

Contents

Table of contents	IFC
Presenting our investment case	1
Africa's leading branded food services franchisor	2
Financial highlights	3
2022 performance overview	4
Summarised consolidated statement of financial position	13
Summarised consolidated statement of profit or loss and other comprehensive income	14
Summarised consolidated statement of changes in equity	16
Summarised consolidated statement of cash flows	17
Primary (business units) and secondary (geographical) segment report	18
Notes to the summarised consolidated financial statements	20
Shareholder spread	38
Administration	40

Forward looking statements disclaimer

This document contains forward looking statements, which are based on assumptions and best estimates made by management regarding the Group's future performance. Such statements are, by their nature, subject to risks and uncertainties, which may result in the Group's actual performance in the future being different from that expressed or implied in any forward looking statements.

These statements have not been audited by the Group's external auditors. The Group neither accepts any responsibility for any loss arising from the use of the information contained in this report nor undertakes to update or revise any of its forward looking statements publicly.

Presenting our investment case

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

Established market leader

We are Africa's leading branded food services franchisor, with exposure to growth markets. We offer a compelling business proposition for franchise partners, a quality customer solution underpinned by a high-performance culture.

Strategic business model

A vertically integrated supply chain supports 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.

Competent leadership and clear strategies

Our knowledgeable Board and energetic management team have extensive industry experience. Our focused strategy outlines our plans to grow locally and in selected markets, both organically and by acquisition.

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 ongoing transformation. We contribute to a more sustainable environment for the benefit of all.

Sound financial position and capital allocation

We have a strong balance sheet and an appropriate debt structure to support our strategy. Our operations are highly cash-generative which creates sustainable earnings.

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

Aspirational brands and exceptional franchise partners

A best-in-class brand portfolio appeals to a wide range of consumers across the income, demographic and meal spectrum. Our entrepreneurial franchise partners have a proven track record in competitive trading conditions. There is strong demand for our brands from existing and prospective franchise partners.

Africa's leading branded food services franchisor

Famous Brands owns several well-known brands supported by a vertically integrated business model and operations on three continents.

Famous Brands is a vertically integrated company with 3 968 employees, 17 restaurant brands and a network of 2 824 restaurants.

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

Our integrated Supply Chain comprises the Manufacturing, Logistics and Retail operations that support our Brands' pillar in South Africa 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. The Manufacturing, Logistics and Retail businesses are managed and measured independently.

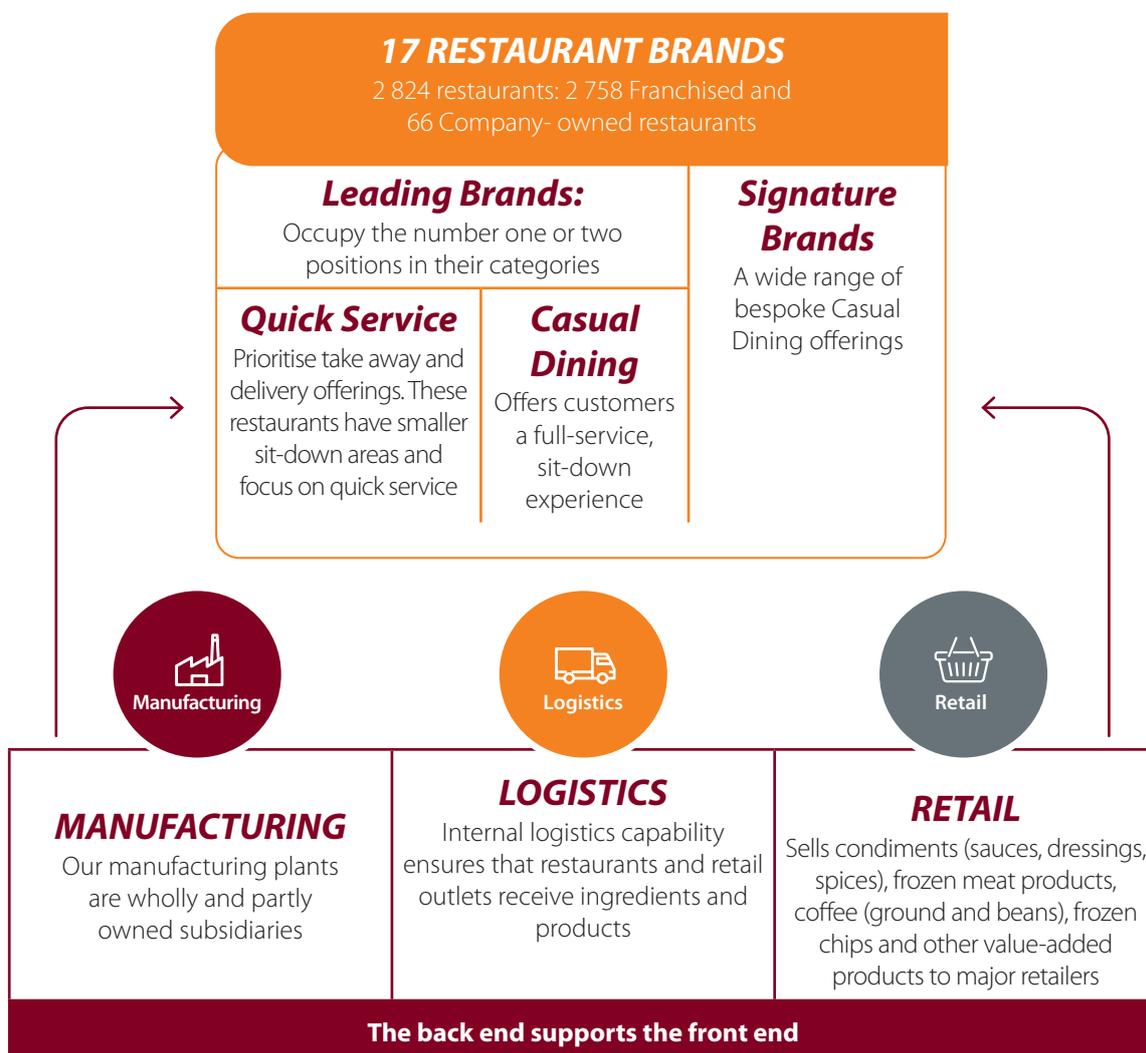
The Brands portfolio is segmented into Leading (mainstream) Brands and Signature (niche) Brands. Leading Brands are further categorised as Quick Service and Casual Dining.

Our restaurant network

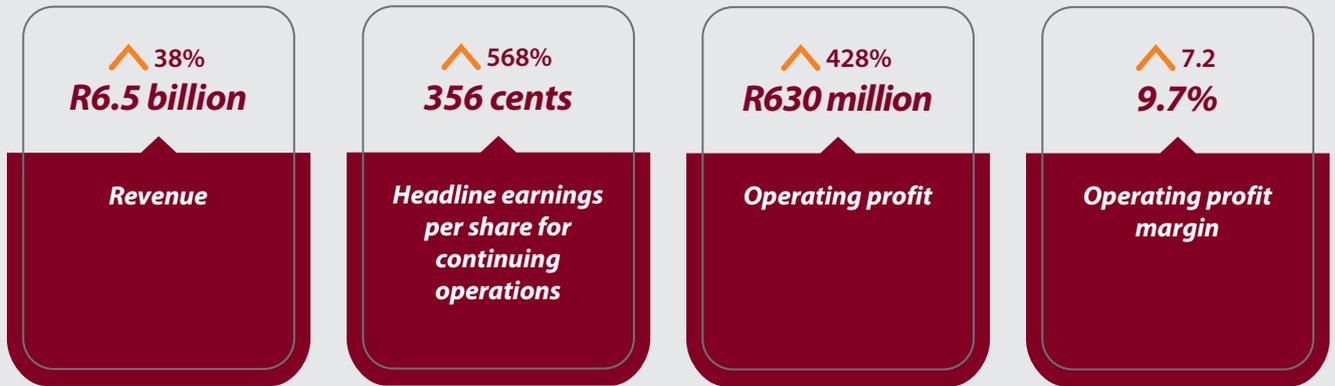
South Africa (SA): 2 470

The rest of Africa and the Middle East (AME): 287 in 16 countries

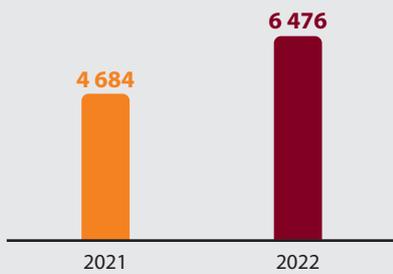
The United Kingdom (UK): 67



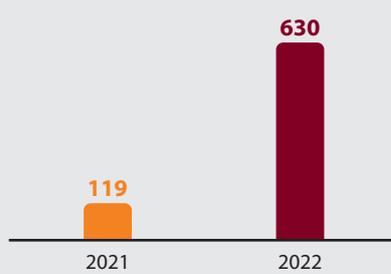
Financial highlights



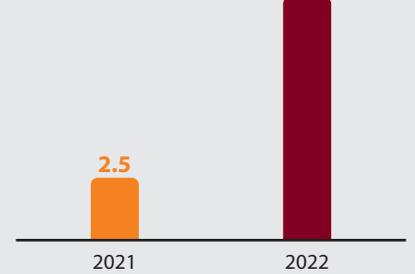
Revenue (R million)



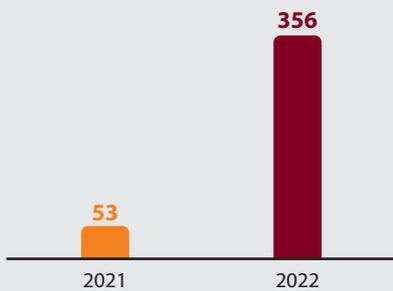
Operating profit (R million)



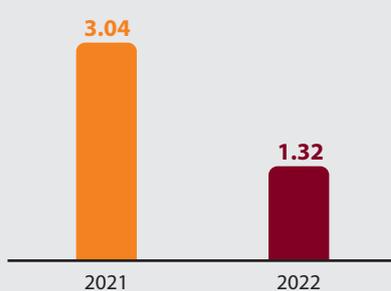
Operating profit margin (%)



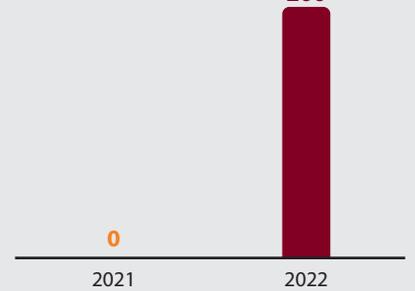
Headline earnings per share (cents)



Net debt to EBITDA (%)



Dividends (cents per share)



2022 Performance overview

Industry overview

The post-COVID-19 restaurant environment will look entirely different from before, and for the better. Establishments will be cleaner, safer and more efficient.

While the COVID-19 pandemic damaged the restaurant industry, it has not closed operations. As our operating environment has changed fundamentally, we have adapted accordingly and are operating differently. Some of these changes will be enduring and beneficial to our business and franchisees in the long term.

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. The franchise market has also tightened, with franchisees shopping around for the best value proposition.

The year 2022 was characterised by:

- **Lockdown restrictions, including curfews, alcohol bans and capacity restrictions.**
- **High food inflation.**
- **Economic and political turmoil contributing 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.**

Customer trends

Customer needs have 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. While we continue to operate with reduced menus for many brands to simplify restaurant operations, we have also introduced selected innovations to retain and attract customers.

Customers are eating out less due to financial constraints and increasingly look for value purchases. We strive to limit our menu price increases to remain competitive. Our promotional activities focus on value for money propositions, including sharing meals. We use our loyalty programmes to incentivise regular purchases.

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. We are experiencing growing consumer mindfulness for ethical and sustainable sourcing and production, vegan and vegetarian menu options, and better, more environmentally friendly packaging solutions. On the upside, this pushes us to drive our sustainability initiatives harder.

Technology

COVID-19 accelerated the adoption of specific technologies, including contactless technology, third-party ordering platforms, and delivery applications. Famous Brands has embraced consumer-facing technology for several years. This investment is increasingly relevant today, as many consumers prefer to interact with our brands in the digital space.

Leading Brands and Signature Brands continue to embrace take away and delivery, including kerbside pick-up, and third-party delivery, order ahead options and increasing drive-thru capacity. Our order and pay at table technology allow customers to order and pay for the meal from the convenience and safety of their own device. This also improves table turn times and hospitality while providing valuable data to understand customer behaviour better.

Group financial performance continuing operations

The Group delivered resilient financial results.

Our recovery was slowed by continued COVID-19 trading restrictions, weak economic conditions in all markets, and to a lesser extent, the civil unrest experienced in South Africa in July 2021. All our divisions performed better in this financial year and benefited from our initial financial management measures in response to the pandemic.

Total revenue increased by 38% to R6 476 million (2021: R4 684 million) and in line with 2020 revenue of R6 495 million. The operating profit increased 428% to R630 million (2021: R119 million), and the headline earnings per share increased by 568% to 356 cents (2020: 53 cents). Compared to 2020, operating profit was down 31% (2020: R912 million), and headline earnings were down by 24%.

Salient features	Unit	2021	2022	% change (2022 versus 2021)
Revenue	R'million	4 684	6 476	38
Operating profit	R'million	119	630	428
Operating profit margin	%	2.5	9.7	–
Impairments	R'million	(194)	(33)	83
Basic (loss)/earnings per share	Cents	(127)	317	350
Headline earnings per share (HEPS)	Cents	53	356	568
Statement of cash flows				
Cash generated from operations	R'million	521	871	67
Net cash outflow utilised in investing activities	R'million	(57)	(117)	107
Net cash outflow from financing activities	R'million	(322)	(433)	34
Cash realisation rate*	%	108	102	–
Statement of financial position				
Cash and cash equivalents	R'million	352	333	(5)
Net asset value per share	Cents	390	719	84
Net debt [^]	R'million	1 464	1 126	23
Net debt to EBITDA (leverage)	Times	3.04	1.32	56
Net debt to equity (gearing)	Times	3.75	1.56	58
Total equity	R'million	391	721	84
Return on equity (ROE)**	%	5	64	–
Return on capital employed (ROCE) ^{^^}	%	5	29	–

* Cash generated by operations as a percentage of EBITDA.

[^] Total interest-bearing borrowings (including lease liabilities) less cash and cash equivalents.

** Headline earnings as a percentage of average total equity.

^{^^} Operating profit divided by capital employed (which is calculated as the sum of total equity and interest-bearing debt and net lease liabilities).

Capital management

The total debt position at 28 February 2022 was R1 138 million (2021: R1 471 million), and Famous Brands repaid R358 million of borrowings during the 2022 financial year. Total debt facilities available at 28 February 2022 was R2 050 million.

The Group's gearing improved by 58% from 3.75 times to 1.56 times. Furthermore, its leverage improved by 56% from 3.04 times to 1.32 times, placing the Group in a very strong position.

In terms of its performance, the Group renegotiated its borrowings with its primary lender to more favourable rates.

2022 PERFORMANCE OVERVIEW continued**Group transactions**

Famous Brands completed four transactions in the 2022 financial year.

DHQ

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% shareholding (formerly 60%) after the creation of the DHQ employees' share trust. Famous Brands donated the shares to the trust.

LUPA Osteria**Turn 'n Tender**

In May 2021, Famous Brands acquired the non-controlling shareholder interests from 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.

Bread Basket

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 was categorised transactions in terms of the JSE Listings Requirements.

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.

Event Dates:

Declaration date	30 May 2022
Last day to trade "cum dividend"	5 July 2022
Shares commence trading "ex dividend"	6 July 2022
Record date	8 July 2022
Payment of dividend	11 July 2022

Those shareholders of the Group who are recorded in the company's register as at the record date will be entitled to the dividend. Share certificates may not be dematerialised or rematerialised between 6 July 2022 and 8 July 2022, both days inclusive.

In terms of dividends tax legislation, the following additional information is disclosed:

- The local dividend tax rate is 20%.
- The net local dividend amount is 160 cents per share for shareholders liable to pay the dividends tax and 200 cents per share for shareholders exempt from paying the dividends tax.
- The issued share capital of Famous Brands is 100 202 284 ordinary shares.
- Famous Brands' tax reference number is 9208085846.

Subsequent events**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.

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.

Lexi's Healthy Eatery

In April 2022, Famous Brands acquired 51% interest in Lexi's Healthy Eatery for R3.3 million. The acquisition pertains to the franchise and central kitchen operations of the business. Lexi's 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 acquisition is aligned with our three-year strategic roadmap, which includes acquiring brands with sound growth prospects and the potential to be category leaders.

Operational review



Brands

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 system-wide sales and margins remain under pressure.

Brands' revenue was up 62% to R918 million (2021: R567 million), reflecting higher royalty payments due to improved restaurant turnovers. Leading Brands revenue was up 58% to R773 million (2021: R491 million) while Signature Brands revenue improved 91% to R145 million (2021: R76 million).

SA

The South African restaurant industry continued to face headwinds due to COVID-19 restrictions, weak economic conditions and consumer apprehension regarding eating out. In addition, several franchise partners were impacted by civil unrest in July 2021.

This has been another challenging year 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 for SA across our Leading and Signature Brands improved 37%, and like-for-like sales increased by 35%. Leading Brands' system-wide sales* improved by 36%, while like-for-like sales** grew by 33%. Signature Brands' system-wide sales^ improved 55%, and like-for-like sales improved by 59%.

[#] Leading Brands' sales refer to sales of the Leading brands trading in SA.

^{*} 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.

[^] Signature Brands' sales refer to franchise and Company-owned store sales in SA as well as sales across borders only where the brand is wholly-owned or a subsidiary.

Impact of July's unrest on 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 several in Gauteng closed for a few days. Across all our 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 unrest in royalty relief, assistance with insurance claims and bridging finance between restoration and insurance payouts, further details are provided in note 17.

2022 PERFORMANCE OVERVIEW continued

Leading Brands portfolio

Leading Brands delivered improved results, despite continued COVID-19 restrictions and challenging economic conditions.

The investment in own delivery capability has paid off. Leading Brands strengthened their strategic partnership with third-party delivery platforms, ensuring that brands were present in all key marketplaces.

Signature Brands portfolio

Signature Brands overall sales turnover bounced back for the year but is still lower than pre-COVID-19 levels. These brands are particularly impacted by COVID-19 restrictions such as curfews, capacity reductions and alcohol restrictions.

NetCafé and Coffee Couture, which operate in Netcare and Mediclinic hospitals, were hit the hardest by COVID-19 trading restrictions.

PAUL¹ 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 COVID-19. In 2022, the brand opened three new restaurants in premium shopping precincts.

¹ Licensed brand by PAUL International.

AME

The impact of COVID-19 gradually reduced during 2022, with most markets recovering to 2020 trading levels by year-end. While several African countries have vaccination programmes, vaccination rates tend to be low.

AME revenue increased 9% to R346 million (2021: R316 million). System-wide sales in this region increased by 20% but are still below pre-pandemic levels. The operating profit increased to R34 million (2021: R30 million).

Famous Brands continues to grow its Company-owned footprint in Africa. Four new Company-owned Mr Bigg's and two Debonairs Pizza restaurants opened in Nigeria. A Debonairs Pizza and Steers restaurant opened in Kenya. Company-owned restaurants introduce new brands to markets and drive faster scalability. Famous Brands assisted franchise partners by providing financial assistance such as reduced royalties to support the overall continued sustainability of the brand networks.

UK**Wimpy UK**

The UK began 2022 in a lockdown period where restaurants could only offer delivery and take away services. Lockdown measures were eased in May 2021, allowing indoor hospitality to reopen with social distancing measures in place. In July 2021, all COVID-19 restrictions were lifted, allowing restaurants to resume normal operations. 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.

Wimpy UK recorded revenue of R133 million (2021: R112 million), and operating profit improved 18% to R17 million (2021: R14 million). The operating margin remained 13%, indicating no change from 2021 (2021: 13%) before impairment to goodwill. Delivery sales declined to reflect that more customers had returned to dining in restaurants.

Wimpy's team maintained consistent supply levels to restaurants despite supply chain challenges and shortages of food and paper products within the UK.

Vertical integration**Manufacturing**

Manufacturing turnover increased 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 thanks to good volumes and some inflationary increases.

Depending on the product line, production volumes are up by between 8% and 38% in line with the recovery observed in our Leading and Signature Brands. Demand from Retail sales continued to grow.

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.

In April 2021, Famous Brands sold its interest in the Famous Brands Great Bakery Company. In January 2022, we closed the Gauteng Bakery plant.

2022 PERFORMANCE OVERVIEW continued

Logistics

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. Logistics turnover increased 35% to R4.1 billion (2021: R3 billion). The operating margin increased to 1.5% (2021: -0.4%), while national case volumes grew by 54%.

July's unrest in Gauteng and KwaZulu-Natal impacted the Logistics business. 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.

Retail

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. While introducing 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.

Changes to the Board of Directors

There have been several changes to the Board this year:

- 1 June 2021: Fagmeedah Petersen-Cook was appointed as an independent non-executive director.
- 11 June 2021: Lebo Ntlha resigned as Group Finance Director effective 30 November 2021.
- 23 July 2021:
 - Emma Mashilwane retired from the Board at the Famous Brands Annual General Meeting.
 - Chris Boule was appointed as Chair of the Remuneration Committee and stepped down as Chairman of the Investment Committee.
 - Fagmeedah Petersen-Cook was appointed as Chair of the Investment Committee.
 - Johnny Halamandres stepped down as a full member of the Investment Committee.
- 1 August 2021:
 - Deon Fredericks was appointed as Group Financial Director-Elect and stepped down as a member and Chair of the Audit and Risk Committee. Deon assumed full responsibility for the role with effect from 15 November 2021.
 - Chris Boule was appointed as the Chair of the Audit and Risk Committee.
- 11 October 2021:
 - Busisiwe Mathe was appointed as an independent non-executive director.
- 26 October 2021:
 - Busisiwe Mathe appointed as a member of the Audit and Risk Committee.
 - Chris Boule stepped down as Chairman of the Social and Ethics Committee, but remains a member.
 - Alex Maditse appointed as Chairman of the Social and Ethics Committee.

Prospects

Our short-term focus is to sustain our revenue while achieving positive cash generation, our medium-term focus is to recover margin. We have reduced our interest-bearing debt in 2022 and expect to continue on this trajectory in 2023.

While the COVID-19 impact on Signature Brands has been severe, we see some improvement as customers begin to celebrate special occasions again.

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.**
- **Divesting from non-core activities.**
- **Expanding our Logistics capacity.**

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



Brands

For the next three years, our strategic focus is generating growth from our existing Leading Brands portfolio through innovation in channels, formats and footprint expansion. We will continue to invest in consumer-facing technology to enhance our value proposition to customers and franchise partners.



Manufacturing

In our Manufacturing division, we are driving operational efficiencies and managing and reducing our environmental footprint. We will invest further into our best-performing manufacturing facilities and divest from selected manufacturing operations if necessary.



Logistics

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.



Retail

We remain on track to double our Retail business by growing our distribution footprint and expanding our product range. We are executing our ambitious plans to launch a minimum of 12 new products in the year ahead.

On behalf of the Board

SL Botha
Chairman
Midrand
31 May 2022

DP Hele
Chief Executive Officer

A live webcast of the Group's results presentation will be held on 31 May 2022. To pre-register, link to: <http://www.corpcam.com/famousbrands31052022/>

Audit opinion

for the year ended 28 February 2022

These summarised consolidated financial statements for the year ended 28 February 2022 have been derived from the consolidated audited financial statements of Famous Brands Limited for the year ended 28 February 2022, on which the auditors, KPMG Inc, have expressed an unmodified audit opinion.

A copy of the auditor's report, together with the accompanying financial information, can be obtained from the company's registered office. The auditor's unmodified report along with their key audit matter and the consolidated financial statements are available for inspection on the following link (<https://famousbrands.co.za/investor-centre/financial-results/>).

The information as set out in this announcement has not been audited.

The Board of Directors of Famous Brands take full responsibility for the preparation of these summarised consolidated financial statements and for ensuring that the financial information has been correctly extracted from the underlying 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			
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	2021
	R000	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 annual 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)
<p>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.</p>	01 January 2022
<p>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.</p>	01 January 2022
<p>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.</p>	01 January 2022
<p>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.</p>	01 January 2023
<p>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.</p>	01 January 2023
<p>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.</p>	01 January 2023
<p>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.</p>	01 January 2023

**NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022** continued

Annual improvements to IFRS Standards

Standard	Effective date (for financial years beginning on or after)
<p>IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> 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.</p>	01 January 2022
<p>IFRS 9 <i>Financial Instruments</i> 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 or lender on the other’s behalf.</p>	01 January 2022
<p>IFRS 16 <i>Leases, Illustrative Example 13</i> 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.</p>	01 January 2022

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 continued

	2022 R000	2021 R000
3. Intangible assets		
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.

	2022 R000	2021 R000
4. Trade and other receivables		
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

	2022 R000	2021 R000
5. Trade and other payables		
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.

	Currency	Maturity date	Nature	Interest rate		2022 %	2021 %	2022 R000	2021 R000
				Margin %	Rate				
6. Borrowings									
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									
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

Sales-based royalties

	2022 R000	2021 R000
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.

	2022 R000	2021 R000
8. Net finance costs		
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)
	2022 cents per share	2021 cents per share
9. Basic and headline earnings/(loss) 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	2021
	R000	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

	2022 R000	2021 R000
10. Business disposals and changes in ownership interest (continued)		
<i>Famous Brands Great Bakery (Pty) Ltd</i>		
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	–
<i>BC Hospitality (Pty) Ltd</i>		
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)	
<i>Pink Potato (Pty) Ltd</i>		
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)	

	2022 R000	2021 R000
10. Business disposals and changes in ownership interest (continued)		
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
FOR THE YEAR ENDED 28 FEBRUARY 2022 continued

	Level	2022 Carrying amount R000	2021 Carrying amount R000
12. Financial instruments and risk management			
(continued)			
Accounting classifications and fair values (continued)			
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
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
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

* In F2021 the item was labelled "Operating profit before non-operational items".

** In F2021 the item was labelled "Non-operational items".

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 programs 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 R 14.4 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

Administration

Famous Brands Limited

Incorporated in the Republic of South Africa
Registration number: 1969/004875/06
JSE share code: FBR
ISIN code: ZAE000053328
A2X share code: FBR
ISIN code: ZAE000053328

Directors

NJ Adami, SL Botha (Independent Chairman), CH Boule, N Halamandaris, JL Halamandres, DP Hele (Chief Executive Officer)*, AK Maditse, F Petersen-Cook, B Mathe and DJ Fredericks (Group Financial Director)*.

* *Executive*

Company secretary

C Appollis

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