**260**	4 862
Impairment of associate	**(8 262)**	(18 000)
Tax	**(158 555)**	(35 303)
Loss from discontinued operation before tax*	**–**	(1 111 440)
Total profit/(loss) for the year	**355 500**	(1 216 314)

* *Prior year figure includes operating loss of R101.7 million.*

No segment assets or liabilities have been disclosed as such information is not regularly provided to the Chief Operating Decision Maker.

	2022 %	2021 %
Segmental operating margins after impairments		
Leading brands	**48.0%**	33.4%
Signature brands	**(5.3%)**	(166.3%)
Supply Chain	**8.0%**	4.9%
Manufacturing	**10.8%**	7.7%
Logistics	**1.5%**	(0.4%)
Retail	**0.7%**	0.5%
South Africa	**10.1%**	1.8%
United Kingdom – Wimpy	**(6.1%)**	(9.6%)
Rest of Africa and Middle East	**9.9%**	9.5%
Continuing operations	**9.7%**	2.5%
Discontinued operation	**–**	(30.1%)
Total operations	**9.7%**	0.3%

	2022 R000	2021 R000
Geographical allocation of revenue		
United Kingdom*	**132 586**	449 991
Botswana	**285 156**	267 427

The table below sets out the geographical location of non-current assets excluding deferred tax assets and lease receivables.

Geographical allocation of non-current assets		
South Africa	**1 239 661**	1 300 642
United Kingdom	**177 729**	208 892
Botswana	**96 026**	80 966
Rest of Africa and Middle East (excluding Botswana)	**19 277**	15 762
Total	**1 532 693**	1 606 262
Additions to non-current assets by segment**		
Leading brands	**23 355**	25 029
Signature brands	**20 843**	5 832
Manufacturing	**56 501**	20 031
Logistics	**2 629**	4 085
Retail***	**137**	–
Corporate	**5 887**	1 507
South Africa	**109 352**	56 484
Rest of Africa and Middle East	**30 247**	25 097
United Kingdom	**78**	2 356
Total	**139 677**	83 937

* *Revenue for the previous financial year includes GBK.*

** *Relates to property, plant equipment and intangible assets.*

*** *Additions relating to retail were included under logistic in the prior year.*

Notes to the summarised consolidated financial statements

for the year ended 28 February 2022

Reporting entity

Famous Brands Limited (Famous Brands or the company) is a holding company domiciled in South Africa and is listed on the JSE Limited under the category Consumer Services: Travel and Leisure. Famous Brands is Africa's leading quick service and casual dining restaurant franchisor. The summarised consolidated financial statements (financial statements) of Famous Brands comprise the company and its subsidiaries (together referred to as the Group) and the Group's investments in associates.

Statement of compliance

The summarised consolidated financial statements have been prepared in accordance with IFRS and its interpretations adopted by the IASB in issue and effective for the Group at 28 February 2022, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contains information required by IAS 34 *Interim financial reporting*, the JSE Listing Requirements and the Companies Act of South Africa. The summarised consolidated financial statements were approved by the Board of Directors on 31 May 2022.

The summarised consolidated financial statements were prepared under the supervision of Mr Deon J Fredericks CA(SA), Group Financial Director.

Basis of preparation

The summarised consolidated financial statements do not include all the information required by IFRS for full financial statements and should be read in conjunction with the February 2022 audited consolidated financial statements. The accounting policies applied in the preparation of the audited consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those applied in the financial statements for the financial year ended 28 February 2021, except for the new standards that became effective for the Group's financial reporting beginning 1 March 2021 noted below.

The summarised consolidated financial statements are presented in South African Rand (Rand), which is the Group's presentation currency. All financial information presented in Rand has been rounded to the nearest thousand (R000) except when otherwise indicated.

The summarised consolidated financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value or at amortised costs.

The going concern basis has been used in preparing these summarised consolidated financial statements as the directors have a reasonable expectation that the Group will continue as a going concern for the foreseeable future, see note 16.

Changes in accounting policies

The Group adopted the following new, revised and amendments to standards applicable for the first time in the current financial year, which did not have a material impact on the financial statements:

Interest Rate Benchmark Reform – Phase 2 (Amendment, effective for financial years beginning on or after 1 January 2021 which amends): IFRS 4 – *Insurance Contracts*, IFRS 7 – *Financial Instruments: Disclosures*, IFRS 9 – *Financial Instruments*, IFRS 16 – *Leases*, IAS 39 – *Financial Instruments: Recognition and Measurement*.

The Group had no transactions for which the benchmark rate had been replaced. There is no impact on opening equity balances as a result of retrospective application.

IFRS 16 Leases (Amendment) – provides lessees with an exemption from assessing whether a COVID 19-related rent concession is a lease modification.

The amendment does not have an impact as the Group has elected not to apply the concession. The change in lease term or payment is treated as a remeasurement.

New standards, amendments to standards and interpretations in issue not yet effective

The Group has chosen not to early adopt the following amendments and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2022 or later periods. Management is determining the impact of the standard on the financial statements however no significant impact is expected.

Standard	Effective date (for financial years beginning on or after)
IFRS 3 *Business Combination* (Amendment) The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022
IAS 16 *Property, plant, and equipment* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendments) The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.	01 January 2022
IAS 1 *Presentation of Financial Statements* Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendment provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.	01 January 2023
IAS 1 *Presentation of Financial Statements* and Practice Statement 2 (Amendment) Amendments intended to help preparers in deciding which accounting policies to disclose in their financial statements.	01 January 2023
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment) The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates.	01 January 2023
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction (Amendment) The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	01 January 2023

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Annual improvements to IFRS Standards

Standard	Effective date (for financial years beginning on or after)
IFRS 1 *First-time Adoption of International Financial Reporting Standards* The amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.	01 January 2022
IFRS 9 *Financial Instruments* This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower of lender on the other's behalf.	01 January 2022
IFRS 16 *Leases*, Illustrative Example 13 The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.	01 January 2022

1. *Capital expenditure and commitments*

	2022 R000	2021 R000
Invested	**139 677**	83 937
Property, plant and equipment	**122 902**	72 580
Intangible assets	**16 775**	11 357
Authorised, not yet contracted	**238 896**	167 599
Property, plant and equipment	**198 344**	130 147
Intangible assets	**40 552**	37 452

2. *Property, plant and equipment*

	2022 R000	2021 R000
Carrying amount at the beginning of the year	**667 098**	2 226 797
Additions	**189 111**	164 454
Owned	**122 902**	72 580
Right-of-use asset	**66 209**	91 874
Foreign currency translation	**(4 543)**	163 313
Disposals	**(27 468)**	(1 324 559)
Continuing operations	**(27 468)**	(25 875)
Discontinued operation*	**–**	(1 298 684)
Disposal of subsidiaries	**(8 497)**	–
Depreciation	**(175 011)**	(275 983)
Transfers	**(248)**	–
Impairment – discontinued operation	**–**	(286 924)
Carrying amount at the end of the year	**640 442**	667 098

* *Relates to disposal of GBK.*

All remaining GBK assets were derecognised post the business being placed under administration in accordance with the Insolvency legislation in the UK, and GBK was subsequently disposed of in the 2021 financial year.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
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3. Intangible assets

	2022 R000	2021 R000
Carrying amount at the beginning of the year	**917 450**	2 274 895
Additions	**16 775**	11 357
Foreign currency translation	**(7 157)**	62 105
Disposals	**(5 423)**	(14 070)
Disposal of subsidiaries	**(3 845)**	–
Amortisation	**(21 079)**	(22 847)
Impairment	**(25 090)**	(1 393 990)
Continuing operations*	**(25 090)**	(175 485)
Discontinued operation**	**–**	(1 218 505)
Carrying amount at the end of the year	**871 631**	917 450

* *The goodwill impairment loss of R25 million recognised in the current financial year relates to Venus (Wimpy UK), as a result of the changes in key assumptions and cash flows achieved compared to forecast. The recoverable amount determined based on the value in use was R72 million. Intangible assets amortisation has been included in selling and administrative expenses in the statement of profit or loss and other comprehensive income.*

** *All remaining GBK assets were derecognised post the business being placed under administration in accordance with the Insolvency legislation in the UK, and GBK was subsequently disposed of in the 2021 financial year.*

4. Trade and other receivables

	2022 R000	2021 R000
Net trade receivables	**395 332**	414 310
Trade receivables	**418 209**	437 195
Impairment allowance	**(22 877)**	(22 885)
Other receivables	**27 267**	51 823
Prepayments	**14 140**	19 766
VAT receivable	**10 486**	2 606
	447 225	488 505

5. Trade and other payables

	2022 R000	2021 R000
Trade payables	**296 093**	280 409
Accruals	**164 767**	189 177
Employee benefits	**88 153**	83 411
Deferred income*	**15 085**	12 648
VAT payable	**35 660**	22 613
Put option written over the equity of non-controlling interest	**75 478**	85 510
	675 236	673 768

* *Deferred income relates to income received in advance for services to franchise partners such as project management for new build or restaurant revamp or call centre services or any ad hoc services from time to time. An amount of R12.6 million (2021: R28 million) included in deferred income from prior year has been recognised as revenue based on the Group satisfying the relevant performance obligations over time.*

6. Borrowings

	Currency	Maturity date	Interest rate Nature	Margin %	Rate	2022 %	2021 %	2022 R000	2021 R000
Unsecured									
Long-term borrowings								**881 670**	1 462 600
Short-term borrowings								**256 482**	8 104
Short-term portion of borrowings								**255 626**	6 412
Non-controlling shareholder loans								**856**	1 692
								1 138 152	1 470 704

Interest is paid quarterly in arrears.

The Group has unlimited borrowing powers in terms of its Memorandum of Incorporation.

Terms of repayment

	Currency	Maturity date	Nature	Margin %	Rate	2022 %	2021 %	2022 R000	2021 R000
F2022									
Loan facility: Amortising loan	ZAR	Aug-23	variable	2.30	3-month JIBAR	**6.17**		**750 000**	
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Feb-24	variable	2.50	3-month JIBAR	**6.37**		**350 000**	
General Banking Facility (GBF)	ZAR	364 days	variable	–	Prime	**7.50**		**–**	
Loan Facility: Term Loan	ZAR	Aug-26	variable	0.10	Prime	**7.60**		**4 612**	
Loan Facility: Term Loan	GBP	Sept-25	fixed	–	Fixed	**2.02**		**11 077**	
Loan Facility: Term Loan	ZAR	Nov-26	variable	1.50	Prime	**9.00**		**7 403**	
Loan Facility: Term Loan	ZAR	Jan-32	variable	–	Prime	**7.50**		**14 058**	
Non-controlling shareholders loans									
Dial and Dine (Pty) Ltd*	ZAR							**606**	
Marathon Holdings (Pty) Ltd*	ZAR							**250**	
F2021									
Loan facility: Amortising loan	ZAR	Aug-23	variable	2.95	3-month JIBAR		6.44		750 000
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Feb-24	variable	3.20	3-month JIBAR		6.69		700 000
General Banking Facility (GBF)	ZAR	364 days	variable	–	Prime		7.00		–
Loan Facility: Term Loan	ZAR	Jun-21	variable	0.10	Prime		7.10		6 266
Loan Facility: Term Loan	GBP	Sept-25	fixed	–	Fixed		2.02		12 600
Non-controlling shareholder loans									
Dial and Dine (Pty) Ltd*	ZAR							**–**	518
Marathon Holdings (Pty) Ltd*	ZAR							**–**	1 174
								1 138 006	1 470 558
Interest accrued								**146**	146
								1 138 152	1 470 704

* *Loans from non-controlling shareholders are unsecured, interest free and have no repayment terms.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 continued

6. Borrowings (continued)

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) profit or loss by R11 million (2021: R15 million).

Interest risk management

The Group utilises interest rate swap contracts to hedge its exposure to the variability of cash flows arising from unfavourable movements in interest rates.

Facilities

- Total ZAR overdraft facility in place: R200 million (2021: R200 million). Unutilised portion at year-end: R200 million (2021: R200 million).
- The Group has a 5-year revolving loan facility of R1 100 million (2021: R1 100 million). Unutilised portion is R750 million (2021: R400 million) at year end.

Guarantees

Famous Brands Limited, Famous Brands Management Company (Pty) Ltd, Mugg and Bean Franchising (Pty) Ltd, Lamberts Bay Foods (Pty) Ltd, Famous Brands Logistics Company (Pty) Ltd, Creative Coffee Franchising (Pty) Ltd, Famous Brands Signature Brands (formerly trading as Hawk Like Trade and Invest (Pty) Ltd) and Vovo Telo Bakery and Cafe (Pty) Ltd are joint guarantors in terms of the loan agreement:

- Punctual performance by the Group of amounts due in the agreement.
- Immediate payment of amounts due which the Group has not paid.
- To indemnify the lender against any cost, loss or liability it incurs as a result of the Group not paying amounts that are due.

7. Revenue

	2022 R000	2021 R000
Sales-based royalties		
Franchise fees revenue	**918 225**	644 176
Leading brands	**881 774**	622 199
Signature brands	**36 451**	21 977
Marketing fees revenue*	**583 277**	325 003
Leading brands	**518 020**	318 311
Signature brands	**65 257**	6 692
Revenue at point in time		
Manufacturing revenue	**221 876**	203 814
Owned	**117 938**	141 391
Subsidiary	**103 938**	62 423
Logistics revenue	**4 051 537**	2 994 081
Retail revenue	**222 123**	151 209
Company-owned stores revenue	**446 947**	328 386
Leading brands (SA and AME)	**338 147**	274 391
Signature brands (SA)	**108 800**	53 995
Joining fee	**7 723**	5 675
Revenue over time		
Service revenue	**24 646**	31 484
Revenue from contracts with customers	**6 476 354**	4 683 828

* *Marketing funds relate to funds contributed by franchisees for the various brands across the Group and are administered in line with the Consumer Protection Act ("CPA"). Further analysis of revenue is provided in the primary (business units) and secondary (geographical) segment report based on the information reviewed by the chief operating decision maker.*

8. Net finance costs

	2022 R000	2021 R000
Finance costs		
Interest on borrowings	**(95 488)**	(143 110)
Interest on lease liabilities	**(28 313)**	(31 491)
Ineffective portion of cash flow hedge	**(53)**	(17 413)
Other finance costs	**(982)**	(255)
	(124 836)	(192 269)
Finance income		
Interest on lease receivables	**2 350**	3 360
Interest from bank deposits	**14 984**	13 097
Other finance income	**1**	145
	17 335	16 602
Net finance costs	**(107 501)**	(175 667)

9. Basic and headline earnings/(loss) per share

	2022 cents per share	2021 cents per share
Total operations		
Basic earnings/(loss) per share	**317**	(1 237)
Headline earnings/(loss) per share	**356**	(86)
Diluted earnings/(loss) per share	**317**	(1 234)
Diluted headline earnings/(loss) per share	**356**	(86)
Continuing operations		
Basic earnings/(loss) per share	**317**	(127)
Headline earnings per share	**356**	53
Diluted earnings/(loss) per share	**317**	(127)
Diluted headline earnings per share	**356**	53
Discontinued operation		
Basic loss per share	**–**	(1 110)
Diluted loss per share	**–**	(1 107)

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 continued

	2022 Number of shares	2021 Number of shares
9. Basic and headline earnings/(loss) per share (continued)		
9.1 Reconciliation of weighted average number of shares to diluted weighted average number of shares		
Weighted average number of shares in issue	**100 202 284**	100 196 875
Possible issue of ordinary shares in the future relating to the share incentive scheme	**125 885**	179 225
Diluted weighted average number of shares in issue	**100 328 169**	100 376 100

	2022 R000	2021 R000
9.2 Basic and headline earnings/(loss)		
Total operations		
Basic earnings/(loss)	**317 657**	(1 239 079)
Adjusted for:	**39 016**	1 152 444
Loss on disposal of property, plant and equipment	**3 371**	3 144
Tax loss on disposal of property, plant and equipment	**(944)**	(880)
Loss on disposal of intangible assets	**2 036**	12 950
Tax on loss on disposal of intangible assets	**(570)**	–
Loss/(profit) on sale of businesses	**1 771**	(27 675)
Realised foreign exchange differences on disposal of discontinued operations	**–**	(367 549)
Tax on realised foreign exchange differences on disposal of discontinued operations	**–**	67 885
Impairments	**33 352**	1 682 732
Tax on impairments	**–**	(218 163)
Headline earnings/(loss)	**356 673**	(86 635)
Continuing operations		
Basic earnings/(loss)	**317 657**	(127 639)
Adjusted for:	**39 016**	181 024
Loss on disposal of property, plant and equipment	**3 371**	3 144
Tax loss on disposal of property, plant and equipment	**(944)**	(880)
Loss on disposal of intangible assets	**2 036**	12 950
Tax loss on disposal of intangible assets	**(570)**	–
Profit on sale of businesses	**1 771**	(27 675)
Impairments	**33 352**	193 485
Headline earnings	**356 673**	53 385
Discontinued operation		
Basic loss	**–**	(1 111 440)

	2022 R000	2021 R000
10. Business disposals and changes in ownership interest		
Summary of cash flows on disposals and changes in ownership interests		
Cash inflow on disposal of interests in subsidiaries		
Mountain Rush Trading 4 (Pty) Ltd	**–**	43 890
Famous Brands Great Bakery (Pty) Ltd	**1 283**	–
Cash inflow on disposal of subsidiaries	**1 283**	43 890
Cash outflow on disposal of interests in subsidiaries		
Gourmet Burger Kitchen ("GBK")	**–**	(63 732)
Famous Brands Design Studio (Pty) Ltd	**(1 266)**	–
Cash outflow on disposal of subsidiaries	**(1 266)**	(63 732)
Cash outflow on acquisition of interests in subsidiaries		
BC Hospitality (Pty) Ltd	**(7 918)**	–
Pink Potato (Pty) Ltd	**(10 662)**	–
Cash outflow on acquisition of additional interest in subsidiaries	**(18 580)**	–
F2022		
Famous Brands Design Studio (Pty) Ltd		
Effective 1 March 2021, the Group changed its interest in Famous Brands Design Studio (Pty) Ltd from subsidiary to an associate, for a consideration of Rnil.		
Property, plant and equipment	**1 883**	–
Trade and other receivables	**3 599**	–
Amount payable to Group company	**(2 484)**	–
Cash and cash equivalents	**1 266**	–
Deferred tax	**(16)**	–
Lease liability	**(1 487)**	–
Trade and other payables	**(363)**	–
Current tax liabilities	**43**	–
Net assets disposed	**2 441**	–
Consideration	**–**	–
Cash and cash equivalents	**(1 266)**	–
Cash outflow on disposal of subsidiary	**(1 266)**	

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 continued

10. Business disposals and changes in ownership interest (continued)

	2022 R000	2021 R000
Famous Brands Great Bakery (Pty) Ltd		
Effective 1 May 2021, the Group disposed of its interest in Famous Brands Great Bakery (Pty) Ltd, for a consideration of R3.6 million.		
Property, plant and equipment	**6 614**	–
Intangible assets	**3 845**	–
Trade and other receivables	**1 040**	–
Inventory	**503**	–
Cash and cash equivalents	**2 287**	–
Deferred tax	**(174)**	–
Amount payable to Group company	**(1 165)**	–
Lease liability	**(2 190)**	–
Trade and other payables	**(403)**	–
Net assets disposed	**10 357**	–
Consideration	**3 570**	–
Cash and cash equivalents	**(2 287)**	–
Cash outflow on disposal of subsidiary	**1 283**	–
BC Hospitality (Pty) Ltd		
Effective 1 May 2021, the Group acquired additional interest in BC Hospitality (Pty) Ltd, for a consideration of R7.9 million.		
Initial interest acquired	**51%**	–
Additional interest acquired	**49%**	–
	100%	–
Non-controlling interest acquired	**(1 568)**	
Changes in ownership	**(6 350)**	
Cash outflow on acquisition of subsidiary	**(7 918)**	
Pink Potato (Pty) Ltd		
Effective 1 July 2021, the Group acquired additional interest in Pink Potato (Pty) Ltd, for a consideration of R10.7 million.		
Initial interest acquired	**78%**	
Additional interest acquired	**22%**	
	100%	
Non-controlling interest acquired	**(4 420)**	
Changes in ownership	**(6 242)**	
Cash outflow on acquisition of subsidiary	**(10 662)**	

10. Business disposals and changes in ownership interest (continued)

	2022 R000	2021 R000
F2021		
Cash inflow on disposal of interests in subsidiaries		
Mountain Rush Trading 4 (Pty) Ltd		
Effective 1 August 2020, the Group disposed of its interest in Mountain Rush Trading 4 (Pty) Ltd.		
Cash inflow on disposal of subsidiary		43 890
Gourmet Burger Kitchen (GBK)		
Effective 14 October 2020, GBK was placed into administration in accordance with the insolvency legislation in the UK.		
Cash outflow on disposal of subsidiary		(63 732)

11. Related party transactions

The Group entered into various sale and purchase transactions with related parties, in the ordinary course of business, on an arm's length basis. The nature of related-party transactions is consistent with those reported previously.

12. Financial instruments and risk management

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are described below:

Level 1: quoted prices (adjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Key assumptions used in the valuation of these instruments include JIBAR and foreign currency exchange rates.

Level 3: unobservable inputs for the asset or liability.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
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12. Financial instruments and risk management (continued)

Accounting classifications and fair values (continued)

	Level	2022 Carrying amount R000	2021 Carrying amount R000
Financial assets			
Measured at amortised cost:			
Trade and other receivables		**422 599**	466 133
Lease receivables		**22 106**	26 259
Restricted cash		**122 793**	92 486
Cash and cash equivalents*		**333 435**	351 871
		900 933	936 749

* *Cash and cash equivalents has been revised to exclude restricted cash.*

Financial liabilities			
Measured at amortised cost:			
Trade and other payables		**536 338**	555 096
Shareholders for dividends		**2 418**	2 418
Lease liabilities		**321 335**	345 076
Borrowings		**1 138 152**	1 470 705
		1 998 243	2 373 295

The carrying amounts of financial assets and liabilities classified at amortised cost are considered to approximate the fair values.

Derivative financial instruments			
Assets			
Fair value through other comprehensive income			
Interest-rate swaps	2	**9 563**	8 011
		9 563	8 011
Liabilities			
Fair value through profit or loss			
Foreign exchange contracts	2	**476**	2 363
		476	2 363

13. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide sustainable returns for shareholders, benefits for other stakeholders and to maintain, over time, an optimal structure to reduce the cost of capital.

The capital structure of the Group consists of Cash and cash equivalents, Borrowings, Lease liabilities and Equity as disclosed in the statement of financial position.

Financial covenants

The Group's borrowings (refer Note 6 *Borrowings*) are subject to financial covenants. Management regularly monitors and reviews compliance of these ratios in line with the funding agreement. These financial covenants are based on the contractual terms of each facility. The covenants are limited to the SA business.

Dates	Leverage ratio	Interest cover ratio	Liquidity
Feb-21	**Not required**	**Not required**	**R250 m^**
Aug-21	**3.75x**	**2.75x^**	**R250 m^**
Feb-22	**3.25x**	**3.00x^**	**R250 m^**
Aug-22	**2.60x**	**3.00x**	**R250 m**
Feb-23	**2.50x**	**3.00x**	**R250 m**
Aug-23	**2.50x**	**3.00x**	**R250 m**
Feb-24	**2.50x**	**3.00x**	**R250 m**

^ *All covenant ratios were satisfied for the past three years, except where not required to measure as per the Group's primary lender.*

	2022 R000	2021 R000
Net debt to Total equity (Gearing ratio)		
Borrowings	**1 138 152**	1 470 704
Lease liabilities	**321 335**	345 076
Cash and cash equivalents	**(333 435)**	(351 871)
Net debt	**1 126 052**	1 463 909
Total equity	**720 545**	390 764
Net debt to Total equity	**1.56**	3.75
Net Debt to EBITDA (Leverage ratio)		
Net debt	**1 126 052**	1 463 909
EBITDA	**850 739**	481 145
Net debt to EBITDA ratio	**1.32**	3.04
Net asset value per share		
Total equity	**720 545**	390 764
Issued shares	**100 202 284**	100 202 284
Net asset value per share (cents)	**719**	390

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 continued

14. Reclassifications within the financial statements

As part of the Group's continued assessment of its financial statement presentation, we have updated certain of our disclosures to enhance our presentation of financial statements. The accounting policies have been updated to reflect the changes, where necessary and management is of the view that these changes will provide better disclosures.

	As previously stated 2021 R000	Reclass R000	Notes	As currently stated 2021 R000
Statement of financial position				
Assets				
Non-current assets				
Lease receivables	29 122	(2 863)	(a)	26 259
Current assets				
Trade and other receivables	485 642	2 863	(a)	488 505
Restricted cash	–	92 486	(b)	92 486
Cash and cash equivalents	444 357	(92 486)	(b)	351 871
Equity and liabilities				
Current liabilities				
Non-controlling shareholder loans	1 692	(1 692)	(c)	–
Borrowings	6 412	1 692	(c)	8 104

* *Opening balances for 2021 were R64,4 million for Lease receivables, R602.6 million for Trade and other receivables, R39,8 million for Restricted cash, R446.5 million for Cash and cash equivalents, R0,6 million for Non-controlling shareholder loans and R21,8 million for Borrowings.*

Statement of profit or loss and other comprehensive income				
Gross profit	2 006 034	–		2 006 034
Other income	–	29 271	(d)	29 271
Expected credit loss	–	(14 972)	(e)	(14 972)
Selling and administrative expenses	(1 711 315)	(14 299)	(d), (e)	(1 725 614)
Operating profit before impairment of intangible assets*	294 719	–		294 719
Impairment of intangible assets**	(193 485)	18 000	(f)	(175 485)
Operating profit	101 234	18 000		119 234
Impairment of associate	–	(18 000)	(f)	(18 000)
	101 234	–		101 234

* *In F2021 the item was labelled "Operating profit before non-operational items".*
** *In F2021 the item was labelled "Non-operational items".*

Statement of cash flows				
Net cash inflow from operating activities	337 399	(52 693)	(b)	284 706
Net cash outflow from investing activities	(71 217)	14 356	(g)	(56 861)
Net cash outflow from financing activities	(308 098)	(14 356)	(g)	(322 454)
Net decrease in cash and cash equivalents	(41 916)	(52 693)	(b)	(94 609)
Foreign currency effect	16			16
Cash and cash equivalents at the beginning of the year	486 257	(39 793)	(b)	446 464
Cash and cash equivalents at the end of the year	444 357	(92 486)	(b)	351 871

14. Reclassifications within the financial statements (continued)

(a) Lease receivables were previously presented and disclosed as part of Trade and other receivables. The Group's continued assessment of its financial statement presentation has resulted in disclosing 'Lease receivables' separately. An insignificant portion previously disclosed as non-current other receivables has been reclassified to current trade and other receivables.

(b) Restricted cash balances held for marketing activities were previously reported within Cash and cash equivalents. The cash is used for a specific purpose i.e., 'ring-fenced' and not available to use for any other business use. Marketing funds in South Africa are governed by the Consumer Protection Act (CPA). The funds are managed in accordance with this law. The CPA and its regulations are our legal baseline against which we ensure compliance.

Any contribution to the Marketing Fund must be deposited into a separate Marketing Fund bank account and managed accordingly and used for purposes of the fund only.

Following the publication of the IFRIC *Agenda Decision Demand Deposits with Restrictions on Use arising from a Contract with a Third Party released* in April 2022, the Group performed an assessment of whether the restricted cash meets the definition of cash in IAS 7. The Committee observed that paragraph 6 of IAS 7 defines cash by stating that it 'comprises cash on hand and demand deposits' and that there are no requirements on whether an item qualifies as cash beyond the definition itself. The Committee noted that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the demand deposit no longer being cash, unless those restrictions change the nature of the demand deposit in a way that it would no longer meet the definition of cash in IAS 7.

Based on the guidance in this IFRIC Agenda Decision, the Group has assessed that restricted cash should be presented separately from cash and cash equivalents.

The Group has applied this change as a change in accounting policy retrospectively in accordance with IAS 8.

(c) Non-controlling interest shareholder loans were previously reported as a separate line on the SFP. While considering the usefulness of the disclosure, both quantitatively and qualitatively, the balance was assessed as immaterial and reclassified to Borrowings under current liabilities. This reclassification still maintains fair presentation of the financial statements and affects the SFP.

(d) Other income was historically reported within "Selling and administrative expenses" and offset against expenses. To enhance compliance with IAS 1 Presentation of Financial Statements, "Other income" will be split from "Selling and administrative expenses". This affects the statement of profit or loss and other comprehensive income (SPLOCI).

(e) Expected credit loss was previously disclosed within "Selling and administrative expenses". To enhance compliance with IAS 1 Presentation of Financial Statement, it is disclosed separately. This affects the SPLOCI.

(f) The Group's continued assessment of its financial statement presentation has resulted in renaming 'Non-operational items' historically presented on the SPLOCI to 'Impairment of intangible assets'. This resulted in updating subtotals which were previously referred to as 'Non-operational items'.

To further enhance compliance with IFRS, the "impairment in associate" has been reclassified out of 'Operating profit' and has been disclosed below the "Operating profit" line.

(g) Gross receipts from sub-leases were historically reported in "Financing activities" as opposed to "Investing activities" in the Statement of Cash Flows. This presentation has been amended to enhance compliance with IAS 7 Statement of Cash Flows. This affects the SCF.

15. Contingent liabilities

Refer to Note 6 *Borrowings* for other guarantees and facilities in the Group.

The Group has issued R20 million (2021: R20 million) suretyship in favour of First Rand Bank Limited to secure the banking facilities entered into by certain subsidiary companies.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022 continued

16. Going concern

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the annual report and financial statements, a range of scenarios have been considered. The assumptions modelled are based on the continued estimated potential impact of COVID-19 restrictions and regulations. These include a range of estimated impacts primarily based on recovery of the restaurant sector as it impacts our niche Signature Brands and Casual Dining Restaurants. Trading is likely to improve in the 2023 financial year and may be impacted by a possibility of more waves that could lead to stringent COVID-19 restrictions again. The scenarios include an assumption that current levels of trading will remain in place until March 2023, considering the rate of vaccination.

Management has implemented the following actions of managing the business:

- renegotiated its borrowings with its primary lender;
- temporary relaxation of contractual arrangements with franchise partners; and
- management of financial resources with focus on capital expenditure programmes and cost to eliminate any potential short term financial pressures.

We have continued to monitor and implement additional health and safety measures in each of our manufacturing and distribution facilities to reduce the risk of a major supply disruption. As at 28 February 2022, the consolidated balance sheet reflects a net asset position of R721 million and the liquidity of the Group remains strong. Our current undrawn facilities are approximately R950 million. Based on all of the considerations the Group is considered a going concern with more than adequate financial resources to continue in operation for the foreseeable future.

17. Civil unrest in South Africa

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 18 July 2021, and several Famous Brands and franchise partner properties suffered varying degrees of damage. The total number of restaurants damaged and rendered non-operational was 99, the majority being in KwaZulu-Natal.

At the height of the unrest, all our KwaZulu-Natal restaurants and numerous in Gauteng were closed for a few days. Across all our brands, we recorded a total loss of 4 111 restaurant trading days due to these closures.

The Group's logistics facility in Westmead was also damaged and was closed for three weeks before it became fully operational again. Through the activation of our business continuity plan, we delivered to restaurants in the affected areas.

By the end of the current financial year, 14 franchise partner restaurants had not re-opened. Famous Brands provided ongoing support to franchise partners where required in the form of royalty relief, assistance with insurance claims and bridging finance between restoration and insurance payouts.

The results include the impact of business expenses, assets and stock write-offs of R16.4 million which were recovered from our insurance. Famous Brands' direct loss was attributable to the logistics facility in Westmead. Majority of restaurants affected by the unrest are owned by franchise partners.

During the financial year, the Group submitted a Business Interruption (BI) insurance claim for R17 million. This initial claim was rejected by the loss adjuster on the basis that loss events included in the claim were not aligned with the insurance policy interpretation.

On 29 March 2022, the Group received confirmation from the loss adjuster that the revised claim was covered subject to the insurance policy interpretation. On 14 April 2022 an updated BI insurance claim for R14.4 million was submitted and the Group received an acknowledgment of liability from the insurer on 10 May 2022. Payment was received on 26 May 2022.

18. Subsequent events

Acquisition of Lexi's

Effective from 1 April 2022 the Group acquired a 51% interest in Lexi's Healthy Eatery for R3.3 million. Lexi's is a casual dining restaurant brand, offering a full-service, sit-down, plant-based dining experience across all key day parts.

The acquisition of Lexi's is aligned with Famous Brands' three-year strategic roadmap, which includes acquiring brands that have the potential to lead in their category, and which offer growth prospects based on opportunities to improve existing operational efficiencies in the target business.

The provisional purchase price is allocated to the identifiable assets and the residual to goodwill because of anticipated scale and merger benefits related to franchising and manufacturing.

July unrest insurance claim

The Group submitted a claim for gross profit loss related to the July 2021 unrest. The claim was approved by insurers on 10 May 2022 and payment was received on 26 May 2022, refer to note 17 for details.

Liquidation claim in relation to GBK

On 6 May 2022, the Group received notification from the liquidators of GBK indicating an intention to make an interim distribution to creditors of GBK Restaurants Limited with agreed claims. The actual amount of the distribution is not yet certain but in their notice the liquidators estimated the interim dividend to be 5 Pence in the Pound to creditors with agreed claims. The Group's claim against GBK for dividend purposes amounts to GBP55.2 million. The liquidator indicated that the interim dividend will be declared within two months of the last date of approving – 6 August 2022.

19. Dividends

The Board has declared a dividend of 200 cents per ordinary share. The Group has produced significantly improved results which enabled the Board to consider paying a dividend. The Board considered the Group's current performance and future prospects. The dividend is being paid out of profits for the year ended 28 February 2022 in the amount of R200 million.

Shareholder spread

Analysis of Ordinary Shareholders as at 28 February 2022

	Number of Shareholdings	% of total Shareholdings	Number of Shares	% of issued Capital
Shareholder Spread				
1 – 10 000	6 522	94.22%	3 954 408	3.95%
10 001 – 50 000	201	2.90%	4 691 000	4.68%
50 001 – 100 000	65	0.94%	4 638 344	4.63%
100 001 – 1 000 000	113	1.63%	33 927 064	33.86%
Over 1 000 000	21	0.30%	52 991 468	52.88%
Total	6 922	100.00%	100 202 284	100.00%
Distribution of Shareholders				
Individuals	5 998	86.65%	13 022 019	13.00%
Insurance Companies	8	0.12%	2 026 422	2.02%
Investment Trusts	231	3.34%	7 627 903	7.61%
Other Companies & Corporate Bodies	685	9.90%	77 525 940	77.37%
Total	6 922	100.00%	100 202 284	100.00%
* *Pursuant to the provisions of Section 56 of the Companies Act, 2008, disclosures from foreign nominee companies have been included in this analysis.*				
Shareholder Type				
Non-Public Shareholders	31	0.45%	20 652 046	20.61%
Directors and Associates (Direct)	11	0.16%	5 980 684	5.97%
Directors and Associates (Indirect)	20	0.29%	14 671 362	14.64%
Public Shareholders	6 891	99.55%	79 550 238	79.39%
Total	6 922	100.00%	100 202 284	100.00%
Fund Managers With A Holding Greater Than 5% of The Issued Shares				
Coronation Fund Managers			29 516 171	29.46%
Visio Capital Management			10 054 592	10.03%
Public Investment Corporation			6 804 436	6.79%
Total			46 375 199	46.28%
Beneficial Shareholders With A Holding Greater Than 5% Of The Issued Shares				
Coronation Fund Managers			16 781 793	16.75%
Government Employees Pension Fund			9 496 760	9.48%
Panis Trust			6 828 955	6.82%
Total			33 107 508	33.04%
Total number of shareholdings	6 922			
Total number of shares in issue	100 202 284			

	Share Price Performance
Opening Price 01 March 2021	R46.95
Closing Price 28 February 2022	R71.53
Closing High for period	R80.00
Closing Low for period	R45.97
Number of shares in issue	100 202 284
Volume traded during period	21 688 019
Ratio of volume traded to shares issued (%)	21.64%
Rand value traded during the period	R1 340 147 583
Price/earnings ratio as at 28 February 2022	28.50
Earnings yield as at 28 February 2022	3.51
Dividend yield as at 28 February 2022	0.00
Market capitalisation at 28 February 2022	R7 167 469 375

Supplementary information

Directors' CVs

Norman Joseph Adami (67)

Independent non-executive director

Appointed: 24 February 2015

BBus. Sci (Hons), MBA

Committees

- Member of the Audit and Risk Committee
- Member of the Nominations Committee
- Member of the Investment Committee

Norman had an extensive career with SABMiller which commenced at SAB Pty Limited in 1979. He was appointed Managing Director of SAB in 1994 and Chairman in 2000. In 2003, he was installed as President and CEO of the newly acquired Miller Brewing Company. In 2006, he was appointed President and CEO of SABMiller Americas. In this position he was responsible for Miller Brewing Company and SABMiller's South and Central American business units. In October 2008, he once again took on the role of Managing Director and Chairman of SAB Limited. He retired from SABMiller on 31 October 2014.

Norman is a partner in Stud Game Breeders, one of the pre-eminent groups leading the emergence of SA's game breeding industry, which has made great strides in revitalising threatened animal species and creating sustainable employment in many rural areas.

Areas of expertise

General management, risk, strategy, marketing, operational management, mergers and acquisitions

Directorship in other listed entities

- CCB Africa – Board member.

Santie Botha (57)

Independent non-executive chairman

Appointed: 1 June 2012

BEcon (Hons)

Committees

- Chairman of the Nominations Committee
- Member of the Remuneration Committee
- Member of the Investment Committee
- Attends the Audit and Risk Committee meeting by invitation

Santie served as an executive director of the MTN Group (2003 to 2010) and prior to that she served as an executive director of Absa Bank (1996 to 2003). She served as Chancellor of Nelson Mandela University from 2011 until 2017. Santie has received various awards, including Business Woman of the Year (2010).

Areas of expertise

Governance, marketing, strategy, remuneration, consumer insight, general management, operations and stakeholder relationships

Directorship in other listed entities

- Curro Holdings – Independent Chairman.
- Capitec Bank Holdings – Independent Chairman.

Christopher Hardy Boulle (50)

Independent non-executive director

Appointed: To the Board as an alternate non-executive director in December 2011 and as a non-executive director on 27 February 2014

BCom, LLB, LLM

Committees

- Chairman of the Remuneration Committee
- Chairman of the Audit and Risk Committee
- Member of the Social and Ethics Committee
- Member of the Investment Committee

Chris is a commercial, corporate finance, tax and trust attorney, and his expertise includes cross-border transactions, mergers and acquisitions, Black economic empowerment transactions and advising on stock exchange listings both locally and internationally. His experience as a non-executive director of listed companies spans over two decades.

Areas of expertise

Law, governance, strategy, risk and corporate finance

Directorship in other listed entities

- Advtech – Chairman and non-executive director.

DIRECTORS' CVs continued

Deon Jeftha Fredericks (61)

Group Financial Director

Appointed: To the Board on 1 August 2018, appointed as Group Financial Director on 15 November 2021

BCompt (Hons), Business Management (Hons), CA(SA), CIMA

Committees

- Attends the Investment, Remuneration, Audit and Risk and Social and Ethics Committee meetings by invitation

Deon has more than 30 years of experience working in blue-chip organisations. He joined Telkom in 1993 as a senior manager in internal audit and has held several executive positions in the finance department. He was appointed Deputy Chief Financial Officer in 2011 and Chief Financial Officer of Telkom SA in 2013 and resigned on 1 July 2018. He was appointed as Chief Information Officer at Telkom shortly afterwards. He thereafter served as the interim Chief Financial Officer at South African Airways for two years.

Deon has previously held various other directorships, including Telkom, Vodacom, BCX, Trudon, Gyro Group and the Telkom Retirement Fund.

Areas of expertise

General and operational management, strategy, mergers and acquisitions, treasury, risk and finance

Nicolaos (Nik) Halamandaris (47)

Non-executive director

Appointed: 9 November 2017

Committees

- Member of the Social and Ethics Committee
- Attends the Audit and Risk Committee meetings and Investment Committee meetings by invitation

Nik has extensive experience in the food services industry, having been a franchisee of many of the Group's mainstream brands over the past two decades up until 2010. He is currently an executive director of several non-listed property development and construction companies with primary responsibility for strategy and new business development.

Areas of expertise

General management, strategy, franchise management, food services and property management

Alexander (Alex) Komape Maditse (59)

Independent non-executive director

Appointed: 1 August 2019

BProc, LLB, LLM, Dip Company Law

Committees

- Chairman of the Social and Ethics Committee
- Member of the Nomination Committee

Alex is an admitted attorney and is currently the CEO of Copper Moon Trading Pty Limited. He serves as a director on several boards and committees of listed companies. He has previously held the positions of Country Manager Coca-Cola East and Central Africa and Franchise Operations Director of Coca-Cola SA.

Areas of expertise

Law, governance, strategy, franchising, management and operations

Directorships in other listed entities

- African Rainbow Minerals Limited – lead independent director, member of the Board, Audit, Remuneration, and Social and Ethics Committees, Chairman of the Investment Committee and Remuneration Committee.
- The Bidvest Group Limited – member of the Board, Remuneration, and Social and Ethics Committees.
- Murray & Roberts – member of the Board, Remuneration, and Social and Ethics Committees.

John Lee Halamandres (68)

Non-executive director

Appointed: 9 November 1994

Committees

- Attends the Investment Committee meetings by invitation

With experience in all aspects of Famous Brands' business, John retired from executive management in March 2001. A founding member of the Company, he served as Managing Director from November 1994 until March 1997. He assumed the role of CEO until he was appointed non-executive Deputy Chairman in March 2001, a position he held until May 2010.

Areas of expertise

General management, franchise management, governance and strategy

DIRECTORS' CVs continued

Darren Paul Hele (50)

Chief Executive Officer

Appointed: 1 June 2012

BCom

Committees

- Member of the Social and Ethics Committee
- Attends all Committee meetings by invitation and attends various subsidiary and associate company Board meetings as a director

Darren began his career at Pleasure Foods Limited while studying for and completing a BCom. After participating in the management buy-out of Pleasure Foods in 1996, he held executive roles at Whistle Stop and Wimpy before joining Famous Brands in 2003. He served as Managing Director of Wimpy in SA and later in the UK.

Darren was appointed Chief Operating Officer for the Franchising division in May 2011 and, in January 2013 assumed the position of Chief Operating Officer of the Group. In March 2014, Darren assumed the role of CEO: Food Services, and he was appointed CEO of the Group in March 2016.

Areas of expertise

General management, franchise management, marketing, strategy and stakeholder relationships

Busisiwe Mathe (41)

Independent non-executive director

Appointed: 20 October 2021

B Com (Hons), CA(SA)

Committees

- Member of the Audit and Risk Committee

Busisiwe is a seasoned business leader, with a rich background in internal audit, external audit, digital transformation, cyber security and data privacy. She has worked across multiple industries and sectors, both locally and globally. She has previously held the position of Africa Cyber Security & Data Privacy leader for PricewaterhouseCoopers and also served as the Chairperson of their South African Governing Board, a member of their Africa Governance Board and Chairperson of their Human Capital Sub-Committee.

Busisiwe was recognised as an Emerging Business Leader by the African Woman Chartered Accountant (AWCA) in 2019.

Areas of expertise

Governance, risk management, technology, cyber security, data privacy, stakeholder management

Fagmeedah Petersen-Cook (46)

Independent non-executive director

Appointed: To the Board on 23 July 2021

Post Graduate Diploma in Management Practice, Post Graduate Diploma in Global Business Strategy, Bachelor of Business Science in Actuarial Science

Committees

- Chairman of the Investment Committee
- Member of the Audit and Risk Committee
- Member of the Remuneration Committee

Fagmeedah currently serves as a non-executive director for a diverse range of companies where she applies her strategic thinking and well-developed understanding of risk. She is a CD(SA) Charter holder, a certified director, and an experienced investment professional. She has held C-suite roles in the public and private sectors. Fagmeedah's professional career as an actuary spans 24 years.

Areas of expertise

General management, actuarial science, risk management, strategy, investments, governance

Directorships in other listed entities

- Telkom SOC Pty Ltd – Board member, member of the Nominations Committee, member of the Risk Committee and Chairman of the Investment Committee.
- ABSA Financial Services Group – Board member, member of the Group Audit, Risk and Compliance Committee and member of the Actuarial Committee.
- Pepkor – Board member, Chairman of the Social and Ethics Committee and Chairman of the Audit Committee.
- Escap – Board member, member of the Audit Committee, Risk Committee, Social and Ethics Committee and Nominations Committee.

Tributes

We pay tribute to our dearly departed franchisees, colleagues and friends.

Franchisees

Essie Esterhuysen – May 2021

A long-standing multiple store operator, Essie Esterhuysen was a franchisee for over 24 years, with a portfolio of 27 restaurants within the Esgro Group. He was a true gentleman, family man and a great franchisee with incredible commitment and integrity. Essie is survived by his wife Mariaan and his son Marius. We extend our deepest condolences to the entire family, friends, and the team at the Esgro Group.

Andrew Mavrokordatos – June 2021

A long-standing Wimpy franchisee, Andrew Mavrokordatos and his wife Olga joined the Wimpy Brand in 2000, having converted their Juicy Lucy to Wimpy Makro Woodmead in 2000. In 2016, they acquired Wimpy Mall of Africa. Andrew was an asset to the Wimpy brand and was extremely passionate. We would like to extend our deepest condolences to Olga, his sons Christopher and Dino, his family, friends, staff, and colleagues. His passing has left a great void within our Wimpy family.

Jabulani Mabuza – June 2021

An astute businessman, Jabulani Albert Mabuza, affectionately known as Jabu, joined the Steers brand in 2002, with the prominent Total Dwarsfontein N12 sites. In later years, Jabu expanded his Steers network and grew his footprint within the network by adding Mugg & Bean to his portfolio. Despite being a distinguished leader in South Africa with various responsibilities of national importance, Jabu represented his two brands exceptionally well. We wish Jabu's wife Siphiwe, his three children, his business partners, and the various teams he led our deepest condolences.

Franchisees (continued)

Dirk Swanepoel – June 2021

Dirk Swanepoel joined the Wimpy brand 23 years ago along with his wife Jounie. He successfully grew his portfolio by adding Mugg & Bean and other brands over the years. Dirk served on the Wimpy National Franchise Forum so many years and became a member of our esteemed Wimpy Legends Club in 2010, a testament to his love of the brand. Dirk is survived by his beautiful wife Jounie, two children, DeeJee and Deidre and his beloved four grandchildren. Our deepest condolences to his family, friends, and colleagues.

George Economakis – June 2021

Our beloved George Economakis, more affectionately known as Uncle George, had an illustrious career and was recognised as an Operations Campaign winner on many occasions across his Debonairs Pizza, Steers and Wimpy network. George and his wife Dorothy have been part of the Wimpy family for 45 years, and George was one of the first members of the Wimpy Legend Club. He is survived by his amazing wife Dorothy, his daughter Cindy, two sons, Ari, and Andy, and his four grandchildren, Athena, Alexia, Layah and Levi. We extend our sincerest condolences to his family, friends, his staff across all his stores and colleagues across the network.

Tinus Sadie – July 2021

A long-standing franchisee of over 26 years, Tinus Sadie started his journey with the Steers brand in 1994 with his first restaurant in Bethlehem. Tinus was an integral part of pioneering the Steers brand in small Free State towns. Over the years, Tinus expanded his business to 15 restaurants and an outsourced call-centre operation. For his contribution, Tinus was acknowledged as a Steers Master and a Debonairs Pizza Pioneer. His knowledge and passion for the Steers brand were evident and tangible. Our thoughts and prayers go out to his wife, Bets, and his daughters, Leandra, Annika and Marine.

Pius Khupari – July 2021

A generous man, Pius Khupari was born and raised in Rustenburg. He was actively involved in various community events and development projects. He loved the Steers brand, and Pius represented the North West on the Steers Regional Franchisee Forum. Pius had a drive for adventure and was a devoted family man. Pius is survived by his wife, three children, four siblings, and mother. They remain in our thoughts and prayers.

TRIBUTES continued

Franchisees (continued)

Jayce Naduramuthu – July 2021

A key figure in the Johannesburg QSR network, Jayce Naduramuthu was part of the Famous Brands family for 15 years, starting with the Debonairs Pizza brand in Norwood in 2006. Over the years, Jayce was our franchisee for Debonairs Pizza Berea, Hillbrow and Park Central. Jayce was also involved in Education Centre Combo in Johannesburg and Braamfontein Combo. Jayce was a family man who left behind his wife and two sons. We extend our deepest condolences to his family, friends, team members and colleagues.

Fazel Khota – July 2021

Our dear friend and franchise partner Fazel Khota passed away in July 2021. Having grown up in Roshnee, Fazel started his journey with Famous Brands in 2008, opening a Debonairs Pizza restaurant in Vereeniging CBD. Over the years, he grew and expanded his portfolio into Cape Town with Debonairs Pizza and Milky Lane brands. His passion for the brands was evident, and he was constantly adding value and support to his fellow franchisees. Fazel is survived by his wife Nazira and his two children, Naasir and Uthmaan. We will remember Fazel and salute him for his impact on many people's lives. Our thoughts go out to Nazira, their entire family, team members and colleagues.

Ken Schoerie – August 2021

Ken Schoerie was part of the Mugg & Bean brand for over 23 years, a true restaurateur involved in four major Mugg & Bean restaurants. Ken Schoerie was also part of two KwaZulu-Natal Turn 'n Tender restaurants. He led the way in driving exceptional operational standards in his restaurants. His larger-than-life personality and love for people made him a rare soul and a true gentleman. His love and pride for his family knew no bounds, and he lived life to the fullest. Our thoughts and prayers remain with his family. May his soul rest in peace.

Johnny Abatzoglou – September 2021

With great sadness, we bid farewell to our Wimpy family member, Johnny Abatzoglou. Johnny was a family man, husband, brother, and a true gentleman that has been part of the Wimpy family since 1989. He began his Wimpy journey with his brother Aristides at Welkom Drive-Thru, Virginia and Welkom Goldfields Mall. Over the years, he expanded his portfolio by acquiring Milky Lane and Debonairs Pizza restaurants. We extend our deepest condolences to Johnny's family, friends, and his team.

Franchisees (continued)

Ari Nicholopoulos – December 2021

With great sorrow, we say goodbye to Ari Nicholopoulos, our franchisee from Mugg & Bean Pavilion. Ari was a supreme gentleman, wonderful father, and long-standing franchisee in KwaZulu-Natal, having joined the Brand in 2007. He had the biggest heart and valued loyalty above all else. Ari was a highly respected businessman within the Famous Brands network and his local community. He was a larger-than-life personality and will be missed by all who knew him. Our thoughts and prayers remain with his family and friends.

Isaac Maqelepo – January 2022

A respected businessman and a true gentleman, Isaac Maqelepo was part of the Steers family for 21 years. He opened a Steers in Kwa Thema in 2000 and expanded his portfolio into Debonairs Pizza over the years. His contribution to the brands has been exceptional. He leaves a legacy to his two sons, Lijane and Thabang. We extend our heartfelt condolences to his family as they remain in our thoughts and prayers.

Employees

Mandla Nzimande – June 2021

Mandla Nzimande joined Famous Brands two years ago and operated the Debonairs Pizza and Steers brands at Sky City Mall. With various business interests, Mandla was entrenched in his community. We extend our deepest condolences to the Nzimande Family, GATA Group and the Sky City Team.

Jacomina Engelbrecht – June 2021

Jacomina Engelbrecht was a loyal employee of Lamberts Bay Foods for seven years. She had a quiet demeanour and a strong work ethic. Although she was a quiet person, she was jovial with a contagious laugh and she touched many lives. Her passing was a shock to her colleagues and left a big void in our company. Our condolences to her parents and other family members.

TRIBUTES continued

Employees (continued)

Glen Dembo – July 2021

Glen Dembo has been involved in the Turn 'n Tender brand since the 1980s. He was instrumental in setting up and managing Turn 'n Tender Bassonia in 2011 and Bedfordview in 2013. In March 2019, Glen joined the Turn 'n Tender Central Kitchen and eventually took over the running of the business. Glen's dedication and hard work were evident in his ability to quickly streamline the business into an awe-inspiring facility resulting in several manufacturing certifications. He adapted the business to comply with COVID-19 protocols. Glen was down-to-earth with a larger-than-life personality, and his loss will leave a massive hole in the Turn 'n Tender family. Glen will be sorely missed by his family, colleagues, franchise partners and all who knew him. We wish his two children our sincere condolences.

Andre Piehl – January 2022

We are devastated by the untimely death of our beloved colleague and friend, Andre Piehl. Andre joined Famous Brands nearly 15 years ago and held various management and executive roles across several brands. His boundless energy and passion for life were infectious. Over the years, Andre received several accolades for his work. The most notable and memorable was his induction as a Steers Master in 2020 for his extraordinary contribution to the Steers brand. Outside of work, Andre was an exceptional cyclist and triathlete and represented South Africa at various global events. He cared deeply for people, none more so than his dear wife Sharon and their teenage twins, Tyler, and Axel. Our thoughts and prayers remain with his family and friends.

Cecil Mbuthuma – February 2022

Cecil joined Famous Brands in 2007 and held various positions within our Logistics division. He always helped his colleagues and heavily involved in his community. He is sorely missed at Famous Brands. Our sincere condolences go to his partner Kim and children Nandipha, Smukelo and Smukelisiwe.

Daniel Mabulana – February 2022

Daniel Mabulana started working for Baltimore in 2001 as a temporary general worker and became a permanent employee in 2006. In 2014 he was diagnosed with a heart condition, but he continued to perform to the best of his abilities. Daniel leaves behind he's wife Portia and sons Phethole and Sello. Daniel was an excellent employee and peaceful member of the team, he is dearly missed.

Employees (continued)

Ayanda Mabizela – March 2021

Ayanda Mabizela was an energetic, humble and kind individual. He began his career at the Famous Brands sauce plant on the retail line as a material handler. He had many friends and his passing left us devasted. Our condolences to his mother Duduzile, his partner Cynthia and his son Njabulo.

Powlan Pillay – June 2021

Powlan was a well-known, loved and admired member of the Famous Brands family and a stalwart of our Debtors community.

Having served in numerous Credit control roles in the business since joining us in May 2007, he was known to and respected by many of our Franchise partners and retail customers.

Our sincere condolences are extended to his wife Kantha and three children, Merkaylan, Michael and Myron.

We wish the families and friends of our dearly departed colleagues peace, comfort and courage at this time of sorrow.

Glossary

ACI	African, Coloured and Indian
AGM	Annual General Meeting
AME	Africa, Middle East and Europe
BBBEE	Broad-based black economic empowerment
BU	Bargaining unit
Capex	Capital expenditure
CEO	Chief Executive Officer
CRM	Customer relationship management
CSI	Corporate social investment
EBITDA	Earnings before interest, tax, depreciation and amortisation
ESG	Environmental, social and governance
Exco	Executive Committee
HR	Human Resources
HEPS	Headline earnings per share
IT	Information technology
JV	Joint venture
KPI	Key performance indicator
LPG	Liquefied petroleum gas
LTI	Long-term incentive
NOSA	National Occupational Safety Association of SA
ROCE	Return on capital employed
ROI	Return on investment
STI	Short-term incentive
TSR	Total shareholder return
TCC	Total cost to company
UN SDG	United Nations Sustainable Development Goal
UK	United Kingdom
WACC	Weighted average cost of capital

Shareholders' diary

Financial year-end	28 February 2022
AGM	22 July 2022
Reports	
Announcement of annual financial results for the year ended 28 February 2022	31 May 2022
Publication of the IAR for the year ended 28 February 2022	23 June 2022
Announcement of interim results for the half-year ended 31 August 2022	26 October 2022

Administration

Famous Brands Limited

Incorporated in the Republic of South Africa
Registration number: 1969/004875/06
JSE and A2X share code: FBR
ISIN code: ZAE000053328

Directors

Norman Adami, Santie Botha (Independent Chairman), Chris Boulle, Deon Fredericks (Group Financial Director)*, Nik Halamandaris, John Halamandres, Darren Hele (CEO)*, Alex Maditse, Busisiwe Mathe, Fagmeedah Petersen-Cook.

* *Executive*

Group Company Secretary

Celeste Appollis

Registered office

478 James Crescent, Halfway House, Midrand, 1685 PO Box 2884, Halfway House, 1685
Telephone: +27 11 315 3000
Email: investorrelations@famousbrands.co.za
Website address: www.famousbrands.co.za

Transfer secretaries

Computershare Investor Services Pty Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132

Sponsor

The Standard Bank of South Africa Limited
Registration number: 1969/017128/06
30 Baker Street, Rosebank, 2196

Auditors

KPMG
Registration number: 1999/012876/07
85 Empire Rd, Parktown, Johannesburg, 2193

Notes

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investorrelations@famousbrands.co.za
companysecretary@famousbrands.co.za

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