famous | brands
you're in good company

Summarised Results

For the year ended 28 February

2023

Contents

Forward looking statements disclaimer

This document contains forward looking statements, which are based on assumptions and best estimates made by management with respect to 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

We offer investors exposure to a diversified portfolio of attractive brands well-positioned for scale and market share growth.

Established market leader in a growing sector

With the largest restaurant network in South Africa and a growing Africa Middle East footprint, Famous Brands is the continent's top branded food services franchisor. We offer an exciting business proposition for franchise partners and a quality solution for consumers.

Competent leadership and clear strategies

Our experienced Board supports our entrepreneurial management team, who lead and operate in a high-performance culture. We have a focused strategy to grow locally and in other selected markets, both organically and by acquisition.

Strong brands and exceptional franchise partners

Our strategic best-in-class brand portfolio appeals to consumers across income and demographic bands, meal preferences and value propositions. We have a talented, resilient network of franchise partners. More than 60% of Leading Brands franchise partners have been with the Group for over five years. There is strong demand for our brands from potential franchise partners.

Strategic business model

A vertically integrated Supply Chain supports the brand network, providing manufacturing and distribution capabilities to our franchise partners. Diversification across brands shields the Group from supply chain challenges in isolated food categories. Our Retail portfolio offers further potential for growth.

Appropriate capital allocation

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

Supportive financial position

A healthy balance sheet and an effective debt structure. Management has reduced debt by R1.7 billion over the last six years and is focused on further investment going forward. We have cash-generative operations and sustainable earnings.

Environmental, social and governance (ESG) mindfulness

The Group is dedicated to continuous improvement and sound governance, regulatory compliance and global best practice in sustainability.

Strong brands and a growing footprint

Famous Brands is best known for its much-loved brands and reputation as a leading and responsible franchisor.

Our business model comprises four core pillars: Brands, Manufacturing, Logistics and Retail. Under the Brands' pillar, Famous Brands operate franchised, master license and Company-owned restaurants.

Famous Brands is the franchisor whose franchise partners rely on its brands and intellectual property. Famous Brands earns sales-based royalties income (franchise fees revenue) based on a percentage of these restaurant turnovers. Therefore, based on our business model, our customer is the franchise partner.

Our portfolio of strong brands offers a compelling business proposition to franchise partners and quality menus to a wide spectrum of consumers. The portfolio is segmented into Leading (mainstream) Brands and Signature (niche) Brands. Leading Brands are further categorised as Quick Service and Casual Dining.

A vertically integrated business model supports our Brands in South Africa and selected African countries. Supply Chain refers to our Manufacturing, Logistics and Retail operations. Our Supply Chain offers high-quality ingredients and products to franchise partners and retailers at a competitive price. The Manufacturing, Logistics and Retail businesses are managed and measured independently.

Quick fact:

A restaurant network across three continents

17 restaurant brands, represented by a network of 2 887 restaurants across:

South Africa (SA): 2 518 restaurants

Africa and the Middle East (AME): 304 restaurants in 17 countries

United Kingdom (UK): 65 restaurants

Our Supply Chain gives franchise partners a competitive advantage through efficient supply, price certainty, product innovation and margin management.

17 Restaurant Brands

Brands

2 887 restaurants:
2 799 franchised and 88 Company-owned restaurants

Leading Brands

Occupy the number one or two positions in their categories

Quick Service

Prioritise take away and delivery offerings, with smaller sit-down areas

Casual Dining

Offers a full-service, sit-down experience

Signature Brands

A wide range of bespoke Casual Dining offerings

Manufacturing

MANUFACTURING

Our 10 Manufacturing plants are wholly and partly owned subsidiaries

Logistics

LOGISTICS

Internal logistics capability ensures that restaurants and retail outlets receive ingredients and products

Retail

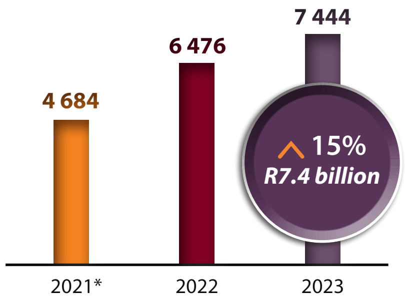
RETAIL

Sells condiments (sauces, dressings, spices), frozen meat products, coffee (ground and beans), frozen chips and other value-added products to major retailers

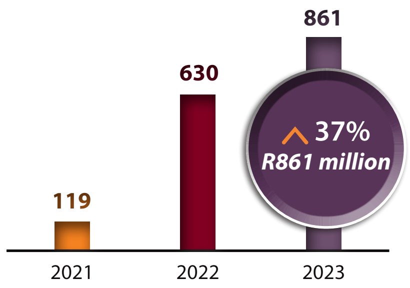
Vertical Integration
(The back-end supports the front end)

Financial highlights

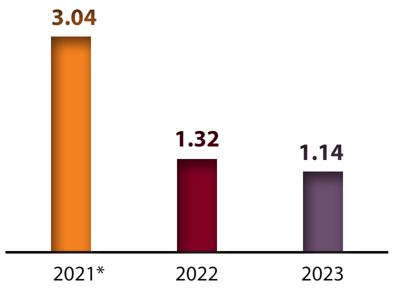
Revenue (R million)



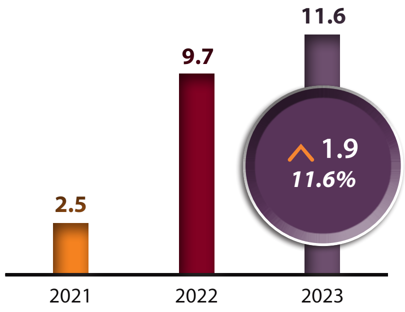
Operating profit (R million)



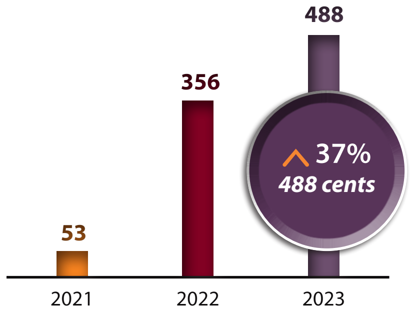
Net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) (times)



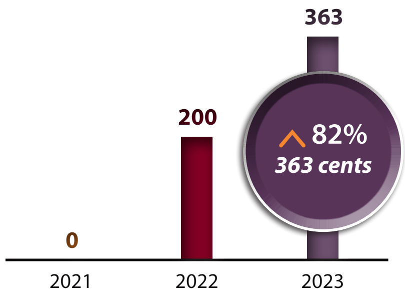
Operating profit margin (%)**



Headline earnings per share (HEPS) (cents)



Dividends (cents per share)



* *Excludes discontinued operations.*

** *Operating profit for 2023 excluding the Gourmet Burger Kitchen (GBK) dividend of R75 million was 10.6%.*

2023 performance overview

Industry overview

A constrained consumer and a competitive environment meant we had to compete even harder for a share of wallet. The ongoing strain of load shedding had an impact across all our divisions.

Trading conditions

The lifting of COVID-19 trading restrictions in June 2022 supported a recovery in consumer spending on restaurants, travel and entertainment. Foot counts and dwell times in shopping centres have improved, positively impacting restaurants in these locations. South Africa welcomed more international tourists, although this still lags below pre-pandemic levels.

The local and global inflation picture remains elevated, and consumers worldwide face rising inflation, higher interest rates, and fuel and electricity price hikes. South Africa has country-specific challenges, including persistent load shedding, weak economic growth and high unemployment. A high level of bureaucracy and service delivery failures has made doing business more difficult for Famous Brands and our franchise partners.

According to the Council for Scientific and Industrial Research, 2022 overtook 2021 as the most intensive load shedding year yet. This was the first year that most load shedding was at Stage 4, not Stage 2. The restaurant industry is highly vulnerable to load shedding as it results in lost revenue, increased operating costs and increased food waste. Higher levels of load shedding also increase the incidence of generator breakdowns, which can lead to business disruptions. We are working with our franchise partners to mitigate the worst impacts of load shedding through more energy-efficient restaurant design and advice on alternative energy. At year-end, 81% of Leading Brands' restaurants had some access to alternative power.

South African consumers continue to search for affordable and trusted products. In response to a tough economic environment, we offer consumers value offerings, great deals and loyalty programmes. Our marketing campaigns reinforce key quality propositions.

Consumer trends

While consumers have returned to dining out, many prefer home-cooked meals or ordering-in. With many consumers working in hybrid and remote jobs, mealtimes have become more flexible and spread across the day. This can be seen by the increased demand for snacking, sandwiches and all-day breakfasts. Evening sit-down trade has not recovered to pre-pandemic levels, and those who venture out tend to make earlier bookings.

Magnified by the COVID-pandemic, the digital experience is integral to consumers' decision-making process. The advent of appealing, user-friendly apps and changing consumer expectations have unlocked food delivery as a sustainable category. The digital consumer is looking for convenience, options and simplicity, and the industry is leveraging data to create a holistic and interactive experience.

With the shift from restaurant dining to at home-dining, we will amplify our delivery services (both own delivery and through third-party food aggregators) to extend our footprint. We continue to roll out smaller formats at convenient locations and grow our drive-thru restaurant footprint. Our menus and packaging are designed to meet the needs of an at-home dining experience in taste and presentation.

Group financial performance

In 2023, the Group achieved its revenue recovery, improving positive cash generation from operations and managing the cost base.

The Group continued its post-pandemic financial recovery, evidenced by strong earnings, cash generation and a strong overall financial position. We experienced an immediate improvement in restaurant sales as all COVID-19 restrictions were removed in June 2022. This improvement in the front end of the business meant a strong volume uptick for our Manufacturing and Logistics divisions.

As the year progressed, our recovery was weighed down by deteriorating local economic conditions, including weak GDP growth, high inflation and low levels of consumer spending. In September 2022, load shedding intensified, further impacting the economy, local restaurant industry and manufacturing.

Revenue increased by 15% to R7.4 billion (2022: R6.5 billion). This improvement is attributable to improved trading conditions across most markets thanks to the lifting of all COVID-19 restrictions. Revenue was materially higher than pre-pandemic levels (2020: R6.5 billion excluding GBK). Operating profit increased by 37% to R861 million (2022: R630 million). HEPS increased by 37% to 488 cents (2022: 356 cents).

Salient features	Unit	2023	2022	% change (2023 versus 2022)
Revenue	R'million	**7 444**	6 476	15
Operating profit	R'million	**861**	630	37
Operating profit margin*	%	**11.6**	9.7	1.9
Impairments	R'million	**(59)**	(33)	(77)
Basic earnings per share	Cents	**523**	317	65
Headline earnings per share (HEPS)	Cents	**488**	356	37
Statement of cash flows				
Cash generated by operations	R'million	**961**	871	10
Net cash outflow utilised in investing activities	R'million	**(355)**	(117)	(202)
Net cash outflow from financing activities	R'million	**(78)**	(433)	(82)
Cash realisation rate**	%	**88**	102	(14)
Statement of financial position				
Cash and cash equivalents	R'million	**233**	333	(30)
Net asset value per share	Cents	**974**	719	35
Net debt***	R'million	**1 246**	1 126	(11)
Net debt to EBITDA (leverage)	Times	**1.14**	1.32	14
Net debt/equity (gearing)	Times	**1.28**	1.56	18
Total equity	R'million	**976**	721	35
Return on equity (ROE)****	%	**58**	64	(6)
Return on capital employed (ROCE)*****	%	**35**	29	6

* *Operating profit margin for 2023 excluding the GBK dividend of R75 million was 10.6%.*
** *Cash generated from operations as a percentage of EBITDA.*
*** *Total interest-bearing borrowings including lease liabilities less cash.*
**** *Headline earnings as a percentage of average total equity.*
***** *Operating profit after impairment of intangible assets, divided by capital employed (which is calculated as the sum of total equity and interest-bearing debt net lease liabilities).*

Gearing

In 2016, the Group made several acquisitions, resulting in considerable long-term structured debt on the balance sheet. We have a programme in place to manage and reduce this debt burden in the medium term. This includes adhering to stringent working capital measures, funding growth through internally generated cash flow and investing in lower-risk core opportunities with a strong outlook for long-term returns.

At year-end, the Group's total borrowings position was R1.1 billion (2022: R1.1 billion). To mitigate local and international supply challenges, we bolstered our inventory holdings across several commodities to prevent a supply shortage and lock in better pricing. In addition, the acquisition of Steers Properties (Pty) Ltd and Halamandaris Props (Pty) Ltd for R181 million was settled with cash and our credit facilities.

The Group renegotiated its borrowings with its primary lender to a more appropriate debt finance structure in line with current requirements and strategy. This was successfully concluded in August 2022, providing us with significantly more flexibility, an improved debt profile and tenure. Details of the new debt finance structure are set out in note 6.

Significant transactions

Famous Brands completed one significant transaction in 2023 and received two notable payouts.

GBK liquidation dividend	In May 2022, the Group was notified that GBK's liquidators would be paying an interim dividend to its creditors. In August 2022, the Group received a liquidation dividend of R75 million.
Business interruption claim payout	In the 2022 financial year, the Group submitted a business interruption insurance claim related to the July 2022 civil unrest for R17 million, which was rejected. In April 2022, the Group resubmitted a claim for R14.4 million, which the insurer approved and paid in May 2022.
Midrand Campus acquisition	In February 2023, the Group purchased the entire share capital and claims of Steers Properties (Pty) Ltd and Halamandaris Props (Pty) Ltd and paid R181 million to the sellers. Through this transaction, the Group now owns its head office in Midrand. The transaction was considered a related party transaction in terms of the JSE Listings Requirements, as the property sellers are all Famous Brands shareholders and two are directors. The transaction was subject to certain conditions, including approvals from relevant regulatory authorities, including the Competition Commission and the JSE.

Operational review

Brands

Brands

Brands' revenue was up 21% to R1.1 billion (2022: R918 million) as restaurant turnovers improved, resulting in higher franchisee fees. Leading Brands' revenue was up 17% to R904 million (2022: R773 million), while Signature Brands' revenue improved 40% to R203 million (2022: R145 million).

SA

99	147	51
restaurants opened	restaurants revamped	restaurants closed

While the lifting of all COVID-19 restrictions boosted restaurant activity, trading conditions in South Africa remain challenging. All brands had to manage menu price increases carefully to balance protecting franchise partner profitability while offering value to consumers in an increased inflationary environment. This required careful price management and robust negotiations with suppliers.

In April 2022, the severe floods in parts of KwaZulu-Natal negatively impacted some restaurants for several weeks. In total, 99 restaurants were closed due to damage or poor accessibility to the locations. The floods also resulted in a poor Easter holiday season as holidaymakers cancelled their trips to KwaZulu-Natal. Then, in December 2022, the KwaZulu-Natal holiday season was negatively impacted by beach closures due to high levels of bacteria.

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 AME management team does not manage the brand.

Leading Brands portfolio

85 restaurants opened	143 restaurants revamped	31 restaurants closed

Leading Brands' system-wide sales improved by 14%, and like-for-like sales increased by 12%. This growth can be attributed to its portfolio of compelling brands, continued investment in technology, and a return to sit-down Casual Dining. The marketplace remains competitive as competitors defend their market share.

The removal of COVID-19 restrictions slowed down the growth of the home delivery channel as consumers returned to sit-down dining and take away orders. However, home delivery remains a notable channel due to a long-term shift in consumer behaviour towards e-commerce. Leading Brands continued to strengthen its strategic partnerships with third-party delivery aggregators. Collect ordering continued to show positive growth as consumers continued to use this channel post the pandemic.

Casual Dining Restaurants experienced a strong recovery as consumers spent more time in restaurants. The performance of our sit-down sites, especially major transient sites, contributed significantly to this category's turnover recovery.

Signature Brands portfolio

14 restaurants opened	4 restaurants revamped	20 restaurants closed

Signature Brands enjoyed a strong recovery as consumers returned to dining out and celebrating special occasions. As the year progressed, interest rate hikes and fuel price increases had a negative impact on disposable income and affected restaurant trade. These trading conditions remain poor for attracting new potential franchise partners.

Like-for-like sales were up by 29%, while system-wide sales were up by 28%. Operating margins improved to 4% (2022: (5.3%)). Many landlords now offer more favourable lease terms. In addition, strategic, hard-to-secure restaurant sites have emerged, and Signature Brands capitalised on this.

Signature Brands offer streamlined menus to simplify restaurant operations and manage gross profit margins. This has also allowed restaurants to reduce their staffing needs, allowing for business survival in lower turnover environments.

AME

48 restaurants opened	27 restaurants revamped	31 restaurants closed

In 2023, several African economies encountered strong headwinds. These include high inflation, which mostly exceeded central bank inflation targets and long-term trends. Double-digit inflation rates were recorded in Zambia, Botswana, Angola, Nigeria and Ghana. Countries that depend on tourism, including Botswana, Namibia and Mauritius, are yet to experience a total recovery in that sector.

System-wide sales increased by 31% while revenue increased by 24% to R428 million (2022: R346 million). Operating profit decreased to R24 million (2022: R34 million) and operating profit margin deteriorated to 5.7% (2022: 9.9%).

The home delivery channels gained traction in several countries, with online ordering platforms launched and franchise partners investing in call centres and centralised kitchens.

Debonairs Pizza opened its first restaurants in Oman and the Kingdom of Saudi Arabia, while the Steers brand was introduced to the United Arab Emirates. The franchise support team in the United Arab Emirates was bolstered to support the planned increase in activity in the Middle East.

Famous Brands continues to grow its Company-owned restaurant footprint on the African continent with the opening of 15 new restaurants in Nigeria and six in Botswana.

UK

5 restaurants opened	2 restaurants revamped	7 restaurants closed

Wimpy UK

The year 2023 has been challenging for the UK due to the impact of the Russia/Ukraine war with higher energy costs and a cost of living crisis. This crisis eroded consumer confidence and spending. Supply chain disruptions continued in 2023, resulting in inventory shortages and major input cost increases.

The UK recorded revenue of R142 million (2022: R133 million), and operating profit increased 12% to R19 million (2022: R17 million) before impairment. Operating margin after impairment for the year was 11.4% (2022: (6.1%)). The general decline in spending resulted in a drop-off in delivery channel sales, including a decline in third-party aggregator sales. However, in-store sales did not decline to the same extent. Two menu price increases were implemented to protect gross profit margins compared to the typical annual increase.

Supply Chain

Manufacturing

Capital expenditure
R44 million
(2022: R56.5 million)

Manufacturing turnover was up 8.5% to R3 billion (2022: R2.8 billion), driven by strong volumes and inflationary price increases. This is up 8.5% on pre-pandemic levels (2020: R2.8 billion). Operating profit increased by 0.8% to R302 million (2022: R299 million). The increase in operating profit can be attributed to an increase in volumes and pricing.

Despite the significant inflationary pressures, our internal cost inflation increased by 1% to 6%.

Several plants have improved their yield by refining their production processes and reducing waste as part of our 'Manufacturing Way' efficiency drive. Overall, inventory control management has been well-controlled. Manufacturing increased its inventory holdings of key products due to shortages and unreliable supply.

Logistics

Capital expenditure
R33.5 million
(2022: R3 million)

Logistics revenue increased 16% to R4.7 billion (2022: R4 billion), driven by increased volumes and prices while operating profit increased 89% to R114 million (2022: R60 million). In 2023, we received a R14 million insurance recovery payment related to the civil unrest in July 2021. Operating margin increased to 2.4% (2022: 1.5%).

Case volumes grew 6.2% year-on-year and compare favourably with pre-pandemic levels. By year-end, poor trading conditions dampened volumes. The division was affected by increasing fuel, commodity prices and load shedding. Logistics increased its inventory holdings of some commodities to reduce the risk of price volatility and product shortages.

In November 2022, Famous Brands completed the successful relocation of the KwaZulu-Natal Distribution Centre. The new distribution centre is better located with ample capacity and a more efficient layout.

Retail

The Retail division grew revenue by 23% to R273 million (2022: R222 million). While revenue increased, operating profit decreased by 91% from R2 million in 2022 due to coffee product write-offs and a global shortage of coffee crops impacting profitability.

The retail trading environment remains price-sensitive, and consumers increasingly seek good value. Our well-known brands and attractive price points have allowed Retail to expand its retail footprint and sales.

In 2023, the Retail division launched 13 new products (2022: 16), including two new types of Wimpy frozen chips and hash browns, new variants of sauces and meat products. The Wimpy offering was particularly well-received by consumers. In the frozen meats category, the product launches of Steers rib burger patties and Wimpy pork bangers are showing promise.

Our planet imperative

As a food services business, we acknowledge our obligation to consider practices that create sustainable products and reduce waste and usage of resources.

We are on a journey to improve our sustainability through innovation, policies and better resource management practices. This will benefit our consumers and franchise partners while limiting our environmental impact.

Our sustainability achievements

Famous Brands is a signatory to the South Africa Food Loss and Waste Agreement. We have committed to reducing food waste in our Manufacturing division by 50% by 2030.	We now generate 713 MWh from solar plants (2022: 650 MWh). In 2023, we installed one new solar plant and reduced our recorded carbon emissions by 0.9%, an achievement considering our increased revenue and manufacturing volumes.
All Famous Brands brand packaging ranges are 100% recyclable, and work is underway to accelerate the conversion to biodegradable and compostable packaging. Famous Brands has committed to removing all single-use plastic by 2026.	We have an established partnership with SA Harvest and other non-profitable organisations to distribute food close to its expiry date.
All operations converted to cage-free eggs in 2022, ahead of the 2025 target.	The refrigeration system for the new KwaZulu-Natal Distribution Centre is waterless, saving approximately 2 400 kilolitres per year.

Dividend

In August 2022, the Board declared an interim dividend of 130 cents per share.

After considering the Group's good performance in 2023 and future outlook, the Board declared a final dividend of 233 cents per share. All dividends are being paid out of profits for the year ended 28 February 2023, to the total amount of R363 million.

Event dates

Declaration date	22 May 2023
Last day to trade "cum dividend"	4 July 2023
Shares commence trading "ex dividend"	5 July 2023
Record date	7 July 2023
Payment of dividend	10 July 2023

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 5 July 2023 and 7 July 2023, 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 186.40 cents per share for shareholders liable to pay the dividends tax and 233 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.

Changes to the Board of Directors

The following changes to the composition of the Board took place during the year:

- Busisiwe Mathe was appointed as a Social and Ethics Committee member, effective 3 November 2022.
- Thabo Mosololi was appointed as an independent non-executive director and Audit and Risk Committee member, effective from December 2022 and February 2023, respectively.
- On 8 March 2023, Norman Adami resigned as an Audit and Risk Committee member. He remains a member of the Nomination and Investment Committees.
- Further to the announcement released by the Company on 22 December 2022, shareholders are advised that Mr Deon Fredericks will retire as Group Financial Director and member of the Board on 31 July 2023. Ms Nelisiwe Shiluvana will assume the position of Group Financial Director and become a member of the Board with effect from 1 August 2023.
- Mr John Halamandres will retire as member of the Board with effect from the Annual General Meeting on 20 July 2023.

Prospects

Despite ongoing macro-economic challenges, we see opportunities for growth and innovation in trading formats, technology and product development.

In our Brands division, we will continue to grow our footprint through franchising, master licenses, strategic partnerships and Company-owned stores. We are working on exciting partnerships with retail groups and prominent loyalty programme providers. Our diverse menu options, strong brands and resilient franchise partners will allow us to grow, despite continuing economic headwinds.

In 2023, we opened three drive thru restaurants in South Africa and will focus on growing this format in 2024. The format meets consumers' growing requirements for convenience and security. In 2023, we trialled a new Steers add-on concept. Steers Fried Chicken will have a separate menu offering with a focus on fried chicken and operate independently from the main Steers outlet. The initial consumer response has been positive, and if the fried chicken pilot is successful, it will be rolled out further.

Support for South African franchise partners

We remain concerned about South Africa's weak economic prospects and expected high levels of load shedding. This will continue to strain consumers and the small business sector. In March 2023, we implemented franchise partner financial relief in South Africa. These financial relief measures include a lower royalty and marketing percentage on sales generated during load shedding hours.

We are investing in delivery technology to improve last mile efficiency for own delivery. Partnerships with third-party platforms will remain critical. Here, menu innovation and engineering across third-party platforms and own delivery are critical to deliver targeted gross profit margins. Investing in consumer-facing technology is important to ensure relevance and meeting consumers' needs.

In our Manufacturing division, we will continue to drive operational efficiencies, improve product quality and explore ways to reduce our environmental footprint.

Our Logistics strategy is progressing well with our plans to relocate our Gauteng cold storage facilities to the Midrand Campus. We are investigating potential sites for a cross-docking facility near Mthatha in the Eastern Cape. Increasingly, our Logistics strategy is enabled by technology. Since 2016, our franchise partners have used an online ordering platform. We have plans to grow our share of the overall basket through a targeted online strategy.

The Retail division will focus on expanding its distribution footprint, growing volumes and launching new product lines and extensions.

On behalf of the Board

SL Botha
Chairman

DP Hele
Chief Executive Officer

Midrand

22 May 2023

A live webcast of the Group's results presentation will be held on Monday, 22 May 2023.
To pre-register, link to: https://www.corpcam.com/FamousBrands22052023

Audit opinion

for the year ended 28 February 2023

These summarised consolidated financial statements for the year ended 28 February 2023 have been derived from the consolidated audited financial statements of Famous Brands Limited for the year ended 28 February 2023, 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 2023

	Notes	2023 R000	2022 R000
Assets			
Non-current assets		**1 891 299**	1 624 848
Property, plant and equipment	2	**904 148**	640 442
Intangible assets	3	**850 458**	871 631
Investments in associates		**12 065**	9 351
Investment in preference shares		**3 490**	–
Loans to associates		**22 222**	11 269
Lease receivables		**7 010**	13 636
Deferred tax		**91 906**	78 519
Current assets		**1 541 401**	1 334 803
Inventories		**531 211**	408 191
Trade and other receivables	4	**550 623**	447 225
Cash and cash equivalents		**310 934**	333 435
Restricted cash		**134 577**	122 793
Lease receivables		**2 152**	8 470
Derivative financial instruments		**3 970**	9 563
Current tax assets		**7 934**	5 126
Total assets		**3 432 700**	2 959 651
Equity and Liabilities			
Capital and reserves			
Share capital		**1 002**	1 002
Share premium		**163 441**	163 441
Non-distributable reserves		**143 263**	115 776
Foreign currency translation reserve		**77 454**	54 907
Retained earnings		**458 691**	266 132
Equity attributable to owners of Famous Brands Limited		**843 851**	601 258
Non-controlling interests		**131 933**	119 287
Total equity		**975 784**	720 545
Non-current liabilities		**1 400 512**	1 194 789
Borrowings	6	**1 023 170**	881 670
Lease liabilities		**287 464**	232 109
Provision		**2 194**	–
Deferred tax		**87 684**	81 010
Current liabilities		**1 056 404**	1 044 317
Trade and other payables	5	**755 608**	675 236
Borrowings	6	**116 693**	256 482
Lease liabilities		**51 473**	89 225
Shareholders for dividends		**2 802**	2 418
Current tax liabilities		**51 631**	20 480
Derivative financial instruments		**–**	476
Bank overdraft		**78 197**	–
Total liabilities		**2 456 916**	2 239 106
Total equity and liabilities		**3 432 700**	2 959 651

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 28 February 2023

	Notes	2023 R000	2022* R000
Revenue	7	**7 443 924**	6 476 354
Cost of sales		**(4 267 922)**	(3 564 258)
Gross profit		**3 176 002**	2 912 096
Other income	8	**126 386**	20 147
Expected credit loss	8	**(2 977)**	(10 317)
Administration expenses		**(165 120)**	(169 374)
Marketing expenses		**(614 198)**	(583 266)
Operations expenses		**(1 618 516)**	(1 514 638)
Operating profit before impairment of intangible assets		**901 577**	654 648
Impairment of intangible assets	3	**(40 643)**	(25 090)
Operating profit		**860 934**	629 558
Net finance costs	9	**(81 920)**	(107 501)
Finance costs		**(122 498)**	(124 836)
Finance income		**40 578**	17 335
Share of profit from associates		**8 685**	260
Impairment of loan/investment in associate		**(18 454)**	(8 262)
Profit before tax	8	**769 245**	514 055
Tax		**(213 986)**	(158 555)
Total profit for the year		**555 259**	355 500
Profit for the year attributable to:			
Owners of Famous Brands Limited		**524 109**	317 657
Non-controlling interests		**31 150**	37 843
Total profit for the year		**555 259**	355 500
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations**		**22 547**	(12 895)
Pre-tax foreign exchange differences on translating foreign operations		**23 688**	(12 165)
Tax effect on exchange differences on translating foreign operations		**(1 141)**	(730)
Movement in hedge accounting reserve**		**(4 626)**	1 173
Pre-tax change in fair value of cash flow hedges		**(6 412)**	1 629
Tax on movement in hedge accounting reserve		**1 786**	(456)
Total comprehensive income for the year		**573 180**	343 778
Total comprehensive income attributable to:			
Owners of Famous Brands Limited		**542 030**	305 935
Non-controlling interests		**31 150**	37 843
Total comprehensive income for the year		**573 180**	343 778
Basic earnings per share (cents)			
Basic	10	**523**	317
Diluted	10	**523**	317

* *Some of the line items have been reclassified to enhance presentation and disclosure, refer to note 15 for details.*
** *This item may be reclassified subsequently to profit or loss.*

Summarised consolidated statement of changes in equity

for the year ended 28 February 2023

	2023 R000	2022 R000
Balance at 1 March 2022	**720 545**	390 764
Equity settled share-based payment scheme*	**35 830**	36 652
Total comprehensive income for the year	**573 180**	343 778
Payment of dividends	**(355 995)**	(28 115)
Non-controlling interest arising on business combination	**1 862**	–
Additional interest acquired from non-controlling interests	**–**	(5 988)
Disposal of interest in subsidiaries impact on non-controlling interests	**–**	(5 711)
Change in ownership interests in subsidiaries	**–**	(12 592)
Other reserve	**362**	1 757
Balance at 28 February 2023	**975 784**	720 545

* *Equity settled share-based payment scheme is a net of the annual charge of R42.6 million (2022: R41.1 million) in note 8 and grant settlement of R6.8 million (2022: R4.4 million).*

Summarised consolidated statement of cash flows

for the year ended 28 February 2023

	Notes	2023 R000	2022 R000
Cash generated from operations		**961 444**	871 082
Net finance costs paid		**(89 566)**	(110 921)
Finance income received		**28 377**	17 335
Finance costs paid		**(117 943)**	(128 256)
Income tax paid		**(194 063)**	(183 554)
Dividends paid		**(355 611)**	(43 853)
Dividends paid to owners of Famous Brands Limited		**(330 284)**	–
Dividends paid to non-controlling interests		**(25 327)**	(43 853)
Net cash inflow from operating activities		**322 204**	532 754
Cash flow from investing activities			
Additions to property, plant and equipment	2	**(142 612)**	(122 902)
Intangible assets acquired	3	**(19 670)**	(16 775)
Proceeds from disposal of property, plant and equipment		**7 850**	10 185
Proceeds from disposal of intangible assets		**4 211**	3 387
Net cash inflow on disposal of subsidiary	11	**–**	1 283
Net cash outflow on investment in subsidiary	11	**(184 315)**	–
Net cash outflow on disposal of subsidiary	11	**–**	(1 266)
Net cash outflow on investment in preference shares		**(3 500)**	–
Dividends received from associates		**5 970**	5 888
Principal receipts from lease receivables		**6 494**	11 523
Loan to associate		**(30 090)**	(10 592)
Loan repayment from associate		**683**	1 806
Net cash outflow from investing activities		**(354 979)**	(117 463)
Cash flow from financing activities			
Net borrowings raised/(repaid)		**2 269**	(332 678)
Borrowings raised		**1 280 548**	24 883
Borrowings repaid		**(1 278 279)**	(357 561)
Settlement of interest rate swap		**11 825**	–
Non-controlling shareholder loans received/(repaid)		**711**	(836)
Principal repayments of lease obligations		**(85 682)**	(77 832)
Lease incentives received		**–**	1 486
Share-based payment grant settlements		**(6 804)**	(4 446)
Acquisition of additional interest in subsidiaries		**–**	(18 580)
Net cash outflow from financing activities		**(77 681)**	(432 886)
Net decrease in cash and cash equivalents		**(110 456)**	(17 595)
Foreign currency effect		**9 758**	(841)
Cash and cash equivalents at the beginning of the year		**333 435**	351 871
Cash and cash equivalents at the end of the year		**232 737**	333 435

Primary (business units) and secondary (geographical) segment report

for the year ended 28 February 2023

	2023 R000	2022 R000
Revenue*		
Leading brands	**903 992**	772 614
Signature brands	**202 686**	145 251
Supply Chain	**5 152 989**	4 495 536
Manufacturing	**3 005 582**	2 769 990
Logistics	**4 705 017**	4 051 537
Retail	**273 140**	222 123
Eliminations	**(2 830 750)**	(2 548 114)
Marketing funds	**612 166**	583 277
Corporate	**2 224**	1 274
South Africa	**6 874 057**	5 997 952
United Kingdom – Wimpy	**142 224**	132 586
Rest of Africa and Middle East	**427 643**	345 816
Revenue	**7 443 924**	6 476 354
Operating profit		
Leading brands	**461 481**	370 761
Signature brands	**13 569**	(7 748)
Supply Chain	**416 021**	361 474
Manufacturing	**301 709**	299 397
Logistics	**114 162**	60 442
Retail	**150**	1 635
Corporate	**(33 002)**	(120 952)
Share-based payment charge	**(42 934)**	(41 098)
Consolidation entries	**(6 932)**	(8 725)
Corporate administration costs**	**16 864**	(71 129)
South Africa	**858 069**	603 535
United Kingdom – Wimpy	**19 051**	16 982
Rest of Africa and Middle East	**24 457**	34 131
Operating profit before impairment of intangible assets	**901 577**	654 648
Impairment of intangible assets	**(40 643)**	(25 090)
Signature brands	**(5 366)**	–
United Kingdom – Wimpy	**(35 277)**	(25 090)
Operating profit	**860 934**	629 558
Net finance costs	**(81 920)**	(107 501)
Share of profit of associates	**8 685**	260
Impairment of loan/investment in associate	**(18 454)**	(8 262)
Tax	**(213 986)**	(158 555)
Total profit for the year	**555 259**	355 500

* *Nature of goods and services for each segment is detailed in note 7.*

** *Corporate administration cost include the GBK liquidation dividends of GBP 3.8 million (R74.7 million) recognised in other income.*

No segment assets or liabilities have been disclosed as such information is not regularly provided to the CODM.

	2023 %	2022 %
Segmental operating margins after impairments		
Leading brands	**51.0%**	48.0%
Signature brands*	**4.0%**	(5.3%)
Supply Chain	**8.1%**	8.0%
Manufacturing	**10.0%**	10.8%
Logistics	**2.4%**	1.5%
Retail	**0.1%**	0.7%
South Africa	**12.5%**	10.1%
United Kingdom – Wimpy*	**(11.4%)**	(6.1%)
Rest of Africa and Middle East	**5.7%**	9.9%
Total	**11.6%**	9.7%

	2023 R000	2022 R000
Geographical allocation of revenue		
United Kingdom	**142 224**	132 586
Botswana	**343 399**	285 156

The table below sets out the geographical location of non-current assets excluding deferred tax assets and lease receivables.

	2023 R000	2022 R000
Geographical allocation of non-current assets		
South Africa	**1 491 407**	1 239 661
United Kingdom	**154 494**	177 729
Botswana	**130 610**	96 026
Rest of Africa and Middle East (excluding Botswana)	**15 872**	19 277
Total	**1 792 383**	1 532 693
Additions to non-current assets by segment**		
Leading brands	**27 847**	23 355
Signature brands	**4 514**	20 843
Manufacturing	**44 097**	56 501
Logistics	**33 570**	2 629
Retail	**2 583**	137
Corporate	**13 197**	5 887
South Africa	**125 808**	109 352
Rest of Africa and Middle East	**33 332**	30 247
United Kingdom	**3 142**	78
Total	**162 282**	139 677

* *Refer to note 3 for details on impairment.*

** *Relates to property, plant and equipment, and intangible assets, excludes property, plant and equipment from acquisition of subsidiaries.*

Notes to the summarised consolidated financial statements

for the year ended 28 February 2023

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 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.

Famous Brands owns brands which are represented by restaurants locally and internationally. The business model mainly consists of business relationships between Famous Brands as the franchisor and various franchise partners whereby the franchise partners use the Famous Brands intellectual property and sell menu items to consumers. Famous Brands earns sales-based royalty income ("Franchise fee revenue"), based on a percentage of these restaurant turnovers.

Our brands are supported by a vertically integrated business, in our supply chain division which comprises our manufacturing, logistics, and retail operations. The primary function of our supply chain division is to sell ingredients and products to franchise partners. Franchise fee revenue and manufacturing and logistics revenue is earned from our franchise partners, who are Famous Brands' customers. Retail operations (part of supply chain) earns revenue from product sales to retailers.

The nature of goods and services is detailed in the Operating Segment and revenue streams as detailed in Note 7 *Revenue*. Information on the Group's structure and information on related parties is provided in relevant notes to the consolidated financial statements.

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 2023, 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*, JSE Listings Requirements and the Companies Act of South Africa. The summarised consolidated financial statements were approved by the Board of Directors on 22 May 2023.

The summarised consolidated financial statements were prepared under the supervision of Mr Deon J. Fredericks (CA)SA.

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 28 February 2023 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 2022, except for the new standards that became effective for the Group's financial reporting beginning 1 March 2022 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 18.

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:

IFRS 3 *Business Combinations* (Amendment) – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendment) – The amendment specifies which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IAS 16 *Property, Plant and Equipment* (Amendment) – The amendment prohibits 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.

IFRS 16 *Leases* Illustrative Example 13 (Amendment) – 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.

IFRS 9 *Financial Instruments* (Amendment) – 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.

IFRS 1 *First-time adoption of IFRS* (Amendment) – 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.

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 2023 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)
IAS 1 *Presentation of Financial Statements and Practice Statements 2* (Amendments) Amendments intended to help preparers in deciding which accounting policies to disclose in their financial statements.	1 January 2023
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendments) These 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 new definition of accounting estimates.	1 January 2023
IAS 12 *Deferred tax related to assets and liabilities arising from a single transaction* (Amendment) The amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
IFRS 16 *Leases* Liability in a sale and lease back (Amendment) The amendment requires a seller-lessee to subsequently measure lease liabilities from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.	1 January 2024
IAS 1 *Presentation of Financial Statements* Classification of liabilities as current or non-current (Amendments) Narrow scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.	1 January 2024
IAS 1 *Presentation of Financial Statements* Non-current liabilities with covenants (Amendment) The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024

1. Capital expenditure and commitments

	2023 R000	2022 R000
Invested	**162 282**	139 677
Property, plant and equipment	**142 612**	122 902
Intangible assets	**19 670**	16 775
Authorised, not yet contracted	**405 055**	238 896
Property, plant and equipment*	**346 992**	198 344
Intangible assets	**58 063**	40 552

* *Includes capital expenditure planned for developments of 37 Richards Drive, Midrand.*

2. Property, plant and equipment

	2023 R000	2022 R000
Carrying amount at the beginning of the year	**640 442**	667 098
Additions	**272 336**	189 111
Owned	**142 612**	122 902
Right-of-use asset	**129 724**	66 209
Acquisition of subsidiaries*	**180 676**	–
Foreign currency translation	**4 124**	(4 543)
Disposals	**(17 222)**	(27 468)
Disposals of owned property, plant and equipment	**(6 111)**	(13 556)
Derecognition of right-of-use asset	**(11 111)**	(13 912)
Derecognition of related party lease**	**(25 620)**	–
Disposal of subsidiaries	**–**	(8 497)
Owned	**–**	(4 894)
Right-of-use asset	**–**	(3 603)
Depreciation	**(178 556)**	(175 011)
Transfers	**(398)**	–
Remeasurements of right-of-use assets	**27 570**	(248)
Carrying amount at the end of the year	**904 148**	640 442

* *Refer to note 11 for details relating to the acquisition of the subsidiaries.*
** *Derecognition of related party lease at group as the property is owner-occupied.*

The cost and net carrying amount of the land within land and buildings is R84 million (2022: R14 million).

3. *Intangible assets*

	2023 R000	2022 R000
Carrying amount at the beginning of the year	**871 631**	917 450
Additions	**19 670**	16 775
Foreign currency translation	**12 294**	(7 157)
Disposals	**(4 212)**	(5 423)
Disposal of subsidiaries	**–**	(3 845)
Acquisition of subsidiary	**6 418**	–
Transfers	**(398)**	–
Amortisation	**(14 302)**	(21 079)
Impairment	**(40 643)**	(25 090)
Carrying amount at the end of the year	**850 458**	871 631

The goodwill impairment loss of R35.3 million (2022: R25 million) recognised in the current financial year relates to Venus Solutions Ltd as a result of the changes in key assumptions and cash flows achieved compared to the forecast. The recoverable amount determined based on the value in use was R39.1 million.

The trademark and brand name impairment loss of R5.4 million (2022: Rnil) recognised in the current financial year relates to a brand in Signature Brands affected by the impact of slower recovery after Covid-19. The present value of the estimated future royalty cash flows determined was R8.5 million.

Intangible assets amortisation and impairments have been included in their respective line captions on the statement of profit or loss and other comprehensive income.

4. *Trade and other receivables*

	2023 R000	2022 R000
Net trade receivables	**442 550**	395 332
Trade receivables	**464 611**	418 209
Impairment allowance	**(22 061)**	(22 877)
Other receivables	**63 585**	27 267
Prepayments	**39 812**	14 140
VAT receivable	**4 676**	10 486
	550 623	447 225

The Group has a wide customer base and there is no significant concentration of credit risk. One debtor has a current balance in excess of 2% of the trade receivables balance amounting to R12.8 million (2022: R9 million).

The book value of trade and other receivables approximates the fair value due to the short-term nature of these receivables.

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses based on the simplified approach.

5. Trade and other payables

	2023 R000	2022 R000
Trade payables and accruals	**568 975**	460 860
Trade payables	**377 968**	296 093
Accruals	**191 007**	164 767
Employee benefits	**95 711**	88 153
Deferred income	**9 843**	15 085
VAT payable	**22 736**	35 660
Put option written over the equity of non-controlling interest	**58 343**	75 478
	755 608	675 236

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 R15.1 million (2022: R12.6 million) included in deferred income from prior year has been recognised as revenue based on the Group satisfying the relevant performance obligations over time.

The book value of trade payables and other payables approximates their fair values due to the short-term nature of the instruments.

Put option written over the equity of non-controlling interest is evergreen and remeasured on operating profit annually based on the investee's profit before interest and tax. Current year movement relates to remeasurement.

6. Borrowings

	2023 R000	2022 R000
Unsecured		
Long-term borrowings	**1 023 170**	881 670
Short-term borrowings	**116 693**	256 482
Short-term portion of borrowings	**115 126**	255 626
Non-controlling shareholder loans	**1 567**	856
	1 139 863	1 138 152

6. *Borrowings (continued)*

	Currency	Maturity	Nature	Interest rate Margin	Rate	2023 %	2022 %	2023 R000	2022 R000
Terms of repayment									
F2023									
Loan facility: Amortising loan	ZAR	Aug-27	variable	1.70	3-month JIBAR	**8.90**		**450 000**	
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Aug-25	variable	1.75	3-month JIBAR	**8.95**		**300 000**	
Loan Facility: Revolving Credit Facility (RCF)	BWP	Apr-25	variable	0.40	Prime	**7.16**		**9 311**	
General Banking Facility (GBF)	ZAR	364 days	variable	1.80	Prime	**8.95**		**–**	
Loan facility: Amortising loan	ZAR	Aug-25	variable	1.70	3-month JIBAR	**8.90**		**150 000**	
Loan facility: Amortising loan	ZAR	Aug-26	variable	1.85	3-month JIBAR	**9.05**		**200 000**	
Loan facility: Term Loan	ZAR	Nov-26	fixed	1.50	Fixed	**12.25**		**5 768**	
Loan facility: Term Loan	GBP	Sep-25	fixed		Fixed	**2.00**		**8 651**	
Loan facility: Term Loan	ZAR	Aug-24	variable	1.75	Prime	**12.50**		**1 450**	
Loan facility: Term Loan	ZAR	Jan-32	variable		Prime	**10.75**		**13 116**	
Non-controlling shareholder loans*									
Dial and Dine (Pty)	ZAR							**199**	
Marathon Holdings (Pty) Ltd	ZAR							**1 368**	
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	Sep-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 shareholder loans*									
Dial and Dine (Pty)	ZAR								606
Marathon Holdings (Pty) Ltd	ZAR								250
								1 139 863	1 138 006
Interest accrued								**–**	146
								1 139 863	1 138 152

* *Loans from non-controlling shareholders are unsecured, interest free and have no repayment terms.*

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) profit or loss by R11 million (2022: R11 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: R100 million (2022: R200 million). Unutilised portion at year-end: R22 million (2022: R200 million).
- The Group has a 3-year revolving loan facilities of R428 million (2022: R350 million). Unutilised portion is R118 million (2022: R750 million) at year end.
- The Group has 5 to10-year amortising loans of R479 million (2022: R787 million), which is fully utilised.
- The Group has a 4.5-year amortising loan of R200 million (2022: Rnil). Unutilised portion is R200 million (2022: Rnil).
- The Group has a 3-year and a 4-year term bullet payment loans of R150 million (2022: Rnil) and R200 million (2022: Rnil) respectively, which are fully utilised.

6. Borrowings *(continued)*

Guarantees

Famous Brands Limited, Famous Brands Management Company (Pty) Ltd, Lamberts Bay Foods (Pty) Ltd and FB Signature Brands (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; and
- 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

	2023 R000	2022 R000
Sales-based royalties		
Franchise fees revenue	1 073 675	918 225
Leading brands	1 024 623	881 774
Signature brands	49 052	36 451
Marketing fees revenue*	612 166	583 277
Leading brands	598 700	518 020
Signature brands	13 466	65 257
Revenue at point of sale		
Manufacturing revenue	174 402	221 876
Owned	29 119	117 938
Subsidiary	145 283	103 938
Logistics revenue	4 705 017	4 051 537
Retail revenue	273 140	222 123
Company-owned stores revenue	563 369	446 947
Leading brands (SA and AME)	411 506	338 147
Signature brands (SA)	151 863	108 800
Joining fees	13 163	7 723
Revenue over time		
Service revenue	28 992	24 646
	7 443 924	6 476 354

* *Marketing fees revenue relate to funds contributed by franchise partners for the various brands across the Group and are administered in line with the Consumer Protection Act ("CPA").*

Additional analysis of revenue is provided in the primary (business units) and secondary (geographical) segment report based on the information reviewed by the CODM.

8. *Profit before tax*

	Notes	2023 R000	2022 R000
Profit before tax is arrived at after taking into account, among other items, those detailed below:			
Depreciation of property, plant and equipment	2	**178 556**	175 011
Amortisation of intangible assets	3	**14 302**	21 079
Impairment of trade and other receivables		**2 977**	10 317
Directors' remuneration		**23 281**	17 470
Executive directors		**18 677**	11 914
Non-executive directors		**4 604**	5 556
Auditors' remuneration		**10 890**	11 371
Facilities and property expenses		**219 233**	195 170
Employee expenses		**995 219**	851 417
Share-based payments – equity-settled		**42 634**	41 098
Foreign exchange differences		**734**	(23)
Net finance costs	9	**81 920**	107 501
Finance costs		**122 498**	124 836
Finance income		**(40 578)**	(17 335)
Remeasurement of non-controlling interest put option		**(17 135)**	(10 031)
Other income		**(126 386)**	(20 147)
(Profit)/loss on disposal of property, plant, equipment		**(1 739)**	3 371
Profit on disposal of right-of-use assets		**(192)**	(258)
Profit on derecognition of related party lease*		**(4 041)**	–
Loss on disposal of intangible assets		**–**	2 036
Loss on sale of businesses		**–**	1 771
Sundry income**		**(116 766)**	(21 724)
Other		**(3 648)**	(5 343)
Impairment of intangible assets	3	**40 643**	25 090
Impairment – Trademarks		**5 366**	–
Impairment – Goodwill		**35 277**	25 090
Share of profit of associates		**(8 685)**	(260)
Impairment of loan/investment in associate		**18 454**	8 262

* *Profit on derecognition of related party lease is net of the smoothing asset of R3.9 million.*

** *Sundry income includes the GBK liquidation dividends of GBP 3.8 million (R74.7 million), and R14.4 million proceeds from an insurance claim for business interruptions experienced during the July 2021 civil unrest.*

9. *Net finance costs*

	2023 R000	2022 R000
Finance costs		
Interest on borrowings	**(89 162)**	(95 488)
Interest on lease liabilities	**(29 277)**	(28 313)
Ineffective portion of cash flow hedge	**139**	(53)
Other finance costs	**(4 198)**	(982)
	(122 498)	(124 836)
Finance income		
Interest from lease receivables	**1 246**	2 350
Interest from bank deposits	**27 132**	14 984
Other finance income	**–**	1
Interest rate swap termination	**12 200**	–
	40 578	17 335
Net finance costs	**(81 920)**	(107 501)

10. Basic and headline earnings per share

	2023 Cents per share	2022 Cents per share
Attributable to owners of Famous Brands Limited		
Basic earnings per share	**523**	317
Headline earnings per share	**488**	356
Diluted earnings per share	**523**	317
Diluted headline earnings per share	**488**	356

	2023 Number of shares	2022 Number of shares
Reconciliation of weighted average number of shares to diluted weighted average number of shares		
Weighted average number of shares in issue	**100 202 284**	100 202 284
Possible issue of ordinary shares in the future relating to the share incentive scheme	**36 454**	125 885
Diluted weighted average number of shares in issue	**100 238 738**	100 328 169

	2023 R000	2022 R000
Basic and headline earnings		
Basic earnings	**524 109**	317 657
Adjusted for:	**(35 338)**	39 016
(Profit)/loss on disposal of property, plant and equipment	**(1 739)**	3 371
Tax on profit/(loss) on disposal of property, plant and equipment	**493**	(944)
Loss on disposal of intangible assets	**–**	2 036
Tax on loss on disposal of intangible assets	**–**	(570)
Loss on sale of businesses	**–**	1 771
GBK liquidation dividends	**(74 735)**	–
Impairment of intangible assets	**40 643**	33 352
Headline earnings	**488 771**	356 673

11. Business disposals and changes in ownership interest

	2023 R000	2022 R000
2023		
Summary of cash flows on acquisitions, disposals and changes in ownership interests		
Cash inflow on disposal of interests in subsidiaries		
Famous Brands Great Bakery (Pty) Ltd	**–**	1 283
Cash inflow on disposal of subsidiaries	**–**	1 283
Cash outflow on disposal of interests in subsidiaries		
DHQ Interior Architects (Pty) Ltd (previously Famous Brands Design Studio (Pty) Ltd)	**–**	(1 266)
Cash outflow on disposal of subsidiaries	**–**	(1 266)
Cash outflow on acquisition of interests in subsidiaries		
BC Hospitality (Pty) Ltd	**–**	(7 918)
Pink Potato (Pty) Ltd	**–**	(10 662)
Five Star Performance (Pty) Ltd	**(3 315)**	–
Steers Properties (Pty) Ltd	**(166 000)**	–
Halamandaris Props (Pty) Ltd	**(15 000)**	–
Cash outflow on acquisition of subsidiaries	**(184 315)**	(18 580)
Steers Properties (Pty) Ltd		
Effective 22 February 2023, the Group acquired shares and claims in Steers Properties (Pty) Ltd, for R166 million.		
Property, plant and equipment	**164 516**	–
Other receivables	**3 842**	–
Current tax liability	**(2 358)**	–
Net assets acquired	**166 000**	–
Cash outflow on acquisition of subsidiary	**(166 000)**	–
Halamandaris Props (Pty) Ltd		
Effective 22 February 2023, the Group acquired shares and claims in Halamandaris Props (Pty) Ltd, for R15 million.		
Property, plant and equipment	**15 000**	–
Net assets acquired	**15 000**	–
Cash outflow on acquisition of subsidiary	**(15 000)**	–
Five Star Performance (Pty) Ltd		
Effective 1 April 2022, the Group acquired a 51% interest in Five Star Performance (Pty) Ltd (operations of Lexi`s Healthy Eatery franchising), for R3.3 million.		
Motor vehicles	**83**	–
Intangible assets	**6 418**	–
Non-controlling interest	**(3 186)**	–
Net assets acquired	**3 315**	–
Cash outflow on acquisition of subsidiary	**(3 315)**	–
Lexi`s Healthy Eatery (Pty) Ltd		
Effective 1 December 2022, the Group acquired a 51% interest in Lexi`s Healthy Eatery (Pty) Ltd, for R1.		
Property, plant and equipment	**1 078**	–
Inventory	**86**	–
Borrowings	**(1 649)**	–
Trade and other receivables	**277**	–
Trade and other payables	**(2 255)**	–
Current tax liability	**(237)**	–
Non-controlling interest	**1 324**	–
Net assets acquired	**(1 376)**	–
Cash outflow on acquisition of subsidiary	**–**	–

11. Business disposals and changes in ownership interest *(continued)*

	2023 R000	2022 R000
2022		
DHQ Interior Architects (Pty) Ltd		
(previously Famous Brands Design Studio (Pty) Ltd)		
Effective 1 March 2021, the Group partly disposed of its interest in DHQ Interior Brands Architects (Pty) Ltd, resulting in a change 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 asset	–	43
Net assets disposed	–	2 441
Consideration		
Cash and cash equivalents	–	(1 266)
Cash outflow on disposal of subsidiary	–	(1 266)
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 inflow 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)

11. Business disposals and changes in ownership interest *(continued)*

	2023 R000	2022 R000
Liabilities from financing activities reconciliation		
Borrowings		
Balance at beginning of the year	**1 137 296**	1 469 012
Borrowings raised	**1 276 563**	24 883
Borrowings repaid	**(1 274 294)**	(357 561)
Other changes*	**(1 269)**	962
Balance at end of the year	**1 138 296**	1 137 296
Non-controlling shareholder loans		
Carrying value at beginning of the year	**856**	1 692
Loan received/(repaid)	**711**	(836)
Carrying value at end of the year	**1 567**	856

* *Other changes include movement in non-cash movements and interest payments included in finance costs.*

12. Related party transactions

The Group entered into various sales 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.

13. Financial instruments

Accounting classifications and fair values

The table below sets out the classification of financial assets and liabilities carrying amounts 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.

Level 3: Unobservable inputs for the asset or liability.

	2023 Carrying amount R000	2022 Carrying amount R000
Financial assets		
Measured at amortised cost:		
Trade and other receivables	**506 135**	422 599
Lease receivables	**9 162**	22 106
Restricted cash	**134 577**	122 793
Cash and cash equivalents	**310 934**	333 435
	960 808	900 933
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	**627 319**	536 338
Shareholders for dividends	**2 802**	2 418
Lease liabilities	**338 937**	321 335
Borrowings	**1 139 863**	1 138 152
Bank overdraft	**78 197**	–
	2 187 118	1 998 243

The carrying amounts of current financial assets and current financial liabilities classified at amortised cost are considered to approximate the fair values.

13. Financial instruments *(continued)*

Accounting classifications and fair values *(continued)*

	Level	2023 Carrying amount R000	2022 Carrying amount R000
Derivative financial instruments			
Assets			
Fair value through profit or loss			
Foreign exchange contracts	2	**253**	–
Fair value through other comprehensive income			
Interest-rate swaps	2	**3 717**	9 563
		3 970	9 563
Liabilities			
Fair value through profit or loss			
Foreign exchange contracts	2	**–**	476
		–	476
Financial instruments at fair value through profit or loss			
Assets			
Fair value through profit or loss			
Investment in preference shares	3	**3 490**	–
		3 490	–

14. 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 consist of cash and cash equivalents, borrowings, leases 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
Feb-22	**2.50x***	**3.00x***
Aug-22	**2.50x***	**3.00x***
Feb-23	**2.25x***	**3.00x***
Aug-23	**2.25x**	**3.00x**
Feb-24	**2.25x**	**3.00x**
Aug-24	**2.25x**	**3.00x**
Feb-25	**2.25x**	**3.00x**

* *All covenant ratios were satisfied for the past three years, except where not required to measure as per the Group's primary lender.*

14. *Capital management* *(continued)*

Net debt to Total equity (Gearing ratio)	2023 R000	2022 R000
Borrowings	**1 139 863**	1 138 152
Lease liabilities	**338 937**	321 335
Cash and cash equivalents	**(310 934)**	(333 435)
Bank overdraft	**78 197**	–
Net debt	**1 246 063**	1 126 052
Equity	**975 784**	720 545
Net debt to Total equity	**1.28**	1.56
Net debt to EBITDA (Leverage ratio)		
Net debt	**1 246 063**	1 126 052
EBITDA	**1 094 435**	850 739
Net debt to EBITDA ratio	**1.14**	1.32
Net asset value per share		
Total equity	**975 784**	720 545
Issued shares	**100 202 284**	100 202 284
Net asset value per share (cents)	**974**	719

15. *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 2022 R000	Reclass R000	Notes	As currently 2022 R000
Statement of profit or loss and other comprehensive income				
Selling and administrative expenses	(2 267 278)	2 267 278	(a)	–
Administration expenses		(169 374)	(a)	(169 374)
Marketing expenses		(583 266)	(a)	(583 266)
Operations expenses		(1 514 638)	(a)	(1 514 638)

(a) With the exception of cost of sales, expenses included "Operating profit before impairment of intangible assets" were previously disclosed under "Selling and administrative expenses". To enhance compliance with IAS 1 *Presentation of Financial Statements*, we have, based on materiality of similar items, disaggregated our disclosure of expenses in line with the business operations.

16. Other events

On 22 February 2023, the Group purchased Steers Properties Proprietary Limited ("Steers Properties") entire share capital ("Steers Shares") and claims ("Steers Claims") and Halamandaris Props Proprietary Limited ("Halamandaris Property") entire share capital ("Halamandaris Props Shares") and claims ("Halamandaris Props Claims") (Steers Properties and Halamandaris Property being collectively the "Acquired Companies") from Messrs Panagiotis Halamandaris, Periklis Halamandaris, Theofanis Halamandaris and John Lee Halamandres (the "Transaction").

The purchase price paid by the Group for the Steers Shares and Claims, Halamandaris Props Shares and Claims was an amount of R181 million (the "Purchase Price") which was apportioned as follows:

1. A purchase price of R166 million in relation to the Steers Shares and Claims.
2. A purchase price of R15 million in relation to the Halamandaris Props Shares and Claims.

The beneficial owners of the acquired companies are shareholders in Famous Brands Limited.

The only assets of Steers Properties and Halamandaris Property are properties situated at 478 James Crescent, Midrand and 37 Richards Drive, Midrand, respectively and shareholder loans primarily. Management determined that substantially all the fair value of assets acquired is concentrated in the properties within these entities. For consolidation, the purchase was recognised as an acquisition of asset rather than business combination, as defined in IFRS 3 *Business Combinations*.

17. Subsequent events

Mortgage bond

On 15 May 2023, Steers Properties (Pty) Ltd, serving as the mortgagor, lodged a mortgage bond to the value of R300 million for registration with the Deeds Office. The bond will be registered over Portion 561 of Farm Waterval 5 and Erf 664 in Halfway House Extension 57 Township.

Dividend

The Board has declared a final dividend of 233 cents per ordinary share based on the Group's good results and future prospects. The dividend is being paid out of profits for the year ended 28 February 2023 in the amount of R233 million.

Change in board of directors

Mr John Halamandres will be retiring from the Board at the next AGM. Ms Nelisiwe Shiluvana has been appointed as Group Financial Director effective 1 August 2023 and Mr Deon Fredericks will retire as Group Financial Director on 31 July 2023.

18. Going concern

The board has undertaken a rigorous assessment of whether the group is a going concern in the light of current economic conditions across its operating geographies taking into consideration available information about economic uncertainties and market volatility. The projections for the Group have been prepared covering its future anticipated performance and available capital and liquidity for a period of 12 months from the date of approval of these consolidated annual financial statements including performing sensitivity analyses. The assumptions modelled are based on the continued estimated impact of the current difficult operating environment impacted by load shedding, higher energy, and interest cost.

Trading has improved materially, and we are optimistic that revenues will recover further in an operating environment without Covid-19. We have observed improved consumer confidence and spending. For the group we are forecasting a further recovery in our revenue, profit and cash flow, however still under pressure due to the slow economy growth.

Our mitigation actions resulted in an improvement in our results for 2023 financial year, including renegotiation of its borrowings with our primary lender to a more appropriate debt finance structure in line with the company's current requirements and strategy. This provides the company with significantly more flexibility with a structured repayment plan with no more than R200 million in any year and a much better debt profile.

At 28 February 2023 the Group had access to unutilised facilities of R340 million (refer note 6). Our forecasts and projections, taking into account market volatility, show that the Group will be profitable and cash generative in the year ahead. The Board has reviewed the Group's projections and sensitivity analysis which shows that the Group has sufficient capital, liquidity and positive future performance outlook to continue to meet its obligations and consequently, it is appropriate to prepare the consolidated annual financial statements on a going concern basis for the foreseeable future.

Shareholder spread

at 28 February 2023

	2023			
	Number of share-holders	% of total share-holdings	Number of shares	% of issued capital
1 – 10 000	6 742	93.87	4 218 853	4.21
10 001 – 50 000	234	3.26	5 480 959	5.47
50 001 – 100 000	60	0.84	4 276 366	4.27
100 001 – 1 000 000	127	1.77	37 391 025	37.32
Over 1 000 000	19	0.26	48 835 081	48.73
Total	**7 182**	**100.00**	**100 202 284**	**100.00**
Distribution of shareholders				
Individuals	6 118	85.18	9 754 087	9.73
Insurance companies	6	0.08	1 761 238	1.76
Investment trusts	246	3.43	7 664 100	7.65
Other companies and corporate bodies	812	11.31	81 022 859	80.86
Total	**7 182**	**100.00**	**100 202 284**	**100.00**
Shareholder Type				
Non-public shareholders	31	0.43	18 906 928	18.87
Directors and associates (Direct)	11	0.15	5 420 918	5.41
Directors and associates (Indirect)	20	0.28	13 486 010	13.46
Public shareholders	7 151	99.57	81 295 356	81.13
Beneficial holders >10% (GEPF)	5	0.07	10 875 863	10.85
Other public shareholders	7 146	99.50	70 419 493	70.28
Total	**7 182**	**100.00**	**100 202 284**	**100.00**
Fund managers greater than 5% of the issued shares				
Coronation Fund Managers	–	–	29 062 734	29.00
Public Investment Corporation	–	–	6 319 187	6.31
Visio Capital Management	–	–	8 392 716	8.38
Total	**–**	**–**	**43 774 637**	**43.69**
Direct and indirect beneficial shareholders greater than 5% of the issued shares (excluding directors)				
Coronation Fund Managers	–	–	15 187 247	15.16
Government Employees Pension Fund	–	–	10 875 863	10.85
Panis Trust	–	–	6 828 955	6.82
Total	**–**	**–**	**32 892 065**	**32.83**
Total number of shareholdings	**7 182**	**–**	**–**	**–**
Total number of shares in issue	**–**	**–**	**100 202 284**	**–**

Administration

Famous Brands Limited

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

Directors

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

* *Executive*

Group Company Secretary

Celeste Appollis

Registered office

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Transfer secretaries

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PO Box 61051, Marshalltown, 2107

Sponsor

The Standard Bank of South Africa Limited
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30 Baker Street, Rosebank, 2196

Auditors

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