famous | brands

you're in good company

Consolidated and Company Financial Statements

for the year ended 29 February

2024

Audited financial statements and other information

for the year ended 29 February 2024

The reports and statements set out below were prepared under the supervision of the Group Financial Director, Mrs Nelisiwe Shiluvana CA(SA), ACMA, CGMA and comprise the Group and company audited financial statements presented to the shareholders.

Contents

Directors' report

for the year ended 29 February 2024

The directors have pleasure in submitting their report for the year ended 29 February 2024.

Nature of business

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 nature of goods and services is detailed in the Operating segment and revenue streams in Note 12 *Revenue*.

Information on the Group's structure and information on related parties is provided in relevant notes to the consolidated financial statements.

Famous Brands' vertically integrated business model comprises a portfolio of 16 brands represented by a franchise network of 2 914 restaurants across South Africa (SA), Southern African Development Community (SADC), the Rest of Africa and Middle East (AME), and the United Kingdom (UK), underpinned by substantial Logistics and Manufacturing operations and Retail operations (part of supply chain) earns revenue from product sales to retailers.

Directors' responsibilities

The responsibilities of the company's directors are detailed on page 06 of this document.

Financial statements and results

The Group and company's results and financial position are reflected on page 12 to page 109.

Significant events

All significant events have been detailed within the financial results.

Corporate governance

The Corporate governance report is set out in the 2024 Integrated Annual Report (IAR).

Tangible and intangible assets

Movements in the Group's tangible and intangible assets are set out in Notes 1 – *Property, plant and equipment* and Note 2 – *Intangible assets*.

Events after reporting date

In March 2024, the Board announced the appointment of Chris Boulle, the current independent non-executive director, as the Group's Chairman effective from the Annual General Meeting (AGM) on 26 July 2024.

Chris Boulle will succeed Santie Botha, who is retiring from her roles as an independent non-executive director and Chairman of the Board. Furthermore, Chris Boulle will assume the role of Chairman of the Nomination Committee and relinquish his positions as Chairman of the Audit and Risk Committee and the Remuneration Committee. However, he will continue serving as a member of the Remuneration Committee.

Additionally, Alex Maditse will assume the role of lead non-executive director starting from the AGM in July 2024. Furthermore, Norman Adami will retire at the upcoming AGM.

Prospects

We continue to navigate headwinds from several challenges including persistent poor macro-economic conditions and political uncertainty in South Africa and many other markets. However, we are comfortable that we have the right brands and strategy to grow, win market share and maintain our margins.

The Group will focus on optimizing the logistics footprint, safeguarding the sustainability of franchise partners, exploring new technologies in order to provide a competitive advantage and to lowering production costs while maintaining high quality output in manufacturing.

Dividends

The Board declared a final dividend of 164 cents per share, bringing the total dividend for the year to 302 cents per share. This was guided by the principle of prudent capital management, but the lower than expected performance in the second half, and the uncertainty in the interest rate outlook. Total dividend of R302 million was paid out of current year profits. In August 2023, the Board declared an interim dividend of 138 cents per share (2023: 130 cents).

Share capital

The authorised and issued share capital of the company as at 29 February 2024 is set out in Note 9 *Equity reserves* of the consolidated financial statements.

There were no new issues in the year.

Shareholder spread and material shareholders

In terms of the JSE Listings Requirements paragraph 3.37 and 4.28 (e), Famous Brands complies with the minimum shareholder spread requirements, with 81% (2023: 81%) of ordinary shares being held by the public as at 29 February 2024. Details of the company's shareholder spread, and material shareholders are set out on page 110.

Directors and Company Secretary

The names of the directors and the Company Secretary at the date of this report are detailed on page 06 of this document.

Changes to the Board

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

- John Halamandares retired from the Board at the AGM on 20 July 2023.
- Deon Fredericks retired as Group Financial Director on 31 July 2023.
- Nelisiwe Shiluvana was appointed as Group Financial Director and executive director on 1 August 2023.
- William Mzimba was appointed on 1 October 2023.
- Santie Botha will retire as an independent non-executive director and Chairperson of the Board at the next AGM in July 2024.
- Chris Boulle will be appointed as the Group Chairman with effect from the AGM in July 2024.
- Alex Maditse will assume the role of lead non-executive director from the AGM in July 2024.
- Norman Adami will retire from the Board at the forthcoming AGM.

Special Resolutions

The Special Resolutions passed by the company at its AGM held on 20 July 2023 are detailed on page 7 to 12 of the 2023 Notice of AGM of Shareholders and Summarised Results.

At the next AGM to be held on 26 July 2024, shareholders will be requested to approve special resolutions detailed in the Notice of Annual General Meeting of Shareholders.

Audit and Risk Committee's report

for the year ended 29 February 2024

Composition and attendance

Chairman

CH Boulle (4/4)

Members

F Petersen-Cook (4/4)
BM Mathe (4/4)
T Mosololi (4/4)

Invitees

DP Hele: Group CEO (4/4)
N Shiluvana: Group FD[1] (4/4)
DJ Fredericks: Group FD[2] (2/4)
SL Botha (4/4)
N Halamandaris (4/4)
N Ndaba: Group Risk Executive (4/4)
CD Appollis: Group Company Secretary (4/4)
K Mosuoe: Head of Internal Audit (3/4)
A Abrahams: Operations Finance Executive (1/4)
KPMG (4/4)

[1] *N Shiluvana was appointed as Group Financial Director on 1 August 2023*
[2] *DJ Fredericks retired as Group Financial Director on 31 July 2023*

Introduction

The Audit and Risk Committee is pleased to present its report for the financial year ended 29 February 2024. This report is prepared based on the requirements of the South African Companies Act, 71 of 2008, as amended (Companies Act), the King IV Code on Corporate Governance™ 2016 of South Africa, the Johannesburg Stock Exchange (JSE) Listings Requirements and its terms of reference.

Mandate

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

Composition and function

Members of the committee have the appropriate academic qualifications, financial literacy, business and financial acumen and satisfy the requirements as per section 94 of the Companies Act to serve as members of an audit committee. All members are independent non-executive directors.

The chairman of the board and other board members attend the meetings by invitation as observers. However, non-committee members are not entitled to participate without consent from the chair, do not have a vote and are not entitled to fees for attendance.

The Group Chief Executive Officer (CEO), Group Finance Director (GFD) , Group Risk Executive, Head of internal audit, external auditors and members of the executive team representing areas relevant to the discussion at the committee attend meetings either by standing invitation or as and when required in order to provide greater insight into specific issues or areas in the group.

The internal and external auditors have unlimited access to the chairperson of the committee and the Group Risk Executive reports directly to the committee.

Focus areas for 2024

General

- Reviewed and recommended the consolidated financial statements and IAR to the Board for approval.
- Approved the updates to the limits of authorities and approvals framework.
- Reviewed the outcomes of the committee evaluation and undertook to implement all recommendations.
- Reviewed the annual work plan.
- Reviewed and recommended the Group's F2025 budget to the Board for approval.

Annual assessments

The Committee received feedback on an internal assessment conducted on the skills, expertise and resourcing of the finance function and was satisfied with the overall adequacy and appropriateness of the function. The Committee further reviewed the expertise and experience of the Group Financial Director, Nelisiwe Shiluvana, and was satisfied with the appropriateness thereof. In evaluating the finance function, including considering the input of the senior finance team during closed session with the auditors, the Committee concluded that:

- the finance function's management philosophy and control environment were consistent;
- management of the finance function has provided the required guidance to operations during the year;
- the organisational structure of the finance function was appropriately designed, having the required authority and responsibility that promoted accountability and control;
- the finance function had properly applied accounting principles in the preparation of the financial statements and the accounting of complex and non-routine transactions; and
- the Group's financial reporting procedures were adequate and effective.

Discharging our duties

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

Financial statements, accounting practices and other financial matters	External audit
• reviewed the assessment prepared by management of the going concern status of the Group and made recommendations to the Board. The Committee concurred that the adoption of the going concern is appropriate for the preparation of the annual financial statements; • reviewed the financial and general covenants applicable to the Group based on the debt and capital structure, which was found to have been appropriate and complied with; • considered matters raised relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's financial statements, internal financial controls and any related matters; • reviewed the processes in place for reporting matters relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's Financial Statements, the Integrated Annual Report, internal financial controls and any related matters and agreed on matters that required improvement. The Committee can confirm that there were no matters of concern noted; • reviewed and recommended the press release, short and long-form announcements, interim results and annual financial statements to the Board for approval;	• considered the quality controls processes of the external auditor and specifically audit quality review conducted over the designated auditor, including those performed by the Independent Regulatory Board for Auditors (IRBA) as part of its routine review process; • approved the proposed audit fees for the year under review. • considered the appropriateness of the other auditors engaged to perform audits within the Group, being Blick Rottenberg, later terminated and appointed D.R.E. & Co, Chartered Accountants in the UK and PKF Botswana, and deemed them appropriate; and • reviewed the external auditor's report on the consolidated and company annual financial statements and the key audit matter. **Internal audit** • reviewed and approved the internal audit business plan and budget; • performed the annual review and approval of the Internal Audit Charter; • reviewed the Internal Audit reports and processes;

Financial statements, accounting practices and other financial matters	Risk management
• considered the appropriateness of the accounting policies adopted and changes thereto; • considered the significant unusual transactions and key accounting judgements; • considered the reports of the internal auditors on the Group's systems of internal control, including financial controls, business risk management and maintenance of an effective internal controls system; • considered the JSE Proactive Monitoring Report dated 3 November 2023 and assessed how the issues raised impact the Group's financial statements • received assurance from management that proper and adequate accounting records were maintained and the systems safeguard the assets against unauthorised use or disposal; • reviewed and recommended to the Board the Group's F2025 budget; • reviewed the Group tax report; and • reviewed and recommended to the Board management's submission for the dividend declaration.	• evaluated and reported to the Board on the effectiveness of risk management controls and governance processes; • reviewed and approved the risk management business plan and budget; • performed the annual review and approval of the Risk Management Charter; • reviewed the Group's IT governance framework; and • reviewed and considered changes to legislation and regulations which had a potential impact on the Group.

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

Combined assurance

The committee is satisfied that the Group has optimised the assurance coverage obtained from management, internal and external assurance providers. The committee is satisfied that the various internal and external assurances that are obtained and related systems and procedures are effective in achieving an effective internal control environment and supporting the integrity of internal and external reports.

Going concern

The Committee considered the going concern assessment as prepared by management, including the Group's outlook regarding trading conditions that will persist into the foreseeable future. This assessment is based on a range of varied scenarios. These include long-term growth plans, cash management, debt service and covenant requirements and working capital requirements. The Committee is satisfied that the Group is a going concern for the foreseeable future based on the information available at the time of approval of the consolidated financial statements.

Key focus areas for 2025

During 2025, the Committee will monitor the:

– further embedding the improvement of the financial statements and reporting processes across the group; and
– ever evolving regulatory and reporting requirements.

Conclusion

The Committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate, statutory responsibilities, and terms of reference during the year. It considered all the material factors and the key audit matter; the Committee recommended the consolidated and company financial statements for the year ended 29 February 2024 for approval to the Board.

The Board approved the financial statements on 20 May 2024, which will be open for discussion at the forthcoming AGM of shareholders. The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year. I will be available at the AGM to answer any questions regarding the activities of the Committee.

Chris Boulle
Chairman

20 May 2024

CEO and GFD responsibility statement

for the year ended 29 February 2024

a) the Annual Financial Statements set out on pages 12 to 109, fairly present in all material aspects the financial position, financial performance and cash flows of Famous Brands Limited in terms of International Financial Reporting Standards (IFRS® Accounting Standards);

b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;

c) internal financial controls have been put into place to ensure that material information relating to Famous Brands Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Famous Brands Limited; and

d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls; and

e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and we are not aware of any fraud involving directors.

DP Hele
Chief Executive Officer (CEO)

20 May 2024

N Shiluvana
Group Financial Director (GFD)

20 May 2024

Company Secretary's certificate

In my capacity as the Company Secretary, I hereby certify that Famous Brands Limited has lodged with the Companies and Intellectual Property Commission for the financial year ended 29 February 2024, all such returns and notices as are required of a public company in terms of the Companies Act of South Africa and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

CD Appollis
Company Secretary

20 May 2024

Approval of the consolidated and company financial statements

for the year ended 29 February 2024

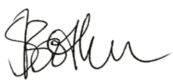
The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements present fairly the state of affairs of the Group and company as at the end of the financial year and the results of its operations and cash flows for the year ended. This is done in conformity with International Financial Reporting Standards (IFRS® Accounting Standards) and its interpretations adopted by the International Accounting Standards Board (IASB®) in issue and effective for the Group at 29 February 2024, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies Act of South Africa and the JSE Listings Requirements.

The external auditors are engaged to express an independent opinion on the financial statements. The financial statements are prepared in accordance with IFRS® Accounting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Group and place considerable importance on maintaining an adequate control environment. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that is above reproach. The Audit and Risk Committee perform an oversight role in matters related to financial and internal controls.

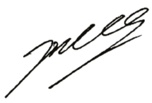
The directors are of the opinion that based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's and company cash flow forecast for the subsequent year and, considering this review and the current financial position, they are satisfied that the Group and company has access to adequate resources to continue in operational existence for the foreseeable future. The consolidated and company financial statements, which have been prepared on the going concern basis, were approved by the Board of Directors, and are signed on its behalf by:



SL Botha
Independent Chairman

20 May 2024



DP Hele
Chief Executive Officer

20 May 2024

Independent auditor's report

for the year ended 29 February 2024

To the shareholders of Famous Brands Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Famous Brands Limited (the Group and Company) set out on pages 13 to 109, which comprise the consolidated and company statements of financial position as at 29 February 2024, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, primary (business units) and secondary (geographical) segment report, statement of compliance and notes to the consolidated and company financial statements, including a summary of material accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Famous Brands Limited as at 29 February 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in relation to our audit of the separate financial statements.

Impairment of goodwill, trademarks and brand names intangible assets

Refer to note 2 "Intangible assets" as well as note 13 "Profit before tax." ("significant judgements and estimation uncertainty") in the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Intangible assets includes goodwill of R460 million and trademarks and brand names of R351 million (total of R811 million) which represents 93% of intangible assets and 41% of total non-current assets of the Group. As required by IAS 36 – *Impairment of Assets* (IAS 36), management perform annual impairment assessments to test the recoverability of the carrying amounts of goodwill for each cash-generating unit and trademarks and brand names with indefinite useful lives. Impairment assessments of goodwill, trademarks and brand names intangible assets are performed based on value-in-use calculations using discounted cash flow models. As disclosed in note 2 and note 13, there are a number of key judgements made in determining the inputs into the value in use calculations which include: – forecast revenues; – forecast profits; – royalty rates; – discount rates applied to the projected future cash flows; and – terminal growth rates. Given the significance of goodwill, trademarks and brand names intangible assets in the consolidated financial statements and the judgements involved in determining the key assumptions used in the discounted cash flow models, this was considered to be a key audit matter.	Our audit procedures included: • Performing a detailed risk assessment to determine which Cash Generating Units (CGU's) or intangible assets contain sensitive significant assumptions which could result in a material misstatement of the consolidated financial statements. • Critically evaluating whether the discounted cash flow models selected and applied by management to calculate the value in use of goodwill for selected CGUs and trademark or brand name intangible asset complies with the requirements of IAS 36 and were applied appropriately; • Challenging the assumptions used by management in their value-in-use calculations by: o Assessing the reasonableness of the assumptions relating to forecast profits, royalty rates and forecast revenue in relation to our knowledge of the Group and the industries in which it operates; o Assessing the reasonableness of the terminal growth rates in relation to external market data; and o Assessing the reasonableness of the discount rates applied by independently calculating the rates and comparing the rates to those used by management with assistance from our internal Deal Advisory specialist team. • Evaluating the future projected cash flows for selected CGUs, trademarks or brand name intangible assets to determine whether they are reasonable and supportable given the current macroeconomic climate by comparing the projected cash flows, including assumptions relating to profit growth and terminal growth rates, against historical performance to test the accuracy of managements projections; and • Evaluating (For CGU's) whether the carrying amount of the determined unit or group of assets/liabilities were in line with the requirements of IAS 36. • Evaluating the adequacy of the disclosures in accordance with IAS 36 presented by management in the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Famous Brands Limited Consolidated and Company Financial Statements 29 February 2024", which includes the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Famous Brands Limited for four years.

KPMG Inc.

KPMG Inc.
Registered Auditor
Per NH Southon
Chartered Accountant (SA)
Registered Auditor
Director

20 May 2024

KPMG Crescent
85 Empire Road
Parktown
2193

Consolidated Financial Statements

Consolidated statement of financial position

at 29 February 2024

	Notes	2024 R000	2023 R000
Assets			
Non-current assets		**1 955 567**	1 891 299
Property, plant and equipment	1	**923 997**	904 148
Intangible assets	2	**868 771**	850 458
Investments in associates	3	**39 841**	12 065
Investment in preference shares	25.1	**9 031**	3 490
Loans to associates	3	**10 663**	22 222
Lease receivables	4.1	**3 363**	7 010
Deferred tax	5	**99 901**	91 906
Current assets		**1 597 039**	1 541 401
Inventories	6	**572 906**	531 211
Trade and other receivables	7	**583 672**	550 623
Cash and cash equivalents	8.1	**352 750**	310 934
Restricted cash	8.2	**71 832**	134 577
Lease receivables	4.1	**2 091**	2 152
Derivative financial instruments	25.1	**3 162**	3 970
Current tax assets		**10 626**	7 934
Total assets		**3 552 606**	3 432 700
Equity and Liabilities			
Capital and reserves			
Share capital	9.1	**1 002**	1 002
Share premium	9.2	**163 441**	163 441
Non-distributable reserves		**153 327**	143 263
Foreign currency translation reserve		**92 674**	77 454
Retained earnings		**541 402**	458 691
Equity attributable to owners of Famous Brands Limited		**951 846**	843 851
Non-controlling interests		**126 925**	131 933
Total equity		**1 078 771**	975 784
Non-current liabilities		**1 409 561**	1 400 512
Borrowings	10	**1 075 688**	1 023 170
Lease liabilities	4.1	**245 343**	287 464
Provision		**2 421**	2 194
Deferred tax	5	**86 109**	87 684
Current liabilities		**1 064 274**	1 056 404
Trade and other payables	11	**806 239**	755 608
Borrowings	10	**125 552**	116 693
Lease liabilities	4.1	**76 559**	51 473
Shareholders for dividends		**3 245**	2 802
Current tax liabilities		**52 679**	51 631
Bank overdraft	8.1	**–**	78 197
Total liabilities		**2 473 835**	2 456 916
Total equity and liabilities		**3 552 606**	3 432 700

Consolidated statement of profit or loss and other comprehensive income

for the year ended 29 February 2024

	Notes	2024 R000	2023 R000
Revenue	12	**8 023 793**	7 443 924
Cost of sales		**(4 639 859)**	(4 267 922)
Gross profit		**3 383 934**	3 176 002
Other income	13	**28 268**	126 386
Expected credit loss	25.4	**10 121**	(2 977)
Administration expenses		**(190 664)**	(165 120)
Marketing expenses		**(659 538)**	(614 198)
Operations expenses		**(1 747 306)**	(1 618 516)
Operating profit before impairment of intangible assets		**824 815**	901 577
Impairment of intangible assets	2	**(12 889)**	(40 643)
Operating profit		**811 926**	860 934
Net finance costs		**(120 396)**	(81 920)
Finance costs	14.1	**(160 931)**	(122 498)
Finance income	14.2	**40 535**	40 578
Share of profit from associates	3	**10 095**	8 685
Devaluation of loan to associate*	3	**(18 080)**	–
Impairment of loan to associate	3	**–**	(18 454)
Profit before tax	13	**683 545**	769 245
Tax	15	**(199 840)**	(213 986)
Total profit for the year		**483 705**	555 259
Profit for the year attributable to:			
Owners of Famous Brands Limited		**457 566**	524 109
Non-controlling interests		**26 139**	31 150
Total profit for the year		**483 705**	555 259
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations**		**15 220**	22 547
Pre-tax foreign exchange differences on translating foreign operations		**16 086**	23 688
Tax effect on exchange differences on translating foreign operations		**(866)**	(1 141)
Movement in hedge accounting reserve**		**(442)**	(4 626)
Pre-tax change in fair value of cash flow hedges		**(605)**	(6 412)
Tax on movement in hedge accounting reserve		**163**	1 786
Total comprehensive income for the year		**498 483**	573 180

	Notes	2024 R000	2023 R000
Total comprehensive income attributable to:			
Owners of Famous Brands Limited		**472 344**	542 030
Non-controlling interests		**26 139**	31 150
Total comprehensive income for the year		**498 483**	573 180
Basic earnings per share (cents)			
Basic	16	**457**	523
Diluted	16	**457**	523

* *Devaluation of loan to associate relates to the foreign currency loss recognised for the remeasurement of the Naira denominated loan to an associate, this was due to the devaluation of the Naira against the Rand.*

** *This item may be reclassified subsequently to profit or loss.*

Consolidated statement of changes in equity

for the year ended 29 February 2024

	Attributable to owners of Famous Brands Limited							
	Share capital R000	Share premium R000	Non-distributable reserves R000	Foreign currency translation reserve R000	Retained earnings R000	Total R000	Non-controlling interests R000	Total equity R000
Balance at 1 March 2022	1 002	163 441	115 776	54 907	266 132	601 258	119 287	720 545
Equity settled share-based payment scheme*	–	–	35 830	–	–	35 830	–	35 830
Transfer between reserves	–	–	(4 079)	–	(882)	(4 961)	4 961	–
Total comprehensive income for the year	–	–	(4 626)	22 547	524 109	542 030	31 150	573 180
Dividends declared	–	–	–	–	(330 668)	(330 668)	(25 327)	(355 995)
Non-controlling interest arising on business combination	–	–	–	–	–	–	1 862	1 862
Other reserve	–	–	362	–	–	362	–	362
Balance at 1 March 2023	**1 002**	**163 441**	**143 263**	**77 454**	**458 691**	**843 851**	**131 933**	**975 784**
Equity settled share-based payment scheme*	**–**	**–**	**10 291**	**–**	**738**	**11 029**	**–**	**11 029**
Transfer between reserves	**–**	**–**	**–**	**–**	**(3 843)**	**(3 843)**	**3 843**	**–**
Total comprehensive income for the year	**–**	**–**	**(442)**	**15 220**	**457 566**	**472 344**	**26 139**	**498 483**
Dividends declared	**–**	**–**	**–**	**–**	**(371 750)**	**(371 750)**	**(38 760)**	**(410 510)**
Non-controlling interest arising on business combination	**–**	**–**	**–**	**–**	**–**	**–**	**3 770**	**3 770**
Other reserve	**–**	**–**	**215**	**–**	**–**	**215**	**–**	**215**
Balance at 29 February 2024	**1 002**	**163 441**	**153 327**	**92 674**	**541 402**	**951 846**	**126 925**	**1 078 771**
	Note 9	Note 9						

* *Equity settled share-based payment scheme is a net of the annual charge of R40.1 million (2023: R42.6 million) in note 13* Profit before tax *and grant settlement of R29.1 million (2023: R6.8 million).*

Consolidated statement of cash flows

for the year ended 29 February 2024

	Notes	2024 R000	2023 R000
Cash generated from operations	17.1	**1 086 075**	961 444
Net finance costs paid		**(120 817)**	(89 566)
Finance income received		**38 199**	28 377
Finance costs paid		**(159 016)**	(117 943)
Income tax paid	17.2	**(211 476)**	(194 063)
Dividends paid		**(410 067)**	(355 611)
Dividends paid to owners of Famous Brands Limited	17.3	**(371 307)**	(330 284)
Dividends paid to non-controlling interests		**(38 760)**	(25 327)
Net cash inflow from operating activities		**343 715**	322 204
Cash flow from investing activities			
Additions to property, plant and equipment	1	**(154 254)**	(142 612)
Additions to intangible assets	2	**(29 485)**	(19 670)
Proceeds from disposal of property, plant and equipment		**20 406**	7 850
Proceeds from disposal of intangible assets		**3 612**	4 211
Investment in associate	3	**(25 401)**	–
Net cash outflow on investment in subsidiary	17.4	**(6 396)**	(184 315)
Net cash outflow on investment in preference shares		**–**	(3 500)
Dividends received from associates		**7 720**	5 970
Principal receipts from lease receivables	4.3	**5 291**	6 494
Loans to associates	3	**(4 186)**	(30 090)
Loan repayment from associate		**–**	683
Net cash outflow from investing activities		**(182 693)**	(354 979)
Cash flow from financing activities			
Net borrowings raised		**60 390**	2 269
Borrowings raised	17.5	**186 700**	1 280 548
Borrowings repaid	17.5	**(126 310)**	(1 278 279)
Settlement of interest rate swap		**–**	11 825
Non-controlling shareholder loans received	17.5	**220**	711
Principal repayments of lease obligations	4.3	**(79 734)**	(85 682)
Share-based payment grant settlements		**(29 124)**	(6 804)
Net cash outflow from financing activities		**(48 248)**	(77 681)
Net increase/(decrease) in cash and cash equivalents		**112 774**	(110 456)
Foreign currency effect		**7 239**	9 758
Cash and cash equivalents at the beginning of the year		**232 737**	333 435
Cash and cash equivalents at the end of the year	8.1	**352 750**	232 737

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

for the year ended 29 February 2024

Operating segments

Operating segments are identified based on financial information regularly reviewed by the executive members of the Group (identified as the Chief Operating Decision Maker (CODM)) for IFRS 8 – *Operating Segments* for performance assessments and resource allocations. The Brands, Supply Chain and Corporate Business reportable segments are operating segments, differentiated by the activities that each undertakes. The business reportable segments of SA, SADC, AME and the UK are comprised of both franchise operations and company-owned stores, with each segment distinguished by its respective geographic operating regions.

The principal activities of the segments are as follows:

Brands

Leading Brands and Signature Brands are primarily franchised and some company-owned restaurants exist. The Leading (mainstream) brands portfolio is segmented into Quick Service and Casual Dining brands. Two of the Signature (niche) brands are majority owned subsidiaries of the Group. The Group earns sales based royalty income, based on a percentage of restaurant turnover. Marketing fund revenue contributions are primarily used to pay for expenses relating to purchasing media for marketing, market research, commercial production, other support functions for the respective brands.

Supply chain

The integrated supply chain consists of Manufacturing and Logistics operations which support the Brands business in South Africa and selected markets in the rest of Africa. Retail sells products to retailers.

Corporate

The Corporate segment consists of costs related to central head office services and other administrative costs not relevant to operations. Corporate services support the entire Group.

United Kingdom (UK)

This segment comprises the Group's brand business in the UK (Wimpy).

Southern African Development Community (SADC)

This segment comprises the Group's brands in the SADC region. The Group is represented in 9 countries in the region.

Rest of Africa and Middle East (AME)

This segment comprises the Group's brands in the AME region. The Group is represented in 7 countries in the region.

	2024 R000	2023** R000
Revenue*		
Leading brands	**954 311**	903 992
Signature brands	**207 387**	202 686
Supply Chain	**5 555 706**	5 152 989
Manufacturing	**3 287 823**	3 005 582
Logistics	**5 021 308**	4 705 017
Retail	**368 463**	273 140
Eliminations	**(3 121 888)**	(2 830 750)
Marketing funds*	**677 545**	612 166
Corporate	**2 478**	2 224
South Africa	**7 397 427**	6 874 057
Southern African Development Community	**409 494**	394 759
United Kingdom – Wimpy	**161 481**	142 224
Rest of Africa and Middle East	**55 391**	32 884
Revenue	**8 023 793**	7 443 924

* *Nature of goods and services for each segment is detailed in note 12* Revenue.

** *The Group recently reorganised its management structure within its existing geographical segments. Consequently, the comparative information has been reclassified to reflect the impact of the new geographical segments. The previously disclosed AME segment will now be reported as SADC and AME, details in note 27* Reclassification.

Operating segments (continued)

	2024 R000	2023** R000
Operating profit		
Leading brands	**480 278**	461 481
Signature brands	**8 924**	13 569
Supply Chain	**396 740**	416 021
Manufacturing	**296 631**	301 709
Logistics	**93 785**	114 162
Retail	**6 324**	150
Corporate	**(120 176)**	(33 002)
Share-based payment charge	**(40 146)**	(42 934)
Consolidation entries	**(7 121)**	(6 932)
Corporate administration costs*	**(72 909)**	16 864
South Africa	**765 766**	858 069
Southern African Development Community***	**55 041**	49 995
United Kingdom – Wimpy	**18 412**	19 051
Rest of Africa and Middle East	**(14 404)**	(25 538)
Operating profit before impairment of intangible assets	**824 815**	901 577
Impairment of intangible assets	**(12 889)**	(40 643)
Signature brands	**(12 889)**	(5 366)
United Kingdom – Wimpy	**–**	(35 277)
Operating profit	**811 926**	860 934
Net finance costs	**(120 396)**	(81 920)
Share of profit of associates	**10 095**	8 685
Devaluation of loan to associate	**(18 080)**	–
Impairment of loan to associate	**–**	(18 454)
Tax	**(199 840)**	(213 986)
Total profit for the year	**483 705**	555 259

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

* *Corporate administration costs for 2023 include the GBK liquidation dividends of GBP 3.8 million (R74.7 million) recognised in other income.*

** *The Group recently reorganised its management structure within its existing geographical segments. Consequently, the comparative information has been reclassified to reflect the impact of the new geographical segments. The previously disclosed AME segment will now be reported as SADC and AME, details in note 27* Reclassification.

*** *SADC includes the Botswana operating profit of R16 million (2023: R15 million).*

Operating segments (continued)

	2024 R000	2023** R000
Operating profit margins after impairments		
Leading brands	**50.3%**	51.0%
Signature brands*	**(1.9%)**	4.0%
Supply Chain	**7.1%**	8.1%
Manufacturing	**9.0%**	10.0%
Logistics	**1.9%**	2.4%
Retail	**1.7%**	0.1%
South Africa	**10.4%**	12.5%
Southern African Development Community****	**13.4%**	12.7%
United Kingdom – Wimpy*	**11.4%**	(11.4%)
Rest of Africa and Middle East	**(26.0%)**	(77.7%)
Total	**10.1%**	11.6%
Geographical allocation of revenue		
United Kingdom	**161 481**	142 224
Botswana	**365 117**	343 399
The table below sets out the geographical location of non-current assets excluding deferred tax		
Geographical allocation of non-current assets		
South Africa	**1 509 402**	1 491 407
Southern African Development Community (excluding Botswana)	**2 195**	1 736
United Kingdom	**170 474**	154 494
Botswana	**122 362**	130 610
Rest of Africa and Middle East	**47 870**	14 136
Total	**1 852 303**	1 792 383
Additions to non-current assets by segment* **		
Leading brands	**31 251**	27 847
Signature brands	**14 704**	4 514
Manufacturing	**53 459**	44 097
Logistics	**22 137**	33 570
Retail	**2 263**	2 583
Corporate	**31 957**	13 197
South Africa	**155 771**	125 808
Southern African Development Community	**23 055**	32 335
Rest of Africa and Middle East	**1 404**	997
United Kingdom	**3 509**	3 142
Total	**183 739**	162 282

* *Refer to note 2* Intangible assets *for details on impairments.*

** *The Group recently reorganised its management structure within its existing geographical segments. Consequently, the comparative information has been reclassified to reflect the impact of the new geographical segments. The previously disclosed AME segment will now be reported as SADC and AME, details in note 27* Reclassification.

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

**** *SADC includes the Botswana operating profit margin of 4.4% (2023: 4.5%).*

Statement of compliance

for the year ended 29 February 2024

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 12 *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 financial statements have been prepared in accordance with IFRS® Accounting Standards and its interpretations as issued by the International Accounting Standards Board (IASB) in issue and effective for the Group at 29 February 2024, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, JSE Listings Requirements and the Companies Act of South Africa. The consolidated financial statements were approved by the Board of Directors on 20 May 2024.

Accounting policies

These accounting policies are consistent with the previous year, except for the changes set out in note 1.5 *Adoption of new standards, amendments to standards and interpretations*.

1.1 Basis of preparation

Presentation currency

The 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.

Basis of measurement

The 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, and incorporate the principal accounting policies set out below and in the respective disclosure notes.

The going concern basis has been used in preparing the financial statements as the directors have a reasonable expectation that the Group will continue as a going concern for the foreseeable future, refer to note 31 *Going Concern*.

Accounting policies (continued)

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Famous Brands Limited and its subsidiaries and associates up to 29 February 2024.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Non-controlling interests are measured at the proportionate share of the fair value of the acquiree's identifiable net assets. Losses incurred by subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interests.

Transactions that result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, and there is a loss of control, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity are derecognised.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets transferred, liabilities incurred or assumed and equity instruments issued. Acquisition costs directly attributable to the business combination are expensed in profit or loss.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest less the fair value of the identifiable assets and liabilities of the acquiree. Goodwill recognised on consolidation of foreign entities is considered an asset of that foreign group. In such cases, the goodwill is translated to the presentation currency of the Group at the end of each reporting period with the adjustment recognised in equity through other comprehensive income.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at the acquisition date. On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes.

Business combinations in which all the combining entities or businesses are ultimately controlled by the same party/parties before and after the business combination (and where control is not transitory) are referred to as common control business combinations. The Group applies the predecessor value method (pooling of interest method). This requires accounting for the assets and liabilities of the acquired business using existing carrying values as reflected in the consolidated financial statements of the selling entity. No new goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is presented as a separate reserve within equity on consolidation.

Accounting for subsidiaries

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 *Business Combinations* are recognised at their fair values at acquisition date.

The results of subsidiaries are included in profit or loss from the effective date of acquisition up to the effective date of disposal.

Accounting policies (continued)

1.2 Basis of consolidation (continued)

Non-controlling interests

Non-controlling interests that arise from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss.

Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, from date of acquisition, except when the investment is classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations*.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, an excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss as part of the equity-accounted profit of the associate in the period in which the investment is acquired.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost, adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate less any impairment losses and dividends received. When the Group's share of losses exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. The Group in applying the equity method uses the most recent available financial statements and management accounts of the associate.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains where significant influence is no longer applicable, that investment is measured to fair value and recognised in accordance with IFRS 9 *Financial Instruments*, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Accounting policies (continued)

1.3 Translation of foreign currencies

Foreign currency transactions

The Rand is the functional currency of the parent entity and the presentation currency of the Group. Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing exchange rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements, are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Foreign operations

The results and financial position of a foreign operation are translated into the presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at average exchange rates that approximate the foreign exchange rates prevailing at each of the transaction dates; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a foreign currency translation reserve.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the foreign currency translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of the net investment.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the average rate of the year or period.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

1.4 Significant judgements and estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented within each relevant disclosure note to the financial statements.

Accounting policies (continued)

1.5 Adoption of new standards, amendments to standards and interpretations

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:

IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 (Amendment) – These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. This amendment did not have a material impact.

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment) – The amendment clarifies 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. This amendment did not have a material impact.

IAS 12 *Deferred tax related to assets and liabilities arising from 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 i.e., deferred tax on transactions such as leases and decommissioning obligations. This amendment did not have a material impact.

1.6 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 2024 or later periods. Management is assessing the impact of the standard on the financial statements however no significant impact is expected.

Standard	Effective date (for financial years beginning on or after)
IFRS 16 *Leases* Liability in a sale and leaseback (Amendment)	
The amendment requires a seller-lessee to subsequently measure lease liabilities arising 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
IFRS 18 *Presentation and Disclosure in Financial Statements*	
IFRS 18 replaces IAS 1 Presentation of Financial Statements with a focus on updates to the statement of profit or loss. The amendment requires enhanced profit or loss performance measures that are reported outside the financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	1 January 2027
IAS 1 *Presentation of Financial Statements* Classification of liabilities as current or non-current (Amendment)	
Narrow scope amendment 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.	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
IAS 21 *The Effects of Changes In Foreign Exchange Rates* Lack of exchangeability (Amendment)	
The amendment clarifies when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.	1 January 2025

Notes to the consolidated financial statements

for the year ended 29 February 2024

1. Property, plant and equipment

	Land and buildings R000	Leasehold improvements R000	Plant and equipment R000	Motor vehicles R000	Computer equipment R000	Furniture, fittings and office equipment R000	Right-of-use assets R000	Total R000
Carrying amount at 1 March 2022	59 624	66 198	164 376	35 662	15 155	39 994	259 433	640 442
Cost	75 540	123 744	550 129	118 848	92 412	90 612	432 081	1 483 366
Accumulated depreciation and impairment	(15 916)	(57 546)	(385 753)	(83 186)	(77 257)	(50 618)	(172 648)	(842 924)
Additions	4 330	10 598	60 442	32 453	18 035	16 754	129 724	272 336
Foreign currency translation	1 435	(363)	(1 901)	(1 111)	546	2 165	3 353	4 124
Disposals	(670)	(1 930)	(1 787)	(1 400)	(114)	(210)	(11 111)	(17 222)
Derecognition of related party lease*	–	–	–	–	–	–	(25 620)	(25 620)
Acquisition of subsidiaries**	179 515	526	–	83	–	552	–	180 676
Depreciation	(2 305)	(18 147)	(38 123)	(13 911)	(9 811)	(8 091)	(88 168)	(178 556)
Transfers	–	–	–	–	398	–	–	398
Remeasurements	–	–	–	–	–	–	27 570	27 570
Carrying amount at 1 March 2023	**241 929**	**56 882**	**183 007**	**51 776**	**24 209**	**51 164**	**295 181**	**904 148**
Cost	**259 554**	**125 550**	**590 839**	**145 562**	**78 239**	**110 179**	**498 389**	**1 808 312**
Accumulated depreciation and impairment	**(17 625)**	**(68 668)**	**(407 832)**	**(93 786)**	**(54 030)**	**(59 015)**	**(203 208)**	**(904 164)**
Additions	**15 531**	**30 832**	**47 711**	**20 187**	**19 469**	**20 524**	**77 609**	**231 863**
Foreign currency translation	**(315)**	**(450)**	**171**	**(166)**	**52**	**536**	**386**	**214**
Disposals	**(404)**	**(1 961)**	**(6 687)**	**(153)**	**(1 746)**	**(2 683)**	**(9 693)**	**(23 327)**
Acquisition of subsidiaries**	**–**	**–**	**–**	**119**	**1 799**	**6 839**	**–**	**8 757**
Depreciation	**(11 872)**	**(18 421)**	**(39 082)**	**(17 116)**	**(10 918)**	**(12 139)**	**(81 643)**	**(191 191)**
Transfers	**–**	**–**	**–**	**–**	**(410)**	**–**	**–**	**(410)**
Remeasurements	**–**	**–**	**–**	**–**	**–**	**–**	**(6 057)**	**(6 057)**
Carrying amount at 29 February 2024	**244 869**	**66 882**	**185 120**	**54 647**	**32 455**	**64 241**	**275 783**	**923 997**
Cost	**273 890**	**146 023**	**627 728**	**153 007**	**85 885**	**124 376**	**532 415**	**1 943 324**
Accumulated depreciation and impairment	**(29 021)**	**(79 141)**	**(442 608)**	**(98 360)**	**(53 430)**	**(60 135)**	**(256 632)**	**(1 019 327)**

The cost and net carrying amount of the land within land and buildings is R84 million (2023: R84 million).

On 15 May 2023, property in Steers Properties (Pty) Ltd with a carrying amount of R161.8 million (2023: R164.5 million) was pledged as security for borrowings of R181 million (refer to note 10 *Borrowings* and note 29 *Other events*).

* *Derecognition of related party lease at group as the property is owner-occupied.*

** *Refer to note 17.4* Cash flow information *for details relating to the acquisition of subsidiaries.*

1. Property, plant and equipment (continued)

Significant judgements and estimation uncertainty

The depreciation methods, estimated remaining useful lives and residual value of each asset are reviewed at the end of each year. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a degree of judgement to be applied by management. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Item	Useful life
Buildings	50 years
Leasehold improvements	Over expected remaining term of the lease
Right-of-use assets	Over expected remaining term of the lease
Plant and equipment	5 to 20 years
Furniture, fixtures and office equipment	4 to 10 years
Motor vehicles	5 to 8 years
Computer equipment	3 to 5 years

Accounting policy

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses and is depreciated on the straight-line basis over their expected useful lives. Land is not depreciated as it has an indefinite useful life.

Cost

Items of property, plant and equipment are initially measured at cost. Cost includes those costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation

Each part of an item of property, plant and equipment, with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The depreciation charge for each year is recognised in profit or loss. Depreciation commences once the asset is available for use.

Impairment

Property, plant and equipment is assessed for impairment as non-financial assets in accordance with accounting policy in note 13 *Profit before tax*.

Derecognition

The gain or loss arising from the derecognition on disposal, when no further economic benefits are expected from use or disposal of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

Insurance compensation

Any compensation from third parties for losses of items of property, plant and equipment is recognised as separate economic events from the derecognition and subsequent purchase of replacement assets. The compensation is recognised as income in profit or loss when it becomes receivable.

2. Intangible assets

	Trade-marks and brand names R000	Goodwill R000	Franchise incentives and similar R000	Computer software R000	Total R000
Carrying amount at 1 March 2022	347 484	481 528	30 999	11 620	871 631
Cost	455 075	583 044	84 505	97 753	1 220 377
Accumulated amortisation and impairment	(107 591)	(101 516)	(53 506)	(86 133)	(348 746)
Additions	200	–	5 798	13 672	19 670
Foreign currency translation	7 632	4 803	(141)	–	12 294
Disposals	(204)	(2 520)	(478)	(1 010)	(4 212)
Acquisition of subsidiaries	–	–	6 418	–	6 418
Transfers	–	–	–	(398)	(398)
Amortisation	–	–	(8 315)	(5 987)	(14 302)
Impairment	(5 366)	(35 277)	–	–	(40 643)
Carrying amount at 1 March 2023	**349 746**	**448 534**	**34 281**	**17 897**	**850 458**
Cost	**474 088**	**591 394**	**80 861**	**74 048**	**1 220 391**
Accumulated amortisation and impairment	**(124 342)**	**(142 860)**	**(46 580)**	**(56 151)**	**(369 933)**
Additions	**–**	**–**	**16 795**	**12 690**	**29 485**
Foreign currency translation	**9 980**	**4 169**	**1 438**	**–**	**15 587**
Disposals	**(925)**	**–**	**(3 324)**	**(376)**	**(4 625)**
Acquisition of subsidiary	**–**	**7 435**	**–**	**–**	**7 435**
Transfers	**–**	**–**	**–**	**410**	**410**
Amortisation	**–**	**–**	**(9 785)**	**(7 305)**	**(17 090)**
Impairment	**(7 734)**	**–**	**(5 155)**	**–**	**(12 889)**
Carrying amount at 29 February 2024	**351 067**	**460 138**	**34 250**	**23 316**	**868 771**
Cost	**483 143**	**611 780**	**88 792**	**79 525**	**1 263 240**
Accumulated amortisation and impairment	**(132 076)**	**(151 642)**	**(54 542)**	**(56 209)**	**(394 469)**

The goodwill impairment loss of R35.3 million recognised in the prior financial year related to Venus Solutions Limited, as a result of the changes in key assumptions and cash flows achieved compared to the forecast. The current operating environment has since improved thus there is no impairment for 29 February 2024.

The impairment loss of R7.7 million (2023: R5.4 million) on trademarks and brand names, and R5.2 million (2023: Rnil) on franchise incentives related to brands in Signature Brands, mainly due to the conversion of Fego Caffé restaurants to the Leading Brands portfolio. The present value of the estimated future royalty cash flows determined was R2.1 million (2023: R14.9 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.

2. Intangible assets (continued)

Significant judgements and estimation uncertainty

Trademarks and brand names

The Group's trademarks and brand names that have been assessed as indefinite life intangible assets and are disclosed above. In arriving at the conclusion that a brand has an indefinite life, management considers that the Group is a brands business and expects to acquire, hold and support brands for an indefinite period. The Group supports its brands through spending on consumer marketing and through significant investment in promotional support.

Indefinite life trademarks are assessed as such, as management believes there is no foreseeable limit over which the Group will continue to generate revenues from their continued use. Supporting this assumption is the fact that the brands held are established, well known, and can reasonably be expected to generate revenues beyond the Group's strategic planning horizon. In addition, the Group can continue to renew legal rights attached to such trademarks, without significant costs, and intends to do so beyond the foreseeable future.

Franchise incentives and similar

Franchise incentives or inducement are offered to franchise partners as a non-returnable contribution underpinned by a franchise agreement of at least five years. Typically related to projects of a strategic nature.

Computer software

Computer software relates to mainly acquired computer software licences and systems.

Impairment reviews of goodwill and intangible assets with indefinite useful life

For the purposes of impairment testing, goodwill is allocated to cash-generating units. Carrying amounts of significant goodwill and intangible assets with indefinite useful life are detailed below.

	2024 R000	2023 R000
Trademarks and brand names		
Domestic		
Wimpy, Debonairs Pizza, Fishaways, Milky Lane, Steers, Vovo Telo, KEG, Mugg & Bean, Europa, Fego Caffe, Mythos, Wakaberry™, Cater Chain, Lexi's, Catch, TruFruit and Lamberts Bay Foods	**235 828**	244 483
International		
Wimpy (UK)	**115 239**	105 263
	351 067	349 746
Goodwill		
Domestic		
Wimpy, Debonairs Pizza, Fishaways, Steers, Famous Brands Coffee Company, Creative Coffee, Turn n Tender, Cater Chain, Lupa, Salsa, TruBev, Retail Group Botswana and Dial n Dine	**409 833**	409 453
International		
Venus Solutions Ltd	**42 795**	39 081
Famous Brands Restaurant Holdings Ltd	**7 510**	–
	460 138	448 534

2. Intangible assets (continued)

Impairment calculations

The recoverable amounts of trademarks, brand names and goodwill have been determined on the basis of value-in-use calculations. These intangible assets are considered on an individual basis for impairment assessment. Value in-use calculations use cash flow projections based on 2025 financial year budgets and projected future years, approved by management, refer to note 13 *Profit before tax* for details on impairment processed.

Significant inputs and assumptions are as follows:

	UK-based intangibles*		Domestic-based intangibles**	
	2024	2023	**2024**	2023
Royalty rates	**–**	–	**4.6% – 6.1%**	4.6% – 5.7%
Post-tax discount rates applied to the projected future cash flows***	**14%**	17%	**16% – 17%**	16% – 18%
Terminal growth rates	**2%**	2%	**1%**	2%
Forecast revenues and profits (Goodwill)	**5 years**	5 years	**5 years**	5 years

* *Wimpy UK brand and trademark are assessed centrally for domestic and international operations hence UK-based royalty rates are not applicable.*

** *Domestic includes South Africa and Africa-based intangibles.*

*** *The range in discount rates applies to all trademarks and brands, and goodwill allocated to cash-generating units. The pre-tax discount rates applicable for domestic-based intangibles are between 17% and 18% and the UK-based intangible was 15%.*

Significant judgements and estimation uncertainty

The amortisation methods, estimated remaining useful lives and residual value of each asset are reviewed at the end of each year. The estimation of the useful lives for intangible assets with definite life is based on historic performance as well as expectations about future use and therefore requires a degree of judgement to be applied by management. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

The useful lives of items of intangible assets have been assessed as follows:

Item	Useful life
Trademarks	Indefinite
Franchise incentives or similar	Agreement period
Computer software	3 to 5 years
Brand names	Indefinite

Accounting policy

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation charge, if any, for each period, is recognised in profit or loss.

Internally generated brands, franchise agreements, recipes, customer lists and items similar in substance are not recognised as intangible assets.

2. Intangible assets (continued)

Accounting policy (continued)

Amortisation

Goodwill, trademarks and brand names are regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. However these assets are tested for impairment on an annual basis. If goodwill is assessed to be impaired, the impairment loss is recognised in profit or loss and is not subsequently reversed.

Amortisation is not provided for intangible assets with indefinite life. For all other intangible assets, amortisation is provided on a straight-line basis over their useful lives. The amortisation period and the amortisation method for intangible assets are reviewed every year-end.

Impairment

Intangible assets are assessed for impairment as non-financial assets in accordance with accounting policy in note 13 *Profit before tax*.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

3. Investments in associates

	2024 R000	2023 R000
Name of associate		
UAC Restaurants Ltd	–	–
Sauce Advertising (Pty) Ltd	**4 676**	5 472
DHQ Interior Brands Architects (Pty) Ltd	**4 310**	3 357
FoodConnect (Pty) Ltd	**5 571**	3 236
Munch Software (Pty) Ltd	**25 284**	–
Ground and Green (Pty) Ltd	–	–
Carrying amount of investments in associates	**39 841**	12 065
UAC Restaurants Ltd*	**8 663**	22 228
Ground and Green (Pty) Ltd	**2 000**	–
DHQ Interior Brands Architects (Pty) Ltd	–	(6)
Carrying amount of loans to associates	**10 663**	22 222

3. Investments in associates (continued)

	2024 R000	2023 R000
Carrying amount of reconciliation of the loan to UAC Restaurants Ltd (UACR)*		
Opening balance	**22 228**	10 592
Advances	**2 186**	30 090
Interest income	**2 329**	–
Devaluation of the loan to associate	**(18 080)**	–
Impairment of the loan to associate	**–**	(18 454)
Carrying amount of closing balance	**8 663**	22 228

* *The loan to UACR matures in December 2027 and accrues interest at 12% per annum. Both shareholders have provided a letter of support in favour of UACR. The devaluation of the loan to associate related to the foreign currency loss recognised for the remeasurement of the Naira denominated loan. The Naira had a significant devaluation in the current year whereas the 2023 impairment loss was mainly related to performance.*

The fair value of R8.7 million (2023: R22 million) for the loan was determined based on a value in use approach comprising a discounting of future cash flows. While the Nigerian market is experiencing macro-economic volatility, the loan is considered recoverable in the long-term, hence no impairment loss. However, the carrying amount is subject to the currency fluctuation of the Naira, as the loan has foreign currency risk of potential further currency devaluation.

Group's share on aggregated information of associates that are not individually material:

	2024 R000	2023 R000
Profit for the year	**10 212**	8 685
Total comprehensive income	**10 212**	8 685

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents the associate's financial statements prepared in accordance with IFRS® Accounting Standards, in the associate's functional currency.

UAC Restaurants Ltd (UACR)

UACR is a subsidiary of UAC of Nigeria Plc, a leading diversified conglomerate with operations in foods, paints, logistics and real estate, listed on the Nigerian Stock Exchange. UACR has a December year end.

	2023 31 December N000	2022 31 December N000
Percentage of ownership interest held by Famous Brands (%)	**49**	49
Current assets	**1 283 615**	904 059
Non-current assets	**1 803 940**	2 222 107
Current liabilities	**(1 775 458)**	(1 197 893)
Non-current liabilities	**(3 231 807)**	(2 914 399)
Net liabilities of the associate	**(1 919 710)**	(986 126)
Revenue	**3 715 257**	3 075 255
Loss from operations	**(914 351)**	(813 723)
Loss for the year	**(933 584)**	(829 578)
Total comprehensive loss for the year	**(933 584)**	(829 578)

The investment in UACR was fully impaired in February 2022. The comprehensive loss for the year not recognised is R11.3 million (2023: R16.3 million), accumulated losses not recognised is R27.6 million (2023: R16.3 million).

3. Investments in associates (continued)

Munch Software (Pty) Ltd

Effective 16 October 2023, the Group acquired a 45% interest in Munch Software (Pty) Ltd. The Munch Software business in the Point-of-Sale software industry, offering a modern and agile cloud-based platform. This acquisition will enable the Group to achieve its plans to digitise the restaurant management technology ecosystem.

	2024 February R000	2023 February R000
Percentage of ownership interest held by Famous Brands (%)	**45**	
Current assets	**3 473**	–
Non-current assets	**16 494**	–
Current liabilities	**(311)**	–
Non-current liabilities	**–**	–
Net assets of the associate	**19 656**	–
Revenue	**420**	
Loss from operations	**(344)**	–
Loss for the year	**(251)**	–
Total comprehensive loss for the year	**(251)**	–
Reconciliation of the carrying amount of the interest in Munch Software (Pty) Ltd		
Balance at the beginning of the year	**–**	–
Share of losses	**(117)**	–
Investment	**25 401**	–
Carrying amount of investment in Munch Software (Pty) Ltd	**25 284**	–

4. Leases

The Group has commitments arising from 102 (2023: 91) property leases for its own business operations and leases entered into to secure key sites for franchised outlets, refer to note 19 *Commitments*. With regard to leases entered into to secure key sites, it is the Group's policy to enter into sub-lease agreements with the franchise partners on the same terms and conditions as those in the main lease.

Lease rentals for South African operations are negotiated on an average term of four years and escalated at an average rate of between 5% and 8% per annum. No contingent rent is payable.

Lease rentals for UK operations are negotiated on an average term of 10 years, with longer terms based on rent review scheduled on average, every five years based on market conditions existing at the time of review. In addition to the base rent, a number of lease agreements include additional rent based upon turnover achieved in any set period, over an agreed threshold for that period. No other contingent rent is payable.

Lease rentals for Botswana operations are negotiated on an average term of four to five years and an average escalation rate of between 6% and 8%.

4.1 Amounts recognised in the Statement of Financial Position

	2024 R000	2023 R000
Lease liabilities		
Balance at the beginning of the year	**338 937**	321 334
Disposals	**(10 766)**	(15 879)
Derecognition of related party lease*	**–**	(33 503)
Additions	**79 133**	128 201
Principal repayments of lease obligations	**(79 734)**	(85 682)
Accretion of interest	**30 642**	29 276
Payments	**(110 376)**	(114 958)
Remeasurements	**(6 057)**	20 752
Foreign currency translation movement	**389**	3 714
Balance at the end of the year	**321 902**	338 937
Maturity analysis		
Current liabilities	**76 559**	51 473
Non-current liabilities	**245 343**	287 464
Balance at the end of the year	**321 902**	338 937
Details of the lease rentals and commitments are disclosed in note 19.		
Maturity analysis (gross cash flows)		
The gross future minimum rentals due are repayable as follows:		
Payable within the next 12 months	**102 466**	97 637
Payable two to five years	**251 515**	249 604
Payable thereafter	**52 205**	82 853
Gross future minimum rentals payable	**406 186**	430 094
Less: future finance charges	**(84 284)**	(91 157)
Present value of minimum lease payments	**321 902**	338 937

Finance costs are disclosed under note 14.1.

* *Derecognition of related party lease at Group as the property is owner-occupied.*

4. Leases (continued)

4.1 Amounts recognised in the Statement of Financial Position (continued)

	2024 R000	2023 R000
Right of use assets		
Carrying amount at the beginning of the year	**295 181**	259 433
Land and buildings	**253 970**	231 614
Plant and equipment	**41 211**	25 299
Motor vehicles	**–**	2 520
Additions	**77 609**	129 724
Foreign currency translation	**386**	3 353
Disposals	**(9 693)**	(11 111)
Derecognition of related party lease	**–**	(25 620)
Depreciation	**(81 643)**	(88 168)
Land and buildings	**(72 066)**	(76 484)
Plant and equipment	**(9 577)**	(11 684)
Remeasurements	**(6 057)**	27 570
Carrying amount at the end of the year	**275 783**	295 181
Land and buildings	**244 356**	253 970
Plant and equipment	**31 427**	41 211

4. Leases (continued)

4.1 Amounts recognised in the Statement of Financial Position (continued)

Lease receivables – Head leases

The Group enters into head-leases over strategic franchise sites which are sub-leased to franchisees. The average age of leases is five years. All lease contracts contain market review clauses in the event that the lessee exercises its option to renew. To manage the risk relating to the underlying assets, prospective franchisees are vetted thoroughly to ensure that they will be able to satisfy the financial obligations inherent to a franchise. Majority of the leased properties are situated in strategic locations, which makes it easy for the Group to operate them as a company-owned store in an instance where the franchise partner is unable to continue operating the store.

	2024 R000	2023 R000
Lease receivables – Head leases		
Carrying amount at the beginning of the year	**9 162**	22 106
Additions	**1 524**	312
Disposals	**–**	(4 369)
Remeasurements	**59**	(2 393)
Principal lease receipts	**(5 291)**	(6 494)
Lease receipts	**(5 870)**	(7 740)
Finance income	**579**	1 246
Carrying amount at the end of the year	**5 454**	9 162
Gross future minimum rentals receivable:		
Receivable within the next 12 months	**3 035**	4 258
Receivable within one and two years	**1 905**	2 589
Receivable within two and three years	**1 084**	1 905
Receivable within three and four years	**–**	1 084
Total undiscounted lease payments receivable	**6 024**	9 836
Less: unearned finance income	**(570)**	(674)
Net investment in lease receivables	**5 454**	9 162
Receivable within the next 12 months	**2 091**	2 152
Receivable within two to five years	**3 363**	7 010
Net investment in lease receivables	**5 454**	9 162

4. Leases (continued)

4.2 Amounts recognised in the statement of profit or loss and other comprehensive income

The Group has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis during the year. The expenses relating to variable lease payments not included in the measurement of lease liabilities (e.g. turnover rentals) are expensed in profit or loss.

	2024 R000	2023 R000
The expense relating to payments not included in the measurement of the lease liability is as follows:		
Short-term leases	**22 908**	21 935
Lease of low value assets	**6 097**	6 786
Variable lease charges	**4 497**	58
	33 502	28 779

Details of the lease rentals and commitments are disclosed in note 19 *Commitments*.

4.3 Amounts recognised in the statement of cashflows

Principal payments on lease obligations	**(79 734)**	(85 682)
Principal receipts from lease receivables	**5 291**	6 494

Significant judgements and estimation uncertainty

At the commencement date, a lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate (IBR) is used. IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The determination of the discount rate considers various factors including forecasted yields, lease period, geographical location, credit spread of the entity and nature of asset being leased. Management judgement in determining which factors should be considered in calculating the IBR.

Extension and termination options are included in several leases across the Group. These terms are used to maximise operational flexibility in the management of contracts. The Group applied judgement to determine the lease term for some of the lease contracts, in which it is a lessee, that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

Where applicable the cost of the right-of-use assets include an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The provision is calculated based on actual current quotes and adjusting these with inflation to estimate the future costs, the present value of the future costs is discounted using the rate applicable in the lease.

4. Leases (continued)

Accounting policy

Famous Brands as lessee

To the extent that a right-of-control exists over an asset subject to a lease, with a lease term exceeding one year, a right-of-use asset, representing the Group's right to use the underlying leased asset, and a lease liability, representing the Group's obligation to make lease payments, are recognised in the consolidated statement of financial position at the commencement of the lease.

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised; and
- lease payments to be made under reasonably certain extension options.

Subsequent measurement for the lease liability is at amortised cost using the effective interest method and finance charge is recognised in profit or loss.

The lease liability is remeasured when there is a modification, change in lease term, lease payments arising from a change in an index or rate, estimate of the amount expected to be payable under residual value guarantee, assessment of whether it will exercise purchase, extension, or termination option or if there is a revised in-substance fixed lease payment. With the rent concession credits, the Group opted to adjust the carrying amount of the right of use asset and balance of the lease liability.

Lease expenses (costs related to leases with a duration of one year or less, variable lease payments (i.e., turnover rentals) and low-value assets (new assets less than R70 000 at inception date) are charged to profit or loss on a straight-line basis over the lease term.

The right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for remeasurement of lease liabilities. The cost includes:

- the amount of initial measurement of the lease liability;
- any initial direct costs incurred less lease incentives received;
- any advance lease payments; and
- an estimate of the dismantling, removal and restoration costs required in terms of the lease.

The right-of-use asset is depreciated to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and charged to profit or loss. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Provision for dismantling is recognised when the Group has a present legal or constructive obligation as a result of a past event, and when it is probable that it will result in an outflow of economic benefits that can be reasonably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in profit or loss.

Gains or losses on derecognition of leases are recognised in profit or loss.

4. Leases (continued)

Accounting policy (continued)

Famous Brands as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor (leases entered into for key sites), it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

5. Deferred tax

	2024 R000	2023 R000
Balance at the beginning of the year (net)	**4 222**	(2 491)
Foreign currency effect	**(866)**	(1 141)
Movement through profit and loss	**10 273**	6 068
Current year temporary differences	**8 746**	12 481
Change in tax rate	**–**	(6 622)
Prior year overprovision	**1 527**	209
Movement through other comprehensive income		
Current year temporary differences	**163**	1 786
Balance at the end of the year (net)	**13 792**	4 222
Analysis		
Excess capital allowances over depreciation and amortisation	**(152 630)**	(162 573)
Property, plant and equipment	**(36 714)**	(39 971)
Right of use assets	**(47 673)**	(56 629)
Intangible assets	**(68 243)**	(65 973)
Lease receivable	**(1 686)**	(2 763)
Prepayments	**(8 559)**	(9 809)
Employee benefits	**18 013**	19 775
Lease liabilities	**60 037**	68 537
Marketing funds	**8 368**	9 376
Share-based payment scheme	**64 466**	60 757
Deferred income	**27 493**	21 751
Other temporary differences	**(1 710)**	(829)
	13 792	4 222
The balance comprises:		
Aggregate of deferred tax assets	**99 901**	91 906
Aggregate of deferred tax liabilities	**(86 109)**	(87 684)
	13 792	4 222

Tax losses of R3 million (2023: R4 million) have not been recognised.

5. Deferred tax (continued)

Significant judgements and estimation uncertainty

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Accounting policy

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the assets and liabilities at the reporting date.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting or taxable profit (tax loss); and
- the parent can control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in profit or loss, except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income, or a business combination.

A deferred tax asset is recognised for the carry forward of unused tax losses and/or unutilised capital allowances and recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unutilised capital allowances can be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting year and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply during the period when the asset is realised or the liability settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset deferred tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle deferred tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

	2024 R000	2023 R000
6. Inventories		
Finished goods	**313 179**	333 757
Raw materials	**222 321**	172 470
Stock in transit	**19 522**	10 268
Consumables	**17 884**	14 716
	572 906	531 211

When inventories are sold, the cost incurred relating to that inventory is recognised as an expense in cost of sales, for the period in which the related revenue is recognised. Inventory with a carrying amount of R11.9 million was written down (2023: R10.4 million) to its net realisable value of Rnil.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as reduction to the write off expenses.

The net cost of inventory sold reflected in cost of sales was R4.6 billion (2023: R4.3 billion).

Accounting policy

The inventories in the Group primarily consist of the following:

- Finished goods which includes items such as beef and chicken patties, cheese and coffee;
- Raw materials which relate to unprocessed product such as beef and coffee beans;
- Stock in transit which relates to distribution of finished goods; and
- Consumables such as spare parts.

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimate costs necessary to make the sale. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads but excludes interest expenses. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Group.

	2024 R000	2023 R000
7. Trade and other receivables		
Net trade receivables	**495 365**	442 550
Trade receivables	**504 451**	464 611
Impairment allowance	**(9 086)**	(22 061)
Other receivables	**42 276**	63 585
Prepayments	**41 269**	39 812
VAT receivable	**4 762**	4 676
	583 672	550 623

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 3% of the trade receivables balance amounting to R15.4 million (2023: R12.8 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, refer to note 25.4 *Credit risk* for details on the impairment.

The Group does not hold any collateral security.

Other receivables include the marketing funds deficit balance.

	2024 R000	2023 R000
8. Cash		
8.1 Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position items:		
Cash and cash equivalents	**352 750**	232 737
Cash on hand	**352 750**	310 934
Bank overdraft	**–**	(78 197)
8.2 Restricted cash*	**71 832**	134 577
Cash on hand and bank balances	**424 582**	367 314

* *Restricted cash relates to cash used for a specific purpose. It is 'ring-fenced' for franchise marketing services and not available to use for any other business operations. Marketing funds in South Africa are governed by the Consumer Protection Act (CPA). The funds are managed in accordance with this law, refer to note 12* Revenue.

Contributions to the Marketing Fund are deposited into a separate Marketing Fund bank account, managed accordingly and used for purposes of the fund only.

The fair value of cash and cash equivalents approximates its book value.

Accounting policy

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised costs and stated at carrying amount which reflects its fair value.

Bank overdrafts are viewed as part of cash and cash equivalents as they form an integral part of the Group's cash management.

Restricted cash relates to contributions from franchise partners for the marketing funds. The cash in the marketing funds is identified as restricted as it is not available for general use by the Group but is only available to fund future marketing costs in accordance with franchise agreements concluded between the Group and its franchisee partners.

	2024 R000	2023 R000
9. Equity reserves		
Share capital	**1 002**	1 002
Share premium	**163 441**	163 441
	164 443	164 443
9.1 Share capital		
Authorised		
200 000 000 (2023: 200 000 000) ordinary par value shares of one cent each	**2 000**	2 000
Issued		
Total shares in issue 100 202 284 (2023: 100 202 284) ordinary par value shares of one cent each	**1 002**	1 002
Unissued		
99 797 716 (2023: 99 797 716) ordinary par value shares of one cent each	**998**	998
9.2 Share premium		
Balance for the year	**163 441**	163 441

9. Equity reserves (continued)

	2024 Number of shares	2023 Number of shares
Reconciliation of movements in the number of ordinary shares		
Authorised	**200 000 000**	200 000 000
Issued		
Shares in issue for the year	**100 202 284**	100 202 284

9.3 Cash flow hedge reserve

When accounting for cash flow hedges, the designated effective portions of a hedging relationship are recognised in other comprehensive income. Any changes in excess of the fair value of the designated component are recognised as ineffectiveness through profit or loss. The use of interest rate swaps as hedging instruments is discussed in note 25.2 *Market Risk*.

The table below shows a reconciliation of the reserve:

	2024 R000	2023 R000
Balance at beginning of the year	**(2 584)**	(7 210)
Recognition of interest swaps in other comprehensive income	**605**	6 412
Derecognition of interest swaps to profit and loss included in finance income	**–**	12 200
Recognition of interest swaps fair value movement in other comprehensive income	**527**	(5 927)
Reclassification from other comprehensive income to profit and loss (included in finance costs)	**78**	139
Deferred tax	**(163)**	(1 786)
Balance at end of the year	**(2 142)**	(2 584)

9. Equity reserves (continued)

Accounting policy

Share capital and share premium

Share capital and share premium represent shares held by holders who are entitled to dividends declared from time to time and who are entitled to voting rights at general meetings held for the companies within the Group.

Non-distributable reserves

The reserve consists of share-based payment scheme recognised from share-based payments that are to be settled through equity once vesting conditions have been met, equity recognised for change in ownership interests when acquiring non-controlling interests as well as put option reserves arising from initial designation of equity investment reserves, see details in note 28 *Share-based payments reserve*. See further accounting policies on cash flow hedge reserve and change in ownership interest below.

Cash flow hedge reserve

The reserve includes the effective portion of fair value changes arising from cash flow hedges related to interest rate swap financial instruments entered into relating to borrowings raised for Group funding requirements.

Change in ownership interest

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognised in equity. Gains or losses on disposals to non-controlling interests are also recognised in equity, refer to Statement of changes in equity for movement.

Foreign currency translation reserve

The reserve includes all foreign currency differences arising from the translation of financial results included in the Group financial statements from foreign operations and exchange differences arising on a monetary item that forms part of a net investment in a foreign operation, refer to Statement of changes in equity for movements in the reserve.

10. Borrowings

	2024 R000	2023 R000
Unsecured		
Long-term borrowings	**1 075 688**	1 023 170
Short-term borrowings	**125 552**	116 693
Short-term portion of borrowings	**123 765**	115 126
Non-controlling shareholder loans	**1 787**	1 567
	1 201 240	1 139 863

10. Borrowings (continued)

	Currency	Maturity date	Nature	Interest rate Margin %	Rate	2024 %	2023 %	2024 R000	2023 R000
Terms of repayment									
Loan facility: Amortising loan	ZAR	Aug-27	variable	1.70	3-month JIBAR	**10.06**	8.90	**350 000**	450 000
Loan Facility: Revolving Credit Facility	ZAR	Aug-25	variable	1.75	3-month JIBAR	**10.11**	8.95	**300 000**	300 000
Loan Facility: Revolving Credit Facility (RCF)	BWP	Apr-25	variable	0.40	Prime	**6.91**	7.16	**9 209**	9 311
Loan facility: Bullet payment loan	ZAR	Aug-25	variable	1.70	3-month JIBAR	**10.06**	8.90	**150 000**	150 000
Loan facility: Bullet payment loan	ZAR	Aug-26	variable	1.85	3-month JIBAR	**10.21**	9.05	**200 000**	200 000
Loan Facility: Amortising loan	ZAR	Nov-26	variable	1.50	Prime	**13.25**	12.25	**9 415**	5 768
Loan Facility: Amortising loan	GBP	Sep-25	fixed	–	Fixed	**2.00**	2.00	**5 774**	8 651
Loan Facility: Amortising loan	ZAR	Aug-24	variable	1.75	Prime	**13.50**	12.50	**–**	1 450
Loan Facility: Amortising loan	ZAR	Jan-32	variable	–	Prime	**11.75**	10.75	**12 216**	13 116
Loan Facility: Amortising loan**	ZAR	Feb-27	variable	2.00	3-month JIBAR	**10.37**	–	**162 900**	–
Non-controlling shareholder loans*									
Dial n Dine (Pty) Ltd	ZAR							**236**	199
Marathon Holdings (Pty) Ltd	ZAR							**1 368**	1 368
Elegant Armor (Pty) Ltd	ZAR							**183**	–
								1 201 301	1 139 863
Interest accrued								**(61)**	–
								1 201 240	1 139 863

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

**Pledged property

As at 29 February 2024, the Group pledged property with a carrying amount of R161 million as security for liabilities. The property pledged consists of land and buildings.

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) profit or loss by R12 million (2023: R11 million).

10. Borrowings (continued)

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, refer note 25 *Financial instruments and risk management* for further details.

Facilities

- The Group has an overdraft facility in place: R100 million (2023: R100 million). Unutilised portion at year-end is R100 million (2023: R22 million).
- The Group has a 3-year revolving credit facility of R428 million (2023: R428 million). Unutilised portion is R119 million (2023: R118 million) at year end.
- The Group has 5 to 10-year amortising loans of R377 million (2023: R479 million), which are fully utilised.
- The Group has a 4.5-year amortising loan of R163 million (2023: R200 million). Unutilised portion is Rnil (2023: R200 million)
- The Group has 3-year and 4-year term bullet payment loans of R150 million (2023: R150 million) and R200 million (2023: R200 million) respectively, which are fully utilised.

Guarantees

Famous Brands Limited, Famous Brands Management Company (Pty) Ltd, Steers Properties (Pty) Ltd, Lamberts Bay Foods (Pty) Ltd, 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.

11. Trade and other payables

	2024 R000	2023 R000
Trade payables and accruals	**595 835**	568 975
Trade payables	**421 701**	377 968
Accruals	**174 134**	191 007
Employee benefits	**108 916**	95 711
Deferred income	**9 406**	9 843
VAT payable	**30 543**	22 736
Put option written over the equity of non-controlling interest	**61 539**	58 343
	806 239	755 608

Accruals represent miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at year-end.

Deferred income relates to income received in advance for services to franchise partners such as project management for a new build or restaurant revamp or call centre services or any ad hoc services from time to time. An amount of R9.8 million (2023: R15.1 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 annually based on the investee's profit before interest and tax. Current year movement relates to remeasurement.

12. Revenue

	2024 R000	2023 R000
Sales-based royalties		
Franchise fees revenue	**1 151 604**	1 073 675
Leading brands	**1 099 733**	1 024 623
Signature brands	**51 871**	49 052
Marketing fees revenue*	**677 544**	612 166
Leading brands	**663 115**	598 700
Signature brands	**14 429**	13 466
Revenue at point in time		
Manufacturing revenue	**165 935**	174 402
Owned**	**30 279**	29 119
Subsidiary	**135 656**	145 283
Logistics revenue	**5 021 308**	4 705 017
Retail revenue	**368 463**	273 140
Company-owned restaurants revenue	**596 367**	563 369
Leading brands	**440 851**	411 506
Signature brands	**155 516**	151 863
Joining fees	**13 402**	13 163
Revenue over time		
Service revenue	**29 170**	28 992
	8 023 793	7 443 924

* *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") in South Africa.*

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

** *Owned relates to Famous Brands Management Company (Pty) Ltd plants.*

12. Revenue (continued)

Significant judgements and estimation uncertainty

Famous Brands' vertically integrated business model comprises a portfolio of 19 brands represented by a franchise network of restaurants across South Africa (SA), the Rest of Africa and Middle East (AME), and the United Kingdom (UK), underpinned by substantial Logistics and Manufacturing operations.

The business model consists of business relationships between Famous Brands as the franchisor and franchise partners whereby the franchise partners make of use Famous Brands intellectual property and sell menu items to consumers. Revenue earned from the "Brands" is sales-based royalty income from supporting the franchise partners ("Franchise fees revenue") and managing the marketing, product development and related services ("Marketing fees revenue"). These are based on a percentage restaurant turnover, stipulated in the franchising agreements.

The manufacturing division supplies ingredients and products to the logistics division which on-sells to franchise partners and company-owned restaurants who earn revenue from the sale of these goods. Retail also earns revenue from sale of products to retailers.

Throughout Famous Brands' business model, our main customer is the franchise partner rather than the end-consumer, except where Famous Brands sells manufactured products to its company owned stores and retailers.

Our categories of disaggregation of revenue depict the nature, amount, timing and cashflows based on business model i.e., where the franchise partner is our independent customer rather than the end-user consumer who is the franchise partner's customer.

Marketing funds revenue

Franchise restaurants are required to spend a percentage of their respective restaurants' sales on marketing programs with the goal of increasing sales and enhancing the reputation of our Brands. The contributions are primarily used to pay for expenses relating to purchasing media for marketing, market research, commercial production, other support functions for the respective Brands.

We have determined the marketing services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. Franchisees contribute to these consolidated marketing initiatives a percentage of restaurant sales as consideration for providing the marketing. As a result, revenues for marketing services are recognised when the related franchise restaurant sales occur, thus on a sales-base royalty basis.

We incur marketing expense as a result of our obligation to spend franchisee contributions to marketing. Such marketing expense is recorded in franchise marketing in the statement of profit or loss and other comprehensive income as and when incurred. At the end of each financial year, additional marketing costs are accrued to the extent marketing revenues exceed the related marketing expense to date, as we are obligated to expend such amounts on marketing. If the marketing fee expense exceed the marketing revenue, vice versa, such deficit or excess is recognised in the deficit/surplus account such that the marketing fund activities have no impact on the statement of profit or loss. Any surplus funds are identified as "restricted" cash balances, The cash in the marketing funds is identified as restricted as it is not available for general use by the Group but is only available to fund future marketing costs in accordance with franchise agreements concluded between the Group and its franchisee partners.

Accounting policy

Revenue from contracts with customers is recognised when the Group satisfies a performance obligation by transferring control over a product or service to a customer. Revenue is measured based on the consideration specified in the contract and excludes amounts collected on behalf of third parties. Revenue is recognised net of any discounts, returns, allowances, royalty breaks and rebates.

The Group does not have any revenue streams where the period between transfer of the promised goods or services to the franchise partner or customer and payment exceed a year. Thus, no adjustment is made to transaction prices for a financing component. The payment terms across the revenue streams do not generally exceed 90 days, and in some cases payment is before delivery.

Group performance obligations are satisfied at a point in time, over time and in relation to royalty-based income. Refer to the table below for further details.

12. Revenue (continued)

Timing of revenue recognition	Items	Nature of activity	Customer segment	Performance obligation and transaction price
Point in time	– Sales of manufactured and purchased products – Logistics – Sales of products to retailers – Company-owned restaurants	The Group procures or manufactures to supply food and/or other products to franchise partners, retailers and/or company-owned stores.	– Franchise partners – Retailers – Company-owned stores	The performance obligation is satisfied upon delivery and/or sales of a product to the franchise partner, retailers or company-owned stores. The Group also exports manufactured and purchased products to franchise partners. The performance obligation is satisfied upon delivery to the customer. The transaction price is based on a standalone selling price of the goods.
	Joining fees	The Group charges franchise partners a joining fee for upfront training and setting up the business.	Franchise partners	The performance obligation is satisfied upon the commencement date of the franchise agreement. The transaction price is determined per the franchise agreement.
Over time	Services revenue	The Group provides other 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.	Franchise partners	The performance obligation is satisfied over time. The transaction price is based on the price determined per agreement and is non-refundable.
Sales-based royalties	Franchise fees revenue	The Group provides franchise partners with access to the intellectual property, business processes and trademark linked to the brand throughout the period of the franchise agreement.	Franchise partners	The performance obligation is satisfied over time. The transaction price is based on a percentage of the franchisee's sales as stipulated in the franchise agreement. In the case of Wimpy (UK), the transaction price is on occasion based on a percentage of the franchise partner's licensed product purchases as stipulated in the franchise agreement. In an event where the Group grants the franchisee a royalty break, it accounts for the contract modification as if it were a part of the existing contract and is recognised as an adjustment to revenue (as a reduction of revenue).
	Marketing fees revenue	The Group provides the franchise partners with access to marketing services throughout the period of the franchise agreement.	Franchise partners	The performance obligation is satisfied over time. The transaction price is in the form of a sales-based marketing fee. There is no marketing fund in the UK.

13. Profit before tax

	Notes	2024 R000	2023 R000
Profit before tax is arrived at after taking into account, among other items, those detailed below:			
Depreciation of property, plant and equipment	1	**191 191**	178 556
Amortisation of intangible assets	2	**17 090**	14 302
Expected credit loss		**(10 121)**	2 977
Directors' remuneration		**30 248**	23 281
Executive directors	22	**23 625**	18 677
Non-executive directors	22	**6 623**	4 604
Auditors' remuneration*		**12 184**	10 890
Facilities and property expenses		**281 721**	219 233
Employee expenses		**1 096 997**	995 219
Share-based payments – equity-settled		**40 146**	42 634
Foreign exchange differences		**(646)**	734
Net finance costs		**120 396**	81 920
Finance costs	14.1	**160 931**	122 498
Finance income	14.2	**(40 535)**	(40 578)
Remeasurement of non-controlling interest put option		**3 195**	(17 135)
Other Income		**(28 268)**	(126 386)
Profit on disposal of property, plant, equipment		**(6 772)**	(1 739)
Profit on disposal of right-of-use assets		**(1 073)**	(192)
Profit on derecognition of related party lease**		**–**	(4 041)
Loss on disposal of intangible assets		**1 013**	–
Sundry Income***		**(21 436)**	(120 414)
Impairment of intangible assets		**12 889**	40 643
Impairment – Trademarks	2	**7 734**	5 366
Impairment – Franchise incentives and similar	2	**5 155**	–
Impairment – Goodwill	2	**–**	35 277
Share of profit from associates	3	**(10 095)**	(8 685)
Devaluation of loan to associate****	3	**18 080**	–
Impairment of loan to associate *****	3	**–**	18 454

* *Auditors' remuneration comprises of fees in respect of the financial statement audits.*

** *Profit on disposal of related party lease recognised in the prior year related to the net of the lease smoothing asset of R3.9 million recognised at acquisition.*

*** *Sundry income in the prior year included 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.*

**** *Devaluation of loan to associate related to the foreign currency loss recognised for the remeasurement of the Naira denominated loan to UACR. The loss was due to the devaluation of the Naira against the Rand.*

***** *The prior year impairment loss is related to recoverable amount of the loan determined less than its carrying amount.*

13. Profit before tax (continued)

Significant judgements and estimation uncertainty

Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed for impairment at each year or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In addition, intangible assets with an indefinite useful life are tested on an annual basis for impairment. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash generating unit to which it belongs.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. The calculations for projected cash flows require the use of estimates and assumptions. These estimated cash flows are based on financial budgets over set years and extrapolated over the useful life of the asset using forecast growth rate. The forecast cash flows and discount rate are post-tax.

Expected future cash flows used to determine the value-in-use of intangible and tangible assets are inherently uncertain and could materially change over time. The accuracy of the impairment models will only be proved by the future performance of the related businesses. It is reasonably possible that the assumptions will change, which may then impact our estimations and may require a material adjustment to the carrying value of intangible and tangible assets. Management determined the fair values using their best estimates.

Projected cash flows

Management determines the expected performance of the assets based on past performance and its future expectations of market developments. By its very nature, cash flow projections involve uncertainties and the effect of loadshedding creates additional risk. These adjustments took into account recovery of the business post the pandemic period. The adjustments were on revenue and margins.

Discount rate

The weighted average cost of capital (WACC) rate is derived from a pricing model. The variables used in the model are established on the basis of management judgement and current market conditions.

Sensitivity analysis on value-in-use assessments

It is unlikely that any reasonably possible change in the key assumptions will result in a different conclusion.

Accounting policy

Impairment of non-financial assets

The Group assesses at the end of each year whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their recoverable amounts; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

13. Profit before tax (continued)

Accounting policy (continued)

Impairment of non-financial assets (continued)

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and then
- to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit.

The Group assesses at each year whether there is any indication that an impairment loss recognised in prior years for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

	2024 R000	2023 R000
14. Net finance costs		
14.1 Finance costs		
Interest on borrowings	**(125 239)**	(89 162)
Interest on lease liabilities	**(30 642)**	(29 277)
Ineffective portion of cash flow hedge	**78**	139
Other finance costs	**(5 128)**	(4 198)
	(160 931)	(122 498)
14.2 Finance income		
Interest from lease receivables	**579**	1 246
Interest from bank deposits	**39 956**	27 132
Interest rate swap termination	**–**	12 200
	40 535	40 578
Net finance costs	**(120 396)**	(81 920)

Accounting policy

Finance costs

Finance costs comprise interest payable on borrowings and lease liabilities using the effective interest method. All other finance costs are expensed in the period in which they incurred. For the purposes of the statement of cash flows finance costs is classified under operating activities due to the nature of the costs.

Finance income

Finance costs comprise interest receivable on positive bank balances and lease receivables using the effective interest method. All other finance income are recognised in the period in which they earned. For the purposes of the statement of cash flows finance income is classified under operating activities due to the nature of the income.

15. Tax

	2024 R000	2023 R000
Normal tax		
Current tax	**210 113**	220 054
Current year	**205 628**	217 148
Foreign tax	**4 485**	3 591
Prior year overprovision	**–**	(685)
Deferred tax	**(10 273)**	(6 068)
Current temporary differences	**(8 746)**	(12 481)
Change in tax rate	**–**	6 622
Prior year overprovision	**(1 527)**	(209)
	199 840	213 986

	2024 %	2023 %
Reconciliation of rate of tax		
South African normal rate of tax	**27.0**	28.0
Adjustments in rate for year due to:		
Share of profits of associates	**(0.3)**	(0.3)
Exempt income	**0.3**	(2.7)
Prior year overprovision deferred tax	**(0.2)**	(0.1)
Other non-taxable income	**–**	(0.9)
Learnership allowances	**(0.2)**	(0.3)
Change in tax rate	**–**	0.9
Other disallowable expenditure	**0.7**	0.4
Depreciation on leasehold improvements	**0.2**	0.2
Impairment	**1.0**	2.2
Tax losses not recognised	**0.1**	–
Foreign tax differential	**0.6**	0.4
Effective rate of tax	**29.2**	27.8

Accounting policy

Current and deferred taxes are recognised in profit or loss for the financial year, except to the extent that the tax arises from items related to other comprehensive income, equity or business combination, in which case it is recognised directly in other comprehensive income, equity or business combination.

Current tax liabilities or assets for the current and prior financial years are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the year.

Current tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

	2024 Cents per share	2023 Cents per share

16. Basic and headline earnings per share

	2024 Cents per share	2023 Cents per share
Attributable to owners of Famous Brands Limited		
Basic earnings per share	**457**	523
Headline earnings per share	**465**	488
Diluted earnings per share	**457**	523
Diluted headline earnings per share	**465**	488

16.1 Reconciliation of weighted average number of shares to diluted weighted average number of shares

	2024 Number of shares	2023 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	**7 690**	36 454
Diluted weighted average number of shares in issue	**100 209 974**	100 238 738

16.2 Basic and headline earnings

	2024 R000	2023 R000
Basic earnings	**457 566**	524 109
Adjusted for:	**7 917**	(35 338)
Profit on disposal of property, plant and equipment	**(6 772)**	(1 739)
Tax on profit on disposal of property, plant and equipment	**1 836**	493
Loss on disposal of intangible assets	**1 013**	–
Tax on loss on disposal of intangible assets	**(279)**	–
Profit on disposal of right-of-use assets	**(1 073)**	–
Tax impact on disposal of right-of-use assets	**303**	–
GBK liquidation dividends	**–**	(74 735)
Impairment of intangible assets	**12 889**	40 643
Headline earnings	**465 483**	488 771

	2024 R000	2023 R000

17. Cash flow information

17.1 Reconciliation of profit before tax to cash generated by operations

	2024 R000	2023 R000
Profit before tax	**683 545**	769 245
Adjustments for:		
Depreciation of property, plant and equipment	**191 191**	178 556
Amortisation of intangible assets	**17 090**	14 302
Impairment of intangible assets	**12 889**	40 643
Impairment of loan to associate	**–**	18 454
Devaluation of loan to associate	**18 080**	–
Revaluation of preference shares	**(5 541)**	–
Profit on derecognition of related party lease	**–**	(4 041)
Net finance costs expense	**120 396**	81 920
Profit on disposal of property, plant and equipment	**(6 772)**	(1 739)
Profit on disposal of right-of-use asset	**(1 073)**	(192)
Loss on disposal of intangible assets	**1 013**	–
Share of profits from associates	**(10 095)**	(8 685)
Share-based payments reserve	**40 146**	42 634
Movement in trade receivables impairment allowance	**(10 121)**	2 977
Non-controlling interests put option remeasurement	**3 195**	(17 135)
Inventory write-down	**11 939**	10 410
Other non-cash items	**(301)**	(9 973)
Cash generated before changes in working capital	**1 065 581**	1 117 376
Working capital changes	**20 494**	(155 932)
Increase in inventories	**(51 183)**	(132 656)
Increase in receivables	**(28 387)**	(102 762)
Decrease/(increase) in restricted cash	**61 966**	(10 790)
Increase in payables	**38 098**	90 276
Cash generated from operations	**1 086 075**	961 444

17.2 Reconciliation of tax paid during the year

	2024 R000	2023 R000
Net amount payable at the beginning of the year	**(43 697)**	(15 353)
Amounts charged to profit and loss	**(210 113)**	(220 054)
Adjustment for tax liability	**–**	158
Acquisition of subsidiary	**–**	(2 596)
Foreign currency effect	**281**	85
Net amount payable at the end of the year	**42 053**	43 697
Tax paid	**(211 476)**	(194 063)

17.3 Reconciliation of dividends paid during the year

	2024 R000	2023 R000
Amounts owing at the beginning of the year	**(2 802)**	(2 418)
Amounts charged to retained earnings	**(371 750)**	(330 668)
Amounts owing at the end of the year	**3 245**	2 802
Dividends paid	**(371 307)**	(330 284)

17. Cash flow information (continued)

17.4 Summary of cash flows on acquisitions, disposals and changes in ownership interests

	2024 R000	2023 R000
Cash outflow on acquisition of interests in subsidiaries		
Famous Brands Restaurant Holdings Limited	**(6 396)**	–
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	**(6 396)**	(184 315)

Famous Brands Restaurant Holdings Limited

Effective 1 November 2023, a 51% interest was acquired in Famous Brands Restaurant Limited (Mauritius), for a consideration of R6.4 million.

Steers Properties (Pty) Ltd

Effective 22 February 2023, the Group acquired shares and claims in Steers Properties (Pty) Ltd for R166 million.

	2024 R000	2023 R000
Property, plant and equipment	**–**	164 516
Other receivables	**–**	3 842
Current tax liabilities	**–**	(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.

	2024 R000	2023 R000
Property, plant and equipment	**–**	15 000
Net assets acquired	**–**	15 000
Cash outflow on acquisition of subsidiary	**–**	(15 000)

17.5 Liabilities from financing activities reconciliation

	2024 R000	2023 R000
Borrowings		
Balance at beginning of the year	**1 138 296**	1 137 296
Borrowings raised	**186 700**	1 280 548
Borrowings repaid	**(126 310)**	(1 278 279)
Other changes*	**767**	(1 269)
Balance at end of the year	**1 199 453**	1 138 296

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

	2024 R000	2023 R000
Non-controlling shareholder loans		
Carrying value at beginning of the year	**1 567**	856
Loan received	**220**	711
Carrying value at end of the year	**1 787**	1 567

18. Contingent liabilities

Refer to note 10 *Borrowings* for other guarantees and facilities in the Group.

The Group has issued R16.2 million (2023: R16.2 million) suretyship in favour of First Rand Bank Limited to secure the banking facilities entered into by certain local subsidiary companies.

	2024 R000	2023 R000
19. Commitments		
19.1 Operating leases		
The net future minimum rentals due under operating leases are as follows:		
The gross minimum rentals for low-value leases	**20 289**	18 619
	20 289	18 619
The gross future minimum rentals due are repayable as follows:		
Payable within the next 12 months	**7 126**	4 407
Payable within two to five years	**13 163**	14 212
	20 289	18 619
The operating leases relate to laptop and printer machine rentals for a period of 48 months. Refer to note 4 *Leases* for more information relating to commitments related to leases accounted for in terms of IFRS 16 *Leases*.		
19.2 Capital expenditure		
Approved by the directors but not contracted for*	**496 248**	405 056

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

This capital expenditure relates to additions and improvements to production facilities, motor vehicles, franchise incentives, computer equipment and furniture and fittings. This expenditure will be financed by existing borrowing facilities and internally generated funds.

20. Retirement benefit plans

Employees within the Group are members of 18 (2023: 19) provident funds and 1 pension fund (2023: 1). 8 funds are administered by Sygnia Group, 1 fund by Borwa Financial Services and 9 by Sanlam. Each fund provides benefits on a defined contribution basis. The funds are subject to the Pension Funds Act of 1956, as amended. All employees of the Group are eligible to be members of the funds. As at 29 February 2024, the membership of the funds was 1 793 (2023: 1 796) employees. The Group's contribution to the provident funds for the year was R60 million (2023: R56 million). The market value of the investments of the various funds as at 29 February 2024 was R384 million (2023: R331 million).

	2024			2023		
	Beneficial direct interest R000	Beneficial indirect interest R000	Total R000	Beneficial direct interest R000	Beneficial indirect interest R000	Total R000
21. Directors' interests in shares						
Executive						
Mr DP Hele	**135**	**–**	**135**	96	–	96
Non-executive						
Mr N Halamandaris	**605**	**6 829**	**7 434**	605	6 829	7 434
Mr JL Halamandres*	**–**	**–**	**–**	2 004	6	2 010
	740	**6 829**	**7 569**	2 705	6 835	9 540

* *Mr JL Halamandres retired on 20 July 2023.*

No director has any non-beneficial interest in the ordinary shares of the company.

The Group has not been advised of any changes in the above interests of the directors between the end of the financial year and date of approval of the report.

22. Directors' remuneration

	For services as directors R000	Re-muneration R000	Bonuses R000	Provident fund contri-butions R000	Other benefits and payments R000	Total R000
29 February 2024						
Executive	**–**	**8 998**	**8 748**	**707**	**5 172**	**23 625**
Mr DP Hele	**–**	**5 335**	**4 649**	**485**	**5 060**	**15 529**
Mr DJ Fredericks[1]	**–**	**1 720**	**4 099**	**–**	**60**	**5 879**
Mrs N Shiluvana[2]	**–**	**1 943**	**–**	**222**	**52**	**2 217**
Non-executive	**6 623**	**–**	**–**	**–**	**–**	**6 623**
Mr NJ Adami	**625**	**–**	**–**	**–**	**–**	**625**
Mr CH Boulle	**1 027**	**–**	**–**	**–**	**–**	**1 027**
Ms SL Botha	**1 088**	**–**	**–**	**–**	**–**	**1 088**
Mr AK Maditse	**760**	**–**	**–**	**–**	**–**	**760**
Mr N Halamandaris	**596**	**–**	**–**	**–**	**–**	**596**
Mr JL Halamandres[3]	**151**	**–**	**–**	**–**	**–**	**151**
Ms F Petersen-Cook	**825**	**–**	**–**	**–**	**–**	**825**
Mr W Mzimba[4]	**240**	**–**	**–**	**–**	**–**	**240**
Ms B Mathe	**675**	**–**	**–**	**–**	**–**	**675**
Mr T Mosololi	**636**	**–**	**–**	**–**	**–**	**636**
	6 623	**8 998**	**8 748**	**707**	**5 172**	**30 248**
Less: Paid by subsidiaries	**–**	**(8 998)**	**(8 748)**	**(707)**	**(5 172)**	**(23 625)**
	6 623	**–**	**–**	**–**	**–**	**6 623**
28 February 2023						
Executive	–	8 481	8 417	456	1 323	18 677
Mr DP Hele	–	4 966	6 667	456	1 179	13 268
Mr DJ Fredericks	–	3 515	1 750	–	144	5 409
Non-executive	4 604					4 604
Mr NJ Adami	527	–	–	–	–	527
Mr CH Boulle	734	–	–	–	–	734
Ms SL Botha	876	–	–	–	–	876
Mr AK Maditse	576	–	–	–	–	576
Mr N Halamandaris	455	–	–	–	–	455
Mr JL Halamandres	286	–	–	–	–	286
Ms F Petersen-Cook	652	–	–	–	–	652
Ms B Mathe	457	–	–	–	–	457
Mr T Mosololi[5]	41	–	–	–	–	41
	4 604	8 481	8 417	456	1 323	23 281
Less: Paid by subsidiaries	–	(8 481)	(8 417)	(456)	(1 323)	(18 677)
	4 604	–	–	–	–	4 604

1 *Mr DJ Fredericks retired as Group Financial Director on 31 July 2023.*
2 *Mrs N Shiluvana was appointed as Group Financial Director and executive director on 1 August 2023.*
3 *Mr JL Halamandres retired on 20 July 2023.*
4 *Mr W Mzimba was appointed on 1 October 2023.*
5 *Mr T Mosololi was appointed December 2022.*

Directors' remuneration is only reflected from the date upon which an appointment commences and up to the date of resignation. Performance bonuses are disclosed in relation to the bonus paid during the year.

22. Directors' remuneration (continued)

The following amounts, which have not been included in the remuneration above, were recognised as a February 2024 expense in line with IFRS 2 *Share-based payments*:

	Share appre-ciation rights	Re-tention shares	Re-stricted shares	Per-formance shares	Total	Share appre-ciation rights	Re-tention shares	Total
			2024				2023	
	R000	R000	R000	R000	R000	R000	R000	R000
Mr DP Hele	**2 780**	**737**	**–**	**1 528**	**5 045**	3 629	1 110	4 739
	2 780	**737**	**–**	**1 528**	**5 045**	3 629	1 110	4 739

23. Related party transactions

The Group, in the ordinary course of business, entered into various transactions with related parties.

23.1 Franchise agreements

A non-executive director of Famous Brands Limited, has interests in 1 (2023: 1) franchised outlet (Mythos Waterfall). Franchise fees and product sales have been charged under terms and conditions no more favourable than those entered into with third parties.

23.2 Lease agreements

In the prior year, the Group leased the Midrand campus from Steers Properties, where one of the non-executive directors served as a director. The rentals paid were at market-related rates prevailing at the time of entering into the lease agreement. The Group acquired Steers Properties and Halamandaris Properties effective 22 February 2023 thus no longer a related party.

The Group leases properties to Ground and Green, an associate. The transactions were conducted at market related fees prevailing at the time of entering into the transactions.

23.3 Supply agreements

The Group has entered into a supply agreement with an associate, FoodConnect. The transactions were conducted at market-related fees prevailing at the time of entering into the transactions.

23.4 Advertising fees

Advertising fees have been paid to an associate, Sauce Advertising. The transactions were conducted at market-related fees prevailing at the time of entering into the transactions.

23.5 Design fees paid to associate

Design fees for the restaurant layout have been paid to an associate, DHQ Interior Brands Architects. The transactions were conducted at market-related fees prevailing at the time of entering into the transactions.

23. Related party transactions (continued)

23.6 Point of sale services paid to associate

The Group has entered into a point of sale service agreement with an associate, Munch. The transactions were conducted at market related fees prevailing at the time of entering into the transactions.

23.7 Details of transactions and balances with related party entities

	2024 R000	2023 R000
Transactions for the year		
Franchise fee revenue	**1 160**	1 135
Sale of products	**46 145**	52 052
Lease payments	**–**	20 736
Purchase of product	**51 057**	2 878
Advertising fees paid to associate	**94 776**	92 179
Point of sale services paid to associate	**629**	–
Design fees paid to associate	**23 574**	19 974
Rental income received from associate	**704**	–
Dividends declared by associate companies	**7 720**	5 970
Balances with related parties		
Loans receivable from related parties*	**10 663**	22 222
Trade payables to related parties	**14 988**	18 970
Trade receivables from related parties	**2 218**	2 877

* *The R8.7 million loan to UAC Restaurants matures in December 2027 and accrues interest at 12%.*

23.8 Remuneration

Directors' remuneration

The remuneration for directors of the holding company paid during the year by subsidiaries within the Group has been disclosed in note 22 *Directors remuneration*. Executive directors are defined as key management.

24. Schedule of investments in subsidiaries and associates

24.1 Direct

	Share capital		Interest		Cost of investment in shares		Amounts owing by/(to) subsidiaries	
	2024 R	2023 R	**2024 %**	2023 %	**2024 R000**	2023 R000	**2024 R000**	2023 R000
Debonairs Pizza (Pty) Ltd[3]	**–**	–	**100**	100	**110**	110	**–**	–
Famous Brands Management Company (Pty) Ltd[1]	**100**	100	**100**	100	**291 238**	291 931	**(444 614)**	(446 261)
Fishaways (Pty) Ltd[3]	**2 000**	2 000	**100**	100	**2 269**	2 269	**–**	–
Mugg & Bean Franchising (Pty) Ltd[3]	**101**	101	**100**	100	**100 000**	100 000	**–**	–
Pleasure Foods (Pty) Ltd[4]	**800**	800	**100**	100	**–**	–	**–**	–
Pleasure Foods Intellectual Property Company (Pty) Ltd[3]	**800**	800	**100**	100	**107 499**	107 499	**–**	–
Pleasure Foods Property Holdings 1 (Pty) Ltd[1]	**100**	100	**100**	100	**–**	–	**–**	–
Steers (Pty) Ltd[3]	**200**	200	**100**	100	**6 243**	6 243	**(16 698)**	(16 698)
The Famous Brands Share Incentive Trust[4]	**–**	–	**100**	100	**–**	–	**–**	–
Steers Properties (Pty) Ltd[6]	**4 000**	4 000	**100**	100	**129 731**	129 731	**24 269**	36 269
Halamandaris Props (Pty) Ltd[6]	**400**	400	**100**	100	**1 679**	1 679	**13 429**	13 321

Main business:

1. *Franchisor, product manufacture, distribution, management and/or administration.*
2. *Offshore holding company.*
3. *Trademark owner.*
4. *Dormant.*
5. *Deregistered or sold or administration.*
6. *Property holdings.*

24. Schedule of investments in subsidiaries and associates (continued)

24.2 Indirect

	Share capital		Interest		Cost of investment in shares		Amounts owing by/(to) subsidiaries	
	2024 R	2023 R	**2024 %**	2023 %	**2024 R000**	2023 R000	**2024 R000**	2023 R000
4 E Holdings (Pty) Ltd[3]	**120**	120	**100**	100	**–**	–	**–**	–
BC Hospitality (Lupa)[1]	**100**	100	**100**	100	**–**	–	**–**	–
Brickhouse Trading (Pty) Ltd[6]	**–**	–	**100**	100	**–**	–	**–**	–
Cater Chain Foodservices (Pty) Ltd[1]	**100**	100	**75**	75	**–**	–	**–**	–
Dial n Dine (Pty) Ltd[1]	**4 900 000**	4 900 000	**60**	60	**–**	–	**–**	–
Elegant Armor (Pty) Ltd[1]	**–**	–	**90**	–	**–**	–	**–**	–
Famous Brands Cheese Company (Pty) Ltd[1]	**100**	100	**51**	51	**–**	–	**–**	–
Famous Brands Franchising Kenya Limited[1]	**20 619 172**	20 617 194	**100**	100	**–**	–	**–**	–
Famous Brands Group (Zambia) Limited[1]	**11 373**	11 373	**100**	100	**–**	–	**–**	–
Famous Brands Lilongwe[1]	**179**	0	**100**	100	**–**	–	**–**	–
Famous Brands Restaurant Holdings Limited	**11 332 100**	–	**51**	–	**–**	–	**–**	–
FB Manco Restaurant Management LLC	**1 046 608**	–	**100**	–	**–**	–	**–**	–
Coolsite Trading (Pty) Ltd[1]	**7 418 466**	7 418 466	**70**	70	**–**	–	**–**	–
Chilango (Pty) Ltd[4]	**1 000**	1 000	**100**	100	**–**	–	**–**	–
Creative Coffee Franchise Systems (Pty) Ltd[1]	**750 100**	750 100	**100**	100	**–**	–	**–**	–
Famous Brands Coffee Company (Pty) Ltd[1]	**100**	100	**62**	62	**–**	–	**–**	–
Five Star Performance (Pty) Ltd[1]	**6 500 000**	6 500 000	**51**	51	**–**	–	**–**	–
Gorilla Holdings Limited[2]	**41**	–	**100**	100	**–**	–	**–**	–
FB Signature Brands (Pty) Ltd[1]	**32 000 000**	32 000 000	**100**	100	**–**	–	**–**	–
Lamberts Bay Foods (Pty) Ltd[1]	**52 700**	52 700	**100**	100	**–**	–	**–**	–
Lexi's Healthy Eatery (Pty) Ltd	**–**	–	**51**	51	**–**	–	**–**	–
Lunar Thought Trading (Pty) Ltd[5]	**–**	–	**100**	100	**–**	–	**–**	–

Main business:

1. *Franchisor, product manufacture, distribution, management and/or administration.*
2. *Offshore holding company.*
3. *Trademark owner.*
4. *Dormant.*
5. *Deregistered or sold or administration.*
6. *Property holdings.*

24. Schedule of investments in subsidiaries and associates (continued)

24.2 Indirect (continued)

	Share capital		Interest		Cost of investment in shares		Amounts owing by/(to) subsidiaries	
	2024 R	2023 R	2024 %	2023 %	2024 R000	2023 R000	2024 R000	2023 R000
Marble Olympia Trading (Pty) Ltd[4]	–	–	100	100	–	–	–	–
Marathon Holdings (Pty) Ltd[1]	32 595 715	32 595 715	92.5	92.5	–	–	–	–
Opal Octopus Trading (Pty) Ltd[4]	–	–	100	100	–	–	–	–
Pink Potato Trading 103 (Pty) Ltd[1]	87	87	75	75	–	–	–	–
Quickstep Investment 10 (Pty) Ltd[4]	1 000	1 000	100	100	–	–	–	–
Retail Group Botswana[1]	249	122	51	51	–	–	–	–
Rising Rapids Trade and Invest (Pty) Ltd[1]	–	–	100	100	–	–	–	–
Sapphire Stag Trade and Invest (Pty) Ltd[1]	3 296 507	3 296 507	100	100	–	–	–	–
Souldance Holdings 11 (Pty) Ltd[1]	100	100	100	100	–	–	–	–
Vovo Telo Bakery and Café (Pty) Ltd[1]	1 000	1 000	100	100	–	–	–	–
Venus Solutions Ltd[2]	42 613 784	42 613 784	100	100	–	–	–	–
Wakaberry™ Holdings (Pty) Ltd[4]	1 000	1 000	100	100	–	–	–	–
Wimpy Marketing Fund (Pty) Ltd[4]	2	2	100	100	–	–	–	–
Famous Brands Management Namibia (Pty) Ltd	–	–	100	100	–	–	–	–
					638 769	639 462	(423 614)	(413 369)

All the above subsidiaries are incorporated in South Africa, except for Famous Brands UK Limited and Venus Solutions Limited (incorporated in the United Kingdom), Retail Group Botswana (incorporated in Botswana), Famous Brands Lilongwe (incorporated in Malawi), Gorilla Holdings Limited and Famous Brands Restaurant Holdings Limited (incorporated in Mauritius), FB Manco Restaurant Management LLC (incorporated in UAE), Famous Brands Management Namibia (Proprietary) Limited (incorporated in Namibia) and Famous Brands Franchising Kenya Limited (incorporated in Kenya).

Main business:

1. *Franchisor, product manufacture, distribution, management and/or administration.*
2. *Offshore holding company.*
3. *Trademark owner.*
4. *Dormant.*
5. *Deregistered or sold or administration.*
6. *Property holdings.*

24. Schedule of investments in subsidiaries and associates (continued)

24.3 Associates

	Principal activity	Place of incorporation and operation	Year end	Effective date of acquisition	2024 Interest %	2023 Interest %
UAC Restaurants Ltd	Quick service restaurants	Nigeria	31 December	1 October 2013	**49**	49
Sauce Advertising (Pty) Ltd	Advertising	South Africa	29 February	1 March 2013	**37**	37
DHQ Interior Brands Architects (Pty) Ltd	Store design	South Africa	29 February	1 March 2021	**48.5**	48.5
FoodConnect (Pty) Ltd	Distribution	South Africa	29 February	1 June 2018	**49**	49
Ground and Green (Pty) Ltd	Distribution	South Africa	29 February	1 May 2023	**49**	–
Munch Software (Pty) Ltd	Point of sale	South Africa	29 February	16 October 2023	**45**	–

24.4 Investment in subsidiaries with material non-controlling interests

Famous Brands Coffee Company (Pty) Ltd

Famous Brands Limited has an indirect interest of 62% in Famous Brands Coffee Company (Pty) Ltd, a company involved in the production of coffee. The company's principal place of business is 154 Edward Avenue, Hennopspark, Centurion, Gauteng. The information below summarises the financial position and performance of the subsidiary:

	2024 R000	2023 R000
Current assets	**56 755**	57 138
Non-current assets	**23 749**	22 912
Current liabilities	**(9 906)**	(11 040)
Non-current liabilities	**(13 221)**	(13 574)
Net assets of the subsidiary	**57 377**	55 436
Revenue	**165 597**	148 989
Profit before tax	**14 988**	17 097
Profit for the year	**10 942**	12 269
Total comprehensive income for the year	**10 942**	12 269
Profit for the year allocated to non-controlling interest	**4 158**	4 662
Accumulated non-controlling interests	**22 015**	21 277
Dividends paid to non-controlling interests	**3 420**	1 520
Net cash inflow from operating activities	**1 699**	3 720
Net cash outflow from investing activities	**(2 996)**	(793)
Net cash outflow from financing activities	**(2 626)**	(1 160)

24. Schedule of investments in subsidiaries and associates (continued)

24.4 Investment in subsidiaries with material non-controlling interests (continued)

Famous Brands Cheese Company (Pty) Ltd

Famous Brands Limited has an indirect interest of 51% in Famous Brands Cheese Company (Pty) Ltd, a company involved in the production of cheese. The company's principal place of business is Cable Road, Zone 3, Coega, Eastern Cape. The information below summarises the financial position and performance of the subsidiary:

	2024 R000	2023 R000
Current assets	**156 117**	181 948
Non-current assets	**75 885**	66 289
Current liabilities	**(54 389)**	(60 504)
Non-current liabilities	**(36 320)**	(24 253)
Net assets of the subsidiary	**141 293**	163 480
Revenue	**673 275**	628 973
Profit before tax	**58 561**	61 064
Profit for the year	**42 844**	43 740
Total comprehensive income for the year	**42 844**	43 740
Profit for the year allocated to non-controlling interest	**20 993**	21 433
Accumulated non-controlling interests	**69 486**	80 343
Dividends paid to non-controlling interests	**31 850**	14 700
Net cash (outflow)/inflow from operating activities	**(28 619)**	22 773
Net cash outflow from investing activities	**(2 602)**	(6 132)
Net cash outflow from financing activities	**(5 980)**	(7 661)

Cater Chain Food Services (Pty) Ltd

Famous Brands Limited has an indirect interest of 75% in Cater Chain Food Services (Pty) Ltd Group, a Group involved in general meat trading. The Group's principal place of business is 30 Angus Rd, City Deep, Johannesburg, Gauteng. The information below summarises the financial position and performance of the subsidiary:

	2024 R000	2023 R000
Current assets	**103 707**	100 880
Non-current assets	**42 368**	43 172
Current liabilities	**(39 343)**	(33 169)
Non-current liabilities	**(3 861)**	(10 507)
Net assets of the subsidiary	**102 871**	100 376
Revenue	**581 637**	523 188
Profit before tax	**17 130**	16 859
Profit for the year	**12 495**	12 148
Total comprehensive income for the year	**12 495**	12 148
Profit for the year allocated to non-controlling interest	**3 124**	3 037
Accumulated non-controlling interests	**25 862**	25 238
Dividends paid to non-controlling interests	**2 500**	3 000
Net cash inflow from operating activities	**1 637**	10 470
Net cash outflow from investing activities	**(9 896)**	(6 246)
Net cash outflow from financing activities	**(4 006)**	(15 340)

25. Financial instruments and risk management

Financial risk management

The Group has exposure to the following risks from its use of financial instruments: market risk (foreign exchange, interest rate), liquidity risk, credit risk and capital risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing financial risk, and the Group's management of capital.

The Board of Directors has approved strategies for the management of financial risks which are in line with corporate objectives. These guidelines set up the short-term and long-term objectives and actions to be taken in order to manage the financial risk exposure of the Group.

The major guidelines of this policy are the following:

- to minimise interest rate, currency and market risk for all transactions;
- to ensure that all financial risk management activities are carried out and monitored at a central level; and
- to ensure that all financial risk management activities are carried out on a prudent and consistent basis.

The Group audit committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of the risk management controls and procedures. The results are reported to the audit committee and management for remediation.

25.1 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.

Level 2 financial instruments: the fair value of all external over-the-counter derivatives is calculated based on the discount rate adjustment technique. The discount rate used is derived from observable rates of return for comparable assets or liabilities traded in the market. The credit risk of the external counterparty is incorporated into the calculation of fair values of financial assets and credit risk is incorporated in the measurement of financial liabilities. The change in fair value is therefore impacted by movements in interest rate curves, the volatility of the applied credit spreads, and changes to the credit profile of the involved parties.

	2024 Carrying amount R000	**2023 Carrying amount R000**
Financial assets		
Measured at amortised cost:		
Trade and other receivables	**537 641**	506 135
Lease receivables	**5 454**	9 162
Restricted cash	**71 832**	134 577
Cash and cash equivalents	**352 750**	310 934
Loans to associate	**10 663**	22 222
	978 340	983 030
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	**657 374**	627 319
Shareholders for dividends	**3 245**	2 802
Lease liabilities	**321 902**	338 937
Borrowings	**1 201 240**	1 139 863
Bank overdraft	**–**	78 197
	2 183 761	2 187 118

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

25. Financial instruments and risk management (continued)

25.1 Accounting classifications and fair values (continued)

	Level	2024 Carrying amount R000	2023 Carrying amount R000
Derivative financial instruments			
Assets			
Fair value through profit or loss			
Foreign exchange contracts	2	**50**	253
Fair value through other comprehensive income			
Interest-rate swaps	2	**3 112**	3 717
		3 162	3 970
Movements in Level 3 financial instruments carried at fair value			
Financial instruments at fair value through profit or loss			
Assets			
Fair value through profit or loss			
Investment in preference shares	3	**9 031**	3 490
		9 031	3 490
Investment in preference shares (insurance cell captive)			
Reconciliation to carrying amounts:			
Carrying amount at the beginning of the year		**3 490**	–
Additions during the year		**–**	3 500
Fair value adjustment		**5 541**	(10)
Carrying amount at the end of the year		**9 031**	3 490

25.2 Market risk

Interest rate risk

The following table analyses the breakdown of liabilities by type of interest rate.

	Note	2024 R000	2023 R000
Variable rate instruments			
Interest-rate swap assets		**3 112**	3 717
Borrowings	10	**(1 193 679)**	(1 123 878)
Bank overdraft	8	**–**	(78 197)
Fixed rate instruments			
Borrowings		**(5 774)**	(15 985)
Lease liabilities	4	**(321 902)**	(338 937)
		(1 518 243)	(1 553 280)

25. Financial instruments and risk management (continued)

25.2 Market risk (continued)

Sensitivity analysis

A hypothetical increase/(decrease) in interest rates by 100 basis points, with all other variables remaining constant, would decrease/(increase) profit after tax by R8.7 million (2023: R15.5 million).

The analysis has been performed for variable interest rate financial liabilities. The impact of a change in interest rates on floating interest financial liabilities has been assessed in terms of the changing of their cash flows and net expenses.

The Group's operating income and operating cash flows are substantially independent of changes in market interest rates.

Interest-rate swaps

The Group has entered into interest rate swap contracts that entitle it to pay fixed interest rates on notional principal amounts relating to interest-bearing borrowings raised at floating interest rates (refer note 10 *Borrowings*). Derivatives are only used for economic hedging purposes and not as speculative investments.

The hedging objective is to achieve cash flow certainty regarding interest payments. In order to mitigate against the risk of not benefiting from potential decreases in interest rates, the Group's policy is to hedge between 40% and 60% of the underlying interest bearing instrument, with the aim of matching the critical terms of the hedging instrument to that of the underlying debt.

The Group assesses prospective hedge effectiveness by ensuring the critical terms (including interest reset dates and term of the loan facility) are matched, thus the hedge is expected to be highly effective. The Group assesses the hedge effectiveness by comparing the changes in fair value of hypothetical derivatives reflecting the terms of the interest bearing borrowings' movement in interest with the changes in fair value of the interest rate swaps.

The Group uses the hypothetical derivative method to determine the change in fair value of the hedged item on a cumulative basis.

The Group determines the hedge ratio by comparing the notional amount of the derivative with the notional principal debt of the interest bearing borrowings. If the loan granted has an amortising principal, the Group enters into interest rate swaps with an equivalent amortising notional amount.

The Group has identified the following possible sources of ineffectiveness in its cash flow hedge relationships:

- The use of derivatives as a protection against interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives with high credit quality counterparties;
- Difference in tenor of hedged items and hedging instruments;
- Use of different discounting curves for hedged items and hedging instruments, because for interest rate swaps the discounting curve used depends on collateralisation and the type of collateral used;
- Difference in timing of settlement of the hedging instrument and hedged item; and
- Designation of off-market hedging instruments.

The table below sets out the details of the interest rate swap contracts including the notional amounts, fair values and base variables:

		2024		2023	
	Maturity date	**Notional amount R000**	**Fixed interest rate %**	**Notional amount R000**	**Fixed interest rate %**
Term loans					
Amortising loan	Aug-25	**90 000**	**7.57**	90 000	7.57
Amortising loan	Aug-26	**120 000**	**7.77**	120 000	7.77
Amortising loan	May-27	**210 000**	**7.58**	270 000	7.58

25. Financial instruments and risk management (continued)

25.2 Market risk (continued)

Interest-rate swaps (continued)

The table below sets out the details of the fair values of the financial instruments, fair value for determining hedge ineffectiveness and line impacted in the statement of financial position:

	2024 R000	2023 R000
Fair value changes in determining hedge ineffectiveness (included in finance costs)	**78**	139
Derivative financial instruments (interest rate swaps)	**3 112**	3 717

Foreign currency risk

Since the Group operates internationally, it is exposed to foreign currency risk in its normal commercial businesses. On occasion, the Group hedges transactional foreign exchange exposures.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk.

Financial assets and financial liabilities are analysed by currency as follows:

	2024				
	Mauritian Rupee*	**United Arab Emirates Dirham***	**GB Pound***	**Zambian Kwacha***	**Botswana Pula***
Financial assets					
Trade and other receivables	**3 042**	**671**	**470**	**6 797**	**33 612**
Cash and cash equivalents	**31 130**	**20**	**4 666**	**13 618**	**24 193**
Financial liabilities					
Borrowings	**–**	**–**	**(238)**	**–**	**(6 606)**
Trade and other payables	**(17 015)**	**703**	**(664)**	**(5 803)**	**(60 320)**
Lease liabilities	**(70 128)**	**–**	**(240)**	**(861)**	**(32 475)**
	(52 971)	**1 394**	**3 994**	**13 751**	**(41 596)**

* *Currency unit thousands*

Exchange rates used for conversion of foreign amounts to the South African Rand were (R):	**0.42**	**5.23**	**24.31**	**0.82**	**1.39**
Sensitivity analysis At reporting date, if the Rand had weakened/strengthened by 10% against any currency above, with all other variables held constant, total comprehensive income for the year would have decreased/increased as follows (R'000):	**(2 235)**	**729**	**9 709**	**1 130**	**(5 799)**

25. Financial instruments and risk management (continued)

25.2 Market risk (continued)

Foreign currency risk (continued)

	2023			
	United Arab Emirates Dirham*	GB Pound*	Zambian Kwacha*	Botswana Pula*
Financial assets				
Trade and other receivables	379	458	5 173	9 210
Cash and cash equivalents	300	4 541	8 096	5 954
Financial liabilities				
Borrowings	–	(390)	(124)	(6 736)
Trade and other payables	(874)	(869)	(3 683)	(18 897)
Lease liabilities	–	(329)	(886)	(42 100)
	(195)	3 411	8 576	(52 569)

* *Currency unit thousands*

Exchange rates used for conversion of foreign amounts to the South African Rand were (R):	5.01	22.21	1.08	1.33
Sensitivity analysis				
At reporting date, if the rand had weakened/strengthened by 10% against any currency above, with all other variables held constant, total comprehensive income for the year would have decreased/increased as follows (R'000):	(97)	7 575	923	(6 992)

25.3 Liquidity risk

The Group manages liquidity risk on the basis of expected maturity dates, through an ongoing review of future commitments and credit facilities managed centrally. Cash flow forecasts are prepared to monitor inflows and outflows, adequate borrowing facilities are secured and utilisation monitored. The borrowings are subject to financial covenants per note 26 *Capital management* and any non-compliance with financial covenants could trigger early settlement of the facilities.

The Group maintains its liquidity position by conserving the Group's cash resources through continued focus on working capital improvement, cost savings and capital reprioritisation also considering our growth plan. Group treasury prepares regular cash flow forecasts, monitors cash holdings, negotiates with financiers and oversees compliance with treasury policies.

The Group meets its financing requirements through a combination of cash generated from its operations and, short and long-term borrowings and strives to maintain adequate banking facilities and borrowings.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

25. Financial instruments and risk management (continued)

25.3 Liquidity risk (continued)

	2024				
	Carrying amount R000	**Less than 1 year R000**	**2 – 5 years R000**	**Thereafter R000**	**Total R000**
Borrowings	**1 201 240**	**244 780**	**1 201 376**	**4 554**	**1 450 710**
Trade and other payables	**657 374**	**657 374**	**–**	**–**	**657 374**
Shareholders for dividends	**3 245**	**3 245**	**–**	**–**	**3 245**
Lease liabilities	**321 902**	**102 466**	**251 515**	**52 205**	**406 186**
	2 183 761	**1 007 865**	**1 452 891**	**56 759**	**2 517 515**

	2023				
	Carrying amount R000	**Less than 1 year R000**	**2 – 5 years R000**	**Thereafter R000**	**Total R000**
Borrowings	1 139 863	205 930	1 203 290	8 984	1 418 204
Trade and other payables	627 318	627 318	–	–	627 318
Shareholders for dividends	2 802	2 802	–	–	2 802
Lease liabilities	338 937	97 637	249 604	82 853	430 094
Bank overdraft	78 197	78 197	–	–	78 197
	2 187 117	1 011 884	1 452 894	91 837	2 556 615

The carrying amount of the current financial liabilities approximates the fair value at the reporting date.

At present the Group expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments the Group expects operating activities to generate sufficient cash inflows. In addition, the Group holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

Restricted cash balances of R71.8 million (2023: R134.6 million), as detailed in note 8 *Cash*, are not available for general use and excluded when assessing liquidity.

The Group has sufficient undrawn facilities to manage shortfalls in operational cash flows. Refer to note 10 *Borrowings* for details on the facilities. The Group expects to meet its obligations from operating cash flows.

25.4 Credit risk

Credit risk is managed on a Group-wide basis. Credit risk mainly relates to cash deposits, cash equivalents and trade receivables. The Group only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date against the risk of default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic reports, financial analysts, governmental bodies as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

25. Financial instruments and risk management (continued)

25.4 Credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets below.

Cash and cash equivalents

Cash and cash equivalents are held with financial institution counterparties, with a local currency deposit rating "B", based on Standard & Poor's. These financial institutions also have a stable outlook. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The expected credit loss on cash and cash equivalents have been assessed to be insignificant.

Derivative financial instruments

Derivatives financial instruments relate to interest rate swaps contracts entered into with Nedbank. The bank is rated "B and BB+" and "BB+" based on Standard & Poor's and Fitch rating agencies. The Group considers its derivate assets to have low credit risk based on the external credit ratings of the counterparties.

Trade and other receivables

Trade receivables comprise a widespread customer base, mainly franchise partners and some retailers. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated through a credit rating agency, these ratings are used. If there is no independent credit rating, management assesses the credit quality of the customer, taking into account the customer's financial position, past experience and other factors. Individual risk limits are set based on internal ratings.

Customers have been segmented into groupings. The franchise partners credit risk is assessed on product and leasing activities. Management regularly reviews the receivables age analysis and follows up on outstanding receivables.

Expected credit losses

The Group applies the simplified IFRS 9 approach to measure expected credit loss. The simplified approach considers the lifetime expected loss allowance for all trade receivables. The Group calculates expected losses based on consideration of a portfolio of customers, and where necessary at customer-specific and actual credit loss experienced over the past three years. The Group also conducts qualitative assessments on trade receivables which includes product, franchise fees and rental agreements.

The impact of qualitative assessments was immaterial and the results were aligned to the impairment calculation.

To measure the expected credit losses, trade receivables are grouped based on the date of initial recognition and similar credit risk characteristics. The expected credit loss is mainly on product and franchise fees, as expected credit loss on rental is considered immaterial.

25. Financial instruments and risk management (continued)

25.4 Credit risk (continued)

Expected credit losses (continued)

Default on a financial occurs when:

- a franchise has closed and there is an amount outstanding in the trade receivables related to the franchise;
- a customer fails to make contractual payments within 90 days after they past due; or
- a franchise partner is bankrupt or under business rescue or under liquidation.

Under the provision matrix, the expected credit loss is calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. A loss rate is then applied for determining the impairment allowance. The historical loss rate is determined based on impairment trends identified in previous years. The loss ratio is calculated according to the ageing profile of sales by applying write-offs to the payment profile of customers. To ensure that the loss rate used to determine impairment is relevant to the current financial year, forward looking information, such as, macroeconomic developments are taken into account in arriving to the loss rate. The impairment allowance of R9.1 million (2023: R22.1 million) approximates 2% (2023: 5%) of the gross trade receivables, was mainly against past due portfolio of debtors.

Irrespective of the outcome of the excepted credit loss assessment, the Group presumes that exposure to trade receivables credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The table below illustrates the trade receivables ageing analysis:

	2024			
	Gross R000	**Impairment R000**	**Net R000**	**Average ECL/ impairment ratio %**
The following table details the risk profile of trade receivables based on the Group's expected credit loss reconciliation.				
Performing	**489 682**	**(605)**	**489 077**	**–**
Past due	**14 769**	**(8 481)**	**6 288**	**57**
31 – 60 days	**1 704**	**(126)**	**1 578**	**7**
61 – 90 days	**354**	**(59)**	**295**	**17**
91 days and beyond	**12 711**	**(8 296)**	**4 415**	**65**
Total	**504 451**	**(9 086)**	**495 365**	**2**

	2023			
	Gross R000	Impairment R000	Net R000	Average ECL/ impairment ratio %
Performing	435 628	(267)	435 361	–
Past due	28 983	(21 794)	7 189	75
31 – 60 days	5 266	(159)	5 107	3
61 – 90 days	1 603	(112)	1 491	7
91 days and beyond	22 114	(21 523)	591	97
Total	464 611	(22 061)	442 550	5

25. Financial instruments and risk management (continued)

25.4 Credit risk (continued)

Expected credit losses (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, debtors experiencing significant financial difficulties, and probability that the debtor will enter bankruptcy, business rescue, liquidation or financial reorganisation.

Trade receivables of R2.9 million (2023: R3.8 million) written off during the financial year are still subject to enforcement activity.

The following table details the Group's trade receivables impairment allowance reconciliation based on the Group's expected credit loss computation.

	2024 R000	2023 R000
Reconciliation of trade receivables impairment allowance		
Balance at the beginning of the year	**22 061**	22 877
Amounts (reduced)/raised during the year	**(10 121)**	2 977
Amounts written off as uncollectible	**(2 854)**	(3 793)
Balance at the end of the year	**9 086**	22 061

Accounting policy

Classification

The Group classifies financial assets into the following categories:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss (FVTPL).

Classification is based on the contractual cash flow characteristics and the Group's business model for managing financial assets and cash flow characteristics of the financial asset.

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

25. Financial instruments and risk management (continued)

Accounting policy (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition, or issue of the financial asset or liability. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Financial instruments at fair value through other comprehensive income are measured at fair value. Movements in the carrying amount of these instruments are taken to other comprehensive income, except for impairment, interest income and foreign exchange gains or losses that are recognised in profit or loss.

Financial instruments at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising on remeasurement of these assets are recognised in profit or loss. These include the following:

- Derivatives (including interest rate swaps and foreign exchange contracts); and
- Investment in preference shares.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method less impairment. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. These include the following:

- Trade and other receivables;
- Lease receivables; and
- Cash and cash equivalents.

Financial liabilities at amortised cost are subsequently measured, using the effective interest rate method. These include the following:

- Trade and other payables;
- Borrowings;
- Bank overdraft;
- Non-controlling shareholder loans;
- Lease liabilities; and
- Loans to associates.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Group transfers the financial asset and the transfer qualifies for derecognition.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss except for equity investments, where the Group has made an election to present fair value gains or losses on equity investments in other comprehensive income. There is no subsequent reclassification on derecognition of the investment.

Any gain or loss on derecognition of financial assets at amortised cost is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

25. Financial instruments and risk management (continued)

Accounting policy (continued)

Modification of financial liabilities

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument.

Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss where the modification does not result in the derecognition of the existing instrument.

Offsetting financial instruments

Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Impairment of financial assets

The impairment allowance represents the Group's estimate of lifetime expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets. The Group applies the simplified approach in determining credit losses for all trade and lease receivables. The determination of the impairment allowance requires the expected lifetime losses to be recognised from initial recognition of the receivables calculated using a provision matrix. This takes into account past events, current conditions, reasonable and supportable forward-looking information that is available without undue cost or effort, probability weighted scenarios and impact of the time value of money.

The impairment allowance for the financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. This is recognised in profit or loss. The Group reassess the life-time expected credit losses at each reporting date and recognises any changes in profit or loss.

Hedge accounting

The Group enters into forward exchange contracts, and interest rate swap contracts to hedge its exposure to foreign exchange and interest rate risk.

Changes in the fair value of derivative instruments that are not formally designated in a hedging relationship are recognised immediately in profit or loss.

For qualifying cash flow hedges, the fair value gain or loss on the hedging instrument associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income within hedge accounting reserve, limited to the cumulative change in the fair value of the hedged item since inception of the hedge, and then recycled to profit or loss in the reporting periods when the hedged item affects profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss immediately. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to profit or loss.

Insurance cell captive

The Group has determined that it does not have control of its short-term insurance cell captive arrangement as the current insurance legislative framework regards all the assets and liabilities in the cell as that of the insurer and not the investee. Therefore the cell captive is not considered to be a silo in accordance with IFRS 10. The Group has therefore not consolidated the cell captive. The Group is exposed to financial risk rather than insurance risk and has therefore accounted for its investment in the cell captive as an asset held at fair value through profit or loss (FVTPL) in accordance with IFRS 9.

The fair value of the Group's short-term insurance cell captive underwritten by an insurer is determined monthly with reference to the net asset value of the cell captive, as determined by the insurer.

The fair value adjustments are recognised in operating expenses.

26. 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 note 8 *Cash*, note 10 *Borrowings*, note 4 *Leases* and note 9 *Equity reserves* as disclosed in the statement of financial position.

Financial covenants

The Group's borrowings (refer note 10 *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 per the Group's primary lender.*

	2024 R000	2023 R000
Net debt to Total equity (Gearing ratio)		
Borrowings	**1 201 240**	1 139 863
Lease liabilities	**321 902**	338 937
Cash and cash equivalents	**(352 750)**	(310 934)
Bank overdraft	**–**	78 197
Net debt	**1 170 392**	1 246 063
Equity	**1 078 771**	975 784
Net debt to Total equity	**1.08**	1.28
Net debt to EBITDA (Leverage ratio)		
Net debt	**1 170 392**	1 246 063
EBITDA	**1 033 096**	1 094 435
Net debt to EBITDA ratio	**1.13**	1.14
Net asset value per share		
Total equity	**1 078 771**	975 784
Issued shares	**100 202 284**	100 202 284
Net asset value per share (cents)	**1 077**	974

27. Reclassifications within the financial statements

As part of the Group's continued assessment of its financial statement presentation, we have improved certain of our disclosures to enhance our presentation of the 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 2023 R000	Re-classification R000	Notes	As currently stated 2023 R000
Operating Segment				
Revenue				
Southern African Development Community	–	394 759	(a)	394 759
Rest of Africa and Middle East	427 643	(394 759)	(a)	32 884
Operating Profit				
Southern African Development Community	–	49 995	(a)	49 995
Rest of Africa and Middle East	24 457	(49 995)	(a)	(25 538)
Geographic allocation of non-current assets				
Southern African Development Community	–	1 736	(a)	1 736
Rest of Africa and Middle East	15 872	(1 736)	(a)	14 136
Additions to non-current assets by segment				
Southern African Development Community	–	32 335	(a)	32 335
Rest of Africa and Middle East	33 332	(32 335)	(a)	997

(a) *The Group recently reorganised its management structure to reflect its profit pools and growth plans. AME will now be split and reported as SADC and AME. SADC, with more profitable markets, are managed out of South Africa while AME focuses on growing our brands and networks in selected markets. SADC consists of Botswana, Namibia, Angola, Malawi, Zambia, Eswatini, Lesotho, Mozambique and Zimbabwe while the AME segment consists of Mauritius, Kenya, UAE, Côte d'Ivoire, Ethiopia, Nigeria (an associate) and Saudi Arabia.*

28. Share-based payments reserve

Famous Brands manages three share schemes, which comprises the following equity-settled share-based payments arrangements:

(a) Share Option Scheme (2012 Scheme);

(b) the Famous Brands Share Incentive Scheme (2015 Scheme), which comprises the following components:

- Share Appreciation Rights (SARs); and
- Retention Shares

(c) The 2023 Famous Brands Share Plan (2023 Share Plan).

The 2015 Scheme enables executive directors and management and specified directors of subsidiaries to benefit from Famous Brands' share price performance. The Group's remuneration philosophy is contained in the IAR which is available on the company's website at www.famousbrands.co.za.

The total expense recognised for employee services received during the year ended 29 February 2024 is R40.1 million (2023: R42.6 million). The expense recognised relates to the share appreciation rights, retention shares and the 2023 share plan transactions, reduced by a credit of R2.2 million (2023: R2.7 million) resulting from forfeitures.

28. Share-based payments reserve (continued)

28.1 Share Option Scheme

The 2012 Scheme confers the right to participants to acquire ordinary shares at the value of Famous Brands' share at the date that the option is granted. On acceptance of the option, the participant has the right to exercise the option at any time, after vesting, during the option life, in as many tranches as the participant may elect.

To receive shares, participants must be either employed by or be retirees of the company when the rights to the shares vest. The directors of the company may amend the vesting period of the options by board resolution.

The scheme has a single type of vesting category which comprises a three-year vesting period and seven-year expiry period subsequent to vesting date. The scheme was replaced by the 2015 scheme.

A reconciliation of the movement of all share options is detailed below:

	Option exercise price range (Rand)		Number of shares	
	2024	2023	**2024**	2023
Opening balance	**101.20**	101.20	**195 000**	300 000
Forfeited	**–**	–	**–**	(105 000)
Options granted, shares not issued up to the end of the year	**101.20**	101.20	**195 000**	195 000

The last options were granted in November 2014.

The following options vested, but not yet exercised. Delivery of shares will only take place in the future. These options are set to expire in November 2024.

	Grant date	Option fair value at grant date (Rand)	Option exercise price (Rand)	Financial year in which options vested
Number of ordinary shares				
195 000	**Nov 2014**	**16.21**	**101.20**	**Feb 2018**

An analysis of share options granted to executive directors is detailed below.

	Option vesting date	Subscription price (Rand)	Outstanding as at 1 March 2023	Granted during the period	Exercised during the period	Outstanding as at 29 February 2024
Executive director						
Mr DP Hele	**November 2017**	**101.20**	**80 000**	**–**	**–**	**80 000**
Options granted, shares not issued up to the end of the year			**80 000**	**–**	**–**	**80 000**

Significant judgements and estimation uncertainty

The share options granted were valued, at grant date, using the Black-Scholes-Merton model which takes account of the vesting period (European style option). Expected volatility of the share price was determined by giving consideration to the historical volatility of Famous Brands' share price.

28. Share-based payments reserve (continued)

28.2 Famous Brands Share Incentive Scheme (2015 Scheme)

28.2.1 Share Appreciation Rights (SARs)

In 2015, Famous Brands adopted a Long Term Incentive scheme consisting of two components, SARs, which is a performance award linked to the share price and Retention Shares, which is linked to the retention of the employment of the executives. The SARs represent the right participants have to be paid the difference between the share price on grant date and the share price on the date on which the SARs vest. The Group has the option to settle in equity or cash, however historically the options have been equity-settled. The SARs have performance conditions attached to KPI's of the Group and the individual participant. The vesting is phased in three equal tranches over three years, with the first tranche vesting in year 3 dependent on the service and performance conditions being met, subject to the discretion of the Remuneration Committee, within the scheme rules. Refer to *Annexure 1* for further details on grants. The last allocation was awarded in June 2022. The scheme will wind down until its final vesting.

A reconciliation of the movement of all SARs granted is detailed below:

	Number of SARS	
	2024	**2023**
Opening balance	**5 720 734**	4 709 727
Granted	**–**	1 502 997
Management	**–**	1 502 997
Executive directors	**–**	–
Forfeited	**(342 155)**	(491 990)
Settled	**(681 136)**	–
SARs outstanding at the end of the year	**4 697 443**	5 720 734

Significant judgements and estimation uncertainty

The SARs granted in the current year have been valued at grant date, using the Black-Scholes-Merton model which takes account of the vesting period (American style option) and 10-year exercise period. Expected volatility of the share price was determined by giving consideration to the historical volatility of the Famous Brands share price.

Details of the weighted average fair value of the SARs granted during the year and the related assumptions utilised are as set out below:

	2024	**2023**
Number of SARs granted	**–**	1 502 997
The principal inputs are as follows:		
Range of the weighted average fair value at grant date for the respective tranches (Rand)	**–**	23.86 – 24.26
Weighted average grant price (Rand)	**–**	24.11
Closing share price at grant date (Rand)	**–**	62.23
Expected life (years)	**–**	10.00
Expected volatility (%)	**–**	39.71
Range of the risk-free interest rates utilised for the respective tranches (%)	**–**	7.80
Average expected dividend yield (%)	**–**	3.50

28. Share-based payments reserve (continued)

28.2 Famous Brands Share Incentive Scheme (2015 Scheme) (continued)

28.2.2 Retention Shares

Retention Shares represent the right participants have to be paid the value of the company's 30 day Volume Weighted Average Price immediately preceding the vesting date. The Group has the option to settle in equity or cash, however historically the options have been equity-settled. The Retention Shares vest in three equal tranches over 3 years, with the first tranche vesting in year 3. Refer to *Annexure A* for further details on grants.

A reconciliation of the movement of all Retention Shares granted is detailed below:

	Number of Retention Shares	
	2024	**2023**
Opening balance	**600 956**	625 312
Granted	**–**	126 294
Management	**–**	126 294
Executive directors	**–**	–
Forfeited	**(32 174)**	(57 101)
Settled	**(147 126)**	(93 549)
Retention Shares outstanding at the end of the year	**421 656**	600 956

Significant judgements and estimation uncertainty

The Retention Shares granted have been valued, at grant date, using the Black-Scholes-Merton model which takes account of the vesting period (European style option). Expected volatility of the share price was determined by giving consideration to the historical volatility of Famous Brands' share price.

Accounting policy

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or services are received. A corresponding increase in equity is recognised if the goods or services are received in an equity-settled share-based payment transaction. Group has option to settle in cash or equity however historical settlements were only equity. When the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period). However, when the share-based payments vest immediately and are simultaneously exercised, the expense for services received is recognised in full.

Details of the weighted average fair value of the Retention Shares granted during the year and the related assumptions utilised are set out below:

	2024	**2023**
Number of Retention Shares granted	**–**	126 294
The principal inputs are as follows:		
Range of the weighted average fair value at grant date for the respective tranches (Rand)	**–**	62.23
Closing share price at grant date (Rand)	**–**	62.23
Expected life (years)	**–**	5
Range of the risk-free interest rates utilised for the respective tranches (%)	**–**	6.97 – 7.52

28. Share-based payments reserve (continued)

28.3 The 2023 Famous Brands Share Plan (2023 Share Plan)

In 2023, the Company with the approval of shareholders, adopted the 2023 Share Plan. The new share-based scheme is mutually exclusive and replaces the existing Long-term Incentive Plan ("Existing Scheme"). The current 2015 Scheme will remain in place and run its course in respect of rights which have been granted prior to the implementation of the 2023 Share Plan. The 2023 Share Plan aligns with global best practice, which promotes the required attributes of shareholder alignment, retention of key talent and long-term, sustained performance, all in what may become an increasingly more volatile and challenging market. The 2023 Share Plan will form an integral part of Famous Brand's reward and talent strategy in the future.

The 2023 Share Plan provides for several performance conditions designed to align the interests of participants with those of the Famous Brand's shareholders.

Eligible participants in the Plan are offered:

- Awards of Performance Shares; and
- Grants of Restricted Shares.

28.3.1 Restricted Shares

Certain of the participants in the 2023 Share Plan receive a discretionary grant of Restricted Shares, expressed as a percentage of their guaranteed pay. A 30-trading day volume-weighted average price (VWAP) before the grant date is used as the grant price, rounded to the nearest whole share.

Restricted Shares are granted to participants from middle management to general management. Members of the Executive Committee are not entitled to Restricted Shares.

The value that vests will be the full value of the share after a minimum of three years and will provide shareholder alignment and share-based retention to key talent who, through various criteria, have demonstrated their value to the company. This is an equity-settled share-based payment arrangement.

A reconciliation of the movement of all Restricted Shares granted is detailed below:

	Number of Restricted Shares	
	2024	2023
Opening balance	**–**	–
Granted	**169 981**	–
Management	**169 981**	–
Forfeited	**(6 976)**	–
Restricted Shares outstanding at the end of the year	**163 005**	–

Significant judgements and estimation uncertainty

The Restricted Shares granted have been valued, at grant date, using the Black-Scholes-Merton model which takes account of the vesting period (European style option). Expected volatility of the share price was determined by giving consideration to the historical volatility of Famous Brands' share price.

Accounting policy

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or services are received. A corresponding increase in equity is recognised if the goods or services are received in an equity-settled share-based payment transaction. Group has option to settle in cash or equity however historical settlements were only equity. When the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period). However, when the share-based payments vest immediately and are simultaneously exercised, the expense for services received is recognised in full.

28. Share-based payments reserve (continued)

28.3 The 2023 Famous Brands Share Plan (2023 Share Plan) (continued)

28.3.1 Restricted Shares (continued)

Details of the weighted average fair value of the Restricted Shares granted during the year and the related assumptions utilised are set out below:

	2024	2023
Number of Restricted Shares granted	**169 981**	–
The principal inputs are as follows:		
Range of the weighted average fair value at grant date for the respective tranches (Rand)	**55.14**	–
Closing share price at grant date (Rand)	**61.25**	–
Range of the risk-free interest rates utilised for the respective tranches (%)	**8.80%**	–
Average expected dividend yield (%)	**3.50%**	–

28.3.2 Performance Shares

Participants in the 2023 Share Plan receive an annual conditional award of Performance Shares, expressed as a percentage of their guaranteed pay. A 30-trading day VWAP before the award date will be used as the award price, rounded to the nearest whole share.

Performance Shares vest on the third anniversary of their award to the extent that the company has met the specified performance criteria over the intervening period.

The value per share that vests are the share's full value. The number of shares that will vest will depend on whether the company's performance over the intervening three-year period has met, below or exceeded the targets set at the award date. The performance conditions that govern the vesting of Performance Shares will be determined by the Remuneration Committee and communicated in award letters to participants who receive Performance Shares. This is an equity-settled share-based payment arrangement.

A reconciliation of the movement of all Performance Shares granted is detailed below:

	Number of Performance Shares	
	2024	2023
Opening balance	**–**	–
Granted	**722 824**	–
Management	**610 156**	–
Executive directors	**112 668**	–
Forfeited	**(20 929)**	–
Performance Shares outstanding at the end of the year	**701 895**	–

28. Share-based payments reserve (continued)

28.3 The 2023 Famous Brands Share Plan (2023 Share Plan) (continued)

28.3.2 Performance Shares (continued)

Significant judgements and estimation uncertainty

The Performance Shares granted have been valued, at grant date, using the Black-Scholes-Merton model which takes account of the vesting period (European style option). Expected volatility of the share price was determined by giving consideration to the historical volatility of Famous Brands' share price.

Accounting policy

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or services are received. A corresponding increase in equity is recognised if the goods or services are received in an equity-settled share-based payment transaction. Group has option to settle in cash or equity however historical settlements were only equity. When the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period). However, when the share-based payments vest immediately and are simultaneously exercised, the expense for services received is recognised in full.

Details of the weighted average fair value of the Performance Shares granted during the year and the related assumptions utilised are set out below:

	2024	2023
Number of Performance Shares granted	**722 824**	–
The principal inputs are as follows:		
Range of the weighted average fair value at grant date for the respective tranches (Rand)	**54.43**	–
Closing share price at grant date (Rand)	**61.25**	–
Expected life (years)	**3**	–
Expected volatility (%)	**40.16%**	–
Range of the risk-free interest rates utilised for the respective tranches (%)	**8.80%**	–

29. Other events

In 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 was registered over Portion 561 of Farm Waterval 5 and Erf 664 in Halfway House Extension 57 Township. The Group secured long-term financing for its head office campus in Midrand. The property was purchased in February 2023, initially using cash and credit facilities of R181 million.

On 16 October 2023, the Group acquired a 45% strategic shareholding in Munch Software (Pty) Ltd. The business is in the Point of Sale software industry, offering a modern and agile cloud-based platform. The partnership will enable Famous Brands to achieve its plans to digitise the restaurant management technology ecosystem.

On 1 November 2023, the Group successfully completed the acquisition of a 51% majority shareholding in Famous Brands Restaurant Holdings Limited located in Mauritius. With a portfolio of 10 Company-owned restaurants spread across the island nation, this acquisition aligns with the Group's AME strategy.

30. Subsequent events

In March 2024, the Board announced the appointment of Chris Boulle, the current independent non-executive director, as the Group's Chairman effective from the Annual General Meeting (AGM) on 26 July 2024. Chris Boulle will succeed Santie Botha, who is retiring from her roles as an independent non-executive director and Chairman of the Board. Furthermore, Chris Boulle will assume the role of Chairman of the Nomination Committee and relinquish his positions as Chairman of the Audit and Risk Committee and the Remuneration Committee. However, he will continue serving as a member of the Remuneration Committee.

Additionally, Alex Maditse will assume the role of lead non-executive director starting from the AGM in July 2024. Furthermore, Norman Adami will retire at the upcoming AGM.

The Board declared a final dividend of 164 cents per share, bringing the total dividend for the year to 302 cents per share. This was guided by the principle of prudent capital management, but the lower than expected performance in the second half, and the uncertainty in the interest rate outlook. Total dividend of R302 million was paid out of current year profits.

31. Going concern

The board has undertaken an assessment of whether the Group is a going concern in the light of current and anticipated 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 considering prospective performance, and available capital and liquidity for a period of 12 months from the date of approval of these consolidated financial statements including performing sensitivity analysis. The assumptions modelled are based on the continued estimated impact of the current difficult operating environment impacted by political uncertainty, ongoing water shortages, electricity crisis, supply chain disruptions, elevated food and fuel prices and, higher interest rates.

Despite the challenging environment, resilience of the consumer to a certain extent is apparent in the Group's stable performance across profitability, cash generation, gearing matrices and improved solvency. For the Group we are forecasting growth in revenue, profit and cash flow, which is still under pressure due to the existing structural challenges which negatively impact growth in the economy.

Our support protected our franchise partners and our own supply chain operations, resulting in resilient performance for the 2024 financial year, including access to more appropriate debt finance structure in line with the Group's current funding requirements and strategy.

At 29 February 2024 the Group had access to unutilised facilities of R219 million (refer note 10 Borrowings). Our forecasts and projections, taking account of anticipated 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 financial statements on a going concern basis for the foreseeable future.

Annexure 1: Share-based payments reserve

for the year ended 29 February 2024

1. Share Appreciation Rights (SARs)

The number of SARs outstanding as at 29 February 2024 are set out below:

Grant date	Financial year of vesting	Fair value at grant date (Rand)	Opening balance	Granted	Forfeited	Settled	Closing balance
June 2016			147 716	–	–	–	147 716
Tranche 1	February 2019 – 2020	31.67	57 939	–	–	–	57 939
Tranche 2	February 2020 – 2021	36.41	57 939	–	–	–	57 939
Tranche 3	February 2021 – 2022	42.12	31 839	–	–	–	31 839
June 2017			12 319	–	(12 319)	–	–
Tranche 1	February 2020 – 2021	24.54	4 107	–	(4 107)	–	–
Tranche 2	February 2021 – 2022	31.01	4 106	–	(4 106)	–	–
Tranche 3	February 2022 – 2023	36.58	4 106	–	(4 106)	–	–
June 2018			271 643	–	(35 566)	–	236 077
Tranche 1	February 2021 – 2022	84.58	217 815	–	(10 374)	–	207 441
Tranche 2	February 2022 – 2023	87.27	25 075	–	(10 374)	–	14 701
Tranche 3	February 2023 – 2024	89.74	28 753	–	(14 818)	–	13 935
June 2019			155 026	–	–	–	155 026
Tranche 1	February 2022 – 2023	47.12	51 668	–	–	–	51 668
Tranche 2	February 2023 – 2024	48.46	51 668	–	–	–	51 668
Tranche 3	February 2024 – 2025	49.35	51 690	–	–	–	51 690
June 2020			2 098 407	–	(81 319)	(681 136)	1 335 952
Tranche 1	February 2023 – 2024	26.15	699 455	–	(18 319)	(681 136)	–
Tranche 2	February 2024 – 2025	27.21	699 455	–	(31 500)	–	667 955
Tranche 3	February 2025 – 2026	27.98	699 496	–	(31 500)	–	667 996
June 2021			1 565 009	–	(90 976)	–	1 474 033
Tranche 1	February 2024 – 2025	13.19	521 652	–	(30 324)	–	491 328
Tranche 2	February 2025 – 2026	19.76	521 653	–	(30 325)	–	491 328
Tranche 3	February 2026 – 2027	22.76	521 704	–	(30 327)	–	491 377
June 2022			1 470 614	–	(121 975)	–	1 348 639
Tranche 1	February 2025 – 2026	23.86	490 187	–	(40 657)	–	449 530
Tranche 2	February 2026 – 2027	24.21	490 204	–	(40 658)	–	449 546
Tranche 3	February 2027 – 2028	24.26	490 223	–	(40 660)	–	449 563
Number of SARs			**5 720 734**	**–**	**(342 155)**	**(681 136)**	**4 697 443**

Share-based payments reserve (continued)

for the year ended 29 February 2024

1. Share Appreciation Rights (SARs) (continued)

The number of SARs outstanding as at 28 February 2023 are set out below:

Grant date	Financial year of vesting	Fair value at grant date (Rand)	Opening balance	Granted	Forfeited	Settled	Closing balance
June 2016			179 072	–	(31 355)	–	147 717
Tranche 1	February 2019 – 2020	31.67	73 616	–	(15 677)	–	57 939
Tranche 2	February 2020 – 2021	36.41	73 617	–	(15 678)	–	57 939
Tranche 3	February 2021 – 2022	42.12	31 839	–	–	–	31 839
June 2017			12 319	–	–	–	12 319
Tranche 1	February 2020 – 2021	24.54	4 107	–	–	–	4 107
Tranche 2	February 2021 – 2022	31.01	4 106	–	–	–	4 106
Tranche 3	February 2022 – 2023	36.58	4 106	–	–	–	4 106
June 2018			305 160	–	(33 517)	–	271 643
Tranche 1	February 2021 – 2022	84.58	228 758	–	(10 943)	–	217 815
Tranche 2	February 2022 – 2023	87.27	38 201	–	(13 126)	–	25 075
Tranche 3	February 2023 – 2024	89.74	38 201	–	(9 448)	–	28 753
June 2019			174 517		(19 491)		155 026
Tranche 1	February 2022 – 2023	47.12	58 172	–	(6 504)	–	51 668
Tranche 2	February 2023 – 2024	48.46	58 172	–	(6 504)	–	51 668
Tranche 3	February 2024 – 2025	49.35	58 173	–	(6 483)	–	51 690
June 2020			2 263 361		(164 954)		2 098 407
Tranche 1	February 2023 – 2024	26.15	754 453	–	(54 998)	–	699 455
Tranche 2	February 2024 – 2025	27.21	754 453	–	(54 998)	–	699 455
Tranche 3	February 2025 – 2026	27.98	754 454	–	(54 958)	–	699 496
June 2021			1 775 300		(210 291)		1 565 009
Tranche 1	February 2024 – 2025	13.19	591 766	–	(70 114)	–	521 652
Tranche 2	February 2025 – 2026	19.76	591 767	–	(70 114)	–	521 653
Tranche 3	February 2026 – 2027	22.76	591 767	–	(70 063)	–	521 704
June 2022				1 502 997	(32 383)		1 470 614
Tranche 1	February 2025 – 2026	23.86	–	500 980	(10 793)	–	490 187
Tranche 2	February 2026 – 2027	24.21	–	500 999	(10 795)	–	490 204
Tranche 3	February 2027 – 2028	24.26	–	501 018	(10 795)	–	490 223
Number of SARs			4 709 727	1 502 997	(491 991)	–	5 720 734

Share-based payments reserve (continued)

for the year ended 29 February 2024

1. Share Appreciation Rights (SARs) (continued)

Details of the SARs granted to executive directors are set out below:

	Grant date	Grant price (Rand)	Outstanding at the beginning of the year	Granted	Settled	Outstanding at the end of the year
29 February 2024						
Executive director						
Mr DP Hele						
			11 571	–	–	11 571
Tranche 1	June 2016	31.67	3 857	–	–	3 857
Tranche 2	June 2016	36.41	3 857	–	–	3 857
Tranche 3	June 2016	42.12	3 857	–	–	3 857
			4 927	–	–	4 927
Tranche 1	June 2019	47.12	1 642	–	–	1 642
Tranche 2	June 2019	48.46	1 642	–	–	1 642
Tranche 3	June 2019	49.35	1 643	–	–	1 643
			333 104	–	(111 035)	222 069
Tranche 1	June 2020	26.15	111 035	–	(111 035)	–
Tranche 2	June 2020	27.21	111 035	–	–	111 035
Tranche 3	June 2020	27.98	111 034	–	–	111 034
			205 530			205 530
Tranche 1	June 2021	13.19	68 510	–	–	68 510
Tranche 2	June 2021	19.76	68 510	–	–	68 510
Tranche 3	June 2021	22.76	68 510	–	–	68 510
			555 132	–	(111 035)	444 097

Share-based payments reserve (continued)

for the year ended 29 February 2024

1. Share Appreciation Rights (SARs) (continued)

Details of the SARs granted to executive directors are as set out below:

	Grant date	Grant price (Rand)	Out-standing at the beginning of the year	Granted	Settled	Out-standing at the end of the year
28 February 2023						
Executive director						
Mr DP Hele						
			11 571	–	–	11 571
Tranche 1	June 2016	31.67	3 857	–	–	3 857
Tranche 2	June 2016	36.41	3 857	–	–	3 857
Tranche 3	June 2016	42.12	3 857	–	–	3 857
			4 927	–	–	4 927
Tranche 1	June 2019	47.12	1 642	–	–	1 642
Tranche 2	June 2019	48.46	1 642	–	–	1 642
Tranche 3	June 2019	49.35	1 643	–	–	1 643
			333 104	–	–	333 104
Tranche 1	June 2020	26.15	111 035	–	–	111 035
Tranche 2	June 2020	27.21	111 035	–	–	111 035
Tranche 3	June 2020	27.98	111 035	–	–	111 035
			205 530	–	–	205 530
Tranche 1	June 2021	13.19	68 510	–	–	68 510
Tranche 2	June 2021	19.76	68 510	–	–	68 510
Tranche 3	June 2021	22.76	68 510	–	–	68 510
Number of SARs			555 132	–	–	555 132

Share-based payments reserve (continued)

for the year ended 29 February 2024

2. Retention shares

Details of the Retention Shares allocated as at 29 February 2024 are set out below:

Grant date	Financial year of vesting	Fair value at grant date (Rand)	Opening balance	Granted	Forfeited	Settled	Closing balance
Jun 2018			**17 939**	**–**	**(3 459)**	**(14 480)**	**–**
Tranche 1	**February 2021 – 2022**	**115.00**	**3**	**–**	**(3)**	**–**	**–**
Tranche 2	**February 2022 – 2023**	**115.00**	**3**	**–**	**(3)**	**–**	**–**
Tranche 3	**February 2023 – 2024**	**115.00**	**17 933**	**–**	**(3 453)**	**(14 480)**	**–**
Jun 2019			**152 239**	**–**	**(4 092)**	**(75 552)**	**72 595**
Tranche 1	**February 2022 – 2023**	**81.30**	**2 180**	**–**		**(2 180)**	**–**
Tranche 2	**February 2023 – 2024**	**81.30**	**75 016**	**–**	**(1 644)**	**(73 372)**	**–**
Tranche 3	**February 2024 – 2025**	**81.30**	**75 043**	**–**	**(2 448)**	**–**	**72 595**
Jun 2020			**175 946**	**–**	**(6 848)**	**(57 094)**	**112 004**
Tranche 1	**February 2023 – 2024**	**34.00**	**58 636**	**–**	**(1 542)**	**(57 094)**	**–**
Tranche 2	**February 2024 – 2025**	**34.00**	**58 636**	**–**	**(2 652)**	**–**	**55 984**
Tranche 3	**February 2025 – 2026**	**34.00**	**58 674**	**–**	**(2 654)**	**–**	**56 020**
Jun 2021			**131 269**	**–**	**(7 562)**	**–**	**123 707**
Tranche 1	**February 2024 – 2025**	**61.99**	**43 742**	**–**	**(2 520)**	**–**	**41 222**
Tranche 2	**February 2025 – 2026**	**61.99**	**43 742**	**–**	**(2 520)**	**–**	**41 222**
Tranche 3	**February 2026 – 2027**	**61.99**	**43 785**	**–**	**(2 522)**	**–**	**41 263**
Jun 2022			**123 563**	**–**	**(10 213)**	**–**	**113 350**
Tranche 1	**February 2025 – 2026**	**62.33**	**41 172**	**–**	**(3 403)**	**–**	**37 769**
Tranche 2	**February 2026 – 2027**	**62.33**	**41 190**	**–**	**(3 404)**	**–**	**37 786**
Tranche 3	**February 2027 – 2028**	**62.33**	**41 201**	**–**	**(3 406)**	**–**	**37 795**
Number of Retention Shares			**600 956**	**–**	**(32 174)**	**(147 126)**	**421 656**

Share-based payments reserve (continued)

for the year ended 29 February 2024

2. Retention shares (continued)

Details of the Retention Shares allocated as at 28 February 2023 are set out below:

Grant date	Financial year of vesting	Fair value at grant date (Rand)	Opening balance	Granted	Forfeited	Settled	Closing balance
Jun 2016			1 872	–	(1 872)	–	–
Tranche 3		110.48	1 872	–	(1 872)	–	–
Jun 2018			37 880	–	(1 005)	(18 936)	17 939
Tranche 1	February 2021 – 2022	115.00	3	–	–	–	3
Tranche 2	February 2022 – 2023	115.00	18 939	–	–	(18 936)	3
Tranche 3	February 2023 – 2024	115.00	18 938	–	(1 005)	–	17 933
Jun 2019			246 574	–	(19 722)	(74 613)	152 239
Tranche 1	February 2022 – 2023	81.30	82 230	–	(5 437)	(74 613)	2 180
Tranche 2	February 2023 – 2024	81.30	82 171	–	(7 155)	–	75 016
Tranche 3	February 2024 – 2025	81.30	82 173	–	(7 130)	–	75 043
Jun 2020			189 867	–	(13 921)	–	175 946
Tranche 1	February 2023 – 2024	34.00	63 289	–	(4 653)	–	58 636
Tranche 2	February 2024 – 2025	34.00	63 289	–	(4 653)	–	58 636
Tranche 3	February 2025 – 2026	34.00	63 289	–	(4 615)	–	58 674
Jun 2021			149 121	–	(17 852)	–	131 269
Tranche 1	February 2024 – 2025	61.99	49 706	–	(5 964)	–	43 742
Tranche 2	February 2025 – 2026	61.99	49 707	–	(5 965)	–	43 742
Tranche 3	February 2026 – 2027	61.99	49 708	–	(5 923)	–	43 785
Jun 2022			–	126 294	(2 731)	–	123 563
Tranche 1	February 2025 – 2026	62.23	–	42 082	(910)	–	41 172
Tranche 2	February 2026 – 2027	62.23	–	42 100	(910)	–	41 190
Tranche 3	February 2027 – 2028	62.23	–	42 112	(911)	–	41 201
Number of Retention Shares			625 312	126 294	(57 103)	(93 549)	600 956

Share-based payments reserve (continued)

for the year ended 29 February 2024

2. Retention shares (continued)

Details of the Retention Shares granted to executive directors are set out below:

	Grant date	Grant price (Rand)	Opening balance	Granted	Settled	Closing balance
29 February 2024						
Executive director						
Mr DP Hele						
			25 570	**–**	**(12 785)**	**12 785**
Tranche 2	**June 2019**	**81.30**	**12 785**	**–**	**(12 785)**	**–**
Tranche 3	**June 2019**	**81.30**	**12 785**	**–**	**–**	**12 785**
			27 504	**–**	**(9 168)**	**18 336**
Tranche 1	**June 2020**	**34.00**	**9 168**	**–**	**(9 168)**	**–**
Tranche 2	**June 2020**	**34.00**	**9 168**	**–**	**–**	**9 168**
Tranche 3	**June 2020**	**34.00**	**9 168**	**–**	**–**	**9 168**
			16 971	**–**	**–**	**16 971**
Tranche 1	**June 2021**	**61.99**	**5 657**	**–**	**–**	**5 657**
Tranche 2	**June 2021**	**61.99**	**5 657**	**–**	**–**	**5 657**
Tranche 3	**June 2021**	**61.99**	**5 657**	**–**	**–**	**5 657**
			70 045	**–**	**(21 953)**	**48 092**

Share-based payments reserve (continued)

for the year ended 29 February 2024

2. Retention shares (continued)

Details of the Retention Shares granted to executive directors are set out below:

	Grant date	Grant price (Rand)	Opening balance	Granted	Forfeited/ Settled	Closing balance
28 February 2023						
Executive director						
Mr DP Hele						
			38 355	–	(12 785)	25 570
Tranche 1	June 2019	81.30	12 785	–	(12 785)	–
Tranche 2	June 2019	81.30	12 785	–	–	12 785
Tranche 3	June 2019	81.30	12 785	–	–	12 785
			27 504	–	–	27 504
Tranche 1	June 2020	34.00	9 168	–	–	9 168
Tranche 2	June 2020	34.00	9 168	–	–	9 168
Tranche 3	June 2020	34.00	9 168	–	–	9 168
			16 971	–	–	16 971
Tranche 1	June 2021	62.99	5 657	–	–	5 657
Tranche 2	June 2021	61.99	5 657	–	–	5 657
Tranche 3	June 2021	61.99	5 657	–	–	5 657
Number of Retention Shares			82 830	–	(12 785)	70 045

Share-based payments reserve (continued)

for the year ended 29 February 2024

3. Performance shares

Details of the Performance Shares allocated as at 29 February 2024 are set out below:

Grant date	Financial year	Fair value	Opening balance	Granted	Forfeited	Settled	Closing balance
June 23	**June 2026**	**61.25**	**–**	**722 824**	**(20 929)**	**–**	**701 895**
			–	**722 824**	**(20 929)**	**–**	**701 895**

Details of the Performance Shares granted to executive directors are set out below:

Grant date	Financial year	Fair value	Opening balance	Granted	Forfeited	Settled	Closing balance
Executive director Mr DP Hele June 2023	**June 2026**	**61.25**	**–**	**112 668**	**–**	**–**	**112 668**
			–	**112 668**	**–**	**–**	**112 668**

4. Restricted shares

Details of the Restricted Shares allocated as at 29 February 2024 are set out below:

Grant date	Financial year	Fair value	Opening balance	Granted	Forfeited	Settled	Closing balance
June 23	**June 2026**	**61.25**	**–**	**169 981**	**(6 976)**	**–**	**163 005**
			–	**169 981**	**(6 976)**	**–**	**163 005**

Annexure 2: Exchange rates

The following significant exchange rates were applied in the preparation of the Group's results:

	2024		2023	
	Average	**Closing**	Average	Closing
GB Pound to Rand	**23.39**	**24.31**	20.34	22.21
Euro to Rand	**20.24**	**20.81**	17.54	19.50
US Dollar to Rand	**18.68**	**19.22**	16.79	18.40
Zambian Kwacha to Rand	**0.89**	**0.82**	1.00	0.93
Nigerian Naira to Rand	**0.02**	**0.01**	0.04	0.04
Botswana Pula to Rand	**1.39**	**1.39**	1.33	1.38
Mauritian Rupee	**0.41**	**0.42**	0.38	0.40
United Arab Emirates Dirham to Rand	**5.09**	**5.23**	4.57	5.01

Company accounting policies

Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards) and its interpretations as issued by the International Accounting Standards Board (IASB) in issue and effective for the company at 29 February 2024, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, JSE Listings Requirements and the Companies Act of South Africa.

The accounting policies of the company are the same as the Group, where applicable. The policies detailed below are specifically applicable to the company. The financial statements of the company were approved by the Board on 20 May 2023.

1. Basis of preparation

Functional and presentation currency

The financial statements are presented in South African Rand (Rand), which is the company's functional and presentation currency. All financial information presented in Rand has been rounded to the nearest thousand (R000) except for when otherwise indicated.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value and incorporate the principal accounting policies set out below.

2. Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

3. Investment in subsidiaries

In the company's financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

4. Financial instruments

Receivables from/payables to Group companies

These include amounts receivable from and payable to subsidiaries and are recognised initially at fair value. Amounts receivable from Group companies are classified as financial assets at amortised cost. Amounts payable to Group companies are classified as financial liabilities measured at amortised cost.

5. Revenue

Dividends are recognised in profit/loss, when the company's right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the company and the amount of the dividend can be measured reliably.

6. Going concern

The company reported a net profit for the year ended 29 February 2024 of R361 million and as of that date its total assets exceeded its liabilities by R213 million.

The entity is in a net current asset position of R35 million.

The directors of Famous Brands Management Company (Pty) Ltd have made a commitment, via a signed board resolution, to not call on the liability from the company for at least 15 months from date of approving the financial statements.

The directors, based on the information available, have assessed and are satisfied that the company is a going concern for the foreseeable future, at least for the next 12 months from the date of approval of the financial statements.

Refer to the consolidated financial statements note 31 *Going concern* and the assumptions applied.

Company statement of financial position

at 29 February 2024

	Notes	2024 R000	2023 R000
Assets			
Non-current assets			
Investments in subsidiaries	1	**638 769**	639 462
Current assets		**39 330**	50 492
Receivables from Group companies	1	**37 698**	49 590
Other receivables	2	**1 565**	683
Cash and cash equivalents	3	**67**	219
Total assets		**678 099**	689 954
Equity and liabilities			
Capital and reserves			
Share capital	4	**1 002**	1 002
Share premium	4	**164 811**	164 811
Reserves		**269 113**	266 907
Accumulated losses		**(222 188)**	(208 822)
Total equity		**212 738**	223 898
Non-current liabilities			
Payables to Group companies	1	**461 312**	462 959
Current liabilities		**4 049**	3 097
Other payables	5	**804**	295
Shareholders for dividends		**3 245**	2 802
Total liabilities		**465 361**	466 056
Total equity and liabilities		**678 099**	689 954

Company statement of profit or loss and other comprehensive income

for the year ended 29 February 2024

	Notes	2024 R000	2023 R000
Revenue	6	**371 750**	345 263
Operating expenses		**(10 490)**	(5 671)
Operating profit		**361 260**	339 592
Net finance income/(cost)		**23**	(284)
Finance costs		**(1)**	(301)
Finance income		**24**	17
Profit before tax	7	**361 283**	339 308
Tax	8	**–**	–
Profit for the year		**361 283**	339 308
Total comprehensive profit for the year		**361 283**	339 308

Company statement of changes in equity

for the year ended 29 February 2024

	Share capital R000	Share premium R000	Non-distributable reserves R000	Accumulated losses R000	Total equity R000
Balance at 1 March 2022	1 002	164 811	239 237	(221 541)	183 509
Equity settled share-based payment schemes	–	–	31 749	–	31 749
Transfer between reserves	–	–	(4 079)	4 079	–
Total comprehensive income for the year	–	–	–	339 308	339 308
Dividends declared*	–	–	–	(330 668)	(330 668)
Balance at 1 March 2023	**1 002**	**164 811**	**266 907**	**(208 822)**	**223 898**
Equity settled share-based payment schemes	**–**	**–**	**(693)**	**–**	**(693)**
Transfer between reserves	**–**	**–**	**2 899**	**(2 899)**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**361 283**	**361 283**
Dividends declared*	**–**	**–**	**–**	**(371 750)**	**(371 750)**
Balance at 29 February 2024	**1 002**	**164 811**	**269 113**	**(222 188)**	**212 738**
	Note 4	Note 4			

* *Dividend per share is 371 cents (2023: 330 cents).*

Company statement of cash flows

for the year ended 29 February 2024

	Notes	2024 R000	2023 R000
Cash utilised in operations	9.1	**(10 862)**	(6 129)
Dividends received		**371 750**	345 263
Finance income received		**24**	17
Finance costs paid		**(1)**	–
Dividends paid to owners of Famous Brands Limited	9.2	**(371 307)**	(330 284)
Net cash (outflow)/inflow from operating activities		**(10 396)**	8 867
Cash flow from investing activities			
Net cash outflow on investment in subsidiaries		**–**	(131 410)
Decrease/(Increase) in receivables from Group companies		**11 892**	(49 590)
Net cash inflow/(outflow) from investing activities		**11 892**	(181 000)
Cash flow from financing activities			
(Decrease)/Increase in payables to Group companies	9.3	**(1 647)**	172 134
Cash (outflow)/inflow from financing activities		**(1 647)**	172 134
Net (decrease)/increase in cash and cash equivalents		**(152)**	1
Cash and cash equivalents at the beginning of the year		**219**	218
Cash and cash equivalents at the end of the year	3	**67**	219

Notes to the company financial statements

for the year ended 29 February 2024

	2024 R000	2023 R000
1. Investments, receivables and payables with Group companies		
Investments in subsidiaries*	**638 769**	639 462
Net amount owing to subsidiaries	**(423 614)**	(413 369)
Receivables from Group companies	**37 698**	49 590
Payables to Group companies	**(461 312)**	(462 959)
	215 155	226 093

* *Unlisted shares at cost less impairment.*

Receivables from Group companies – Steers Properties (Pty) Ltd and Halamandaris Props (Pty) Ltd

The company purchased the rights to the collection of the shareholders loans in the acquired entities, Steers Properties (Pty) Ltd and Halamandaris Props (Pty) Ltd in the 2023 financial year. The R37.7 million (2023: R49.6 million) loans are interest-free and have no fixed terms of repayment. Refer to the consolidated financial statements note 24 Schedule of investments in subsidiaries and associates.

Payables to Group companies – Famous Brands Management Company (Pty) Ltd (Manco) and Steers (Pty) Ltd (Steers)

The amounts owing from/(to) Group companies are interest free and have no fixed terms of repayment. They are disclosed on the statement of financial position as required by IFRS® Accounting Standards. However, repayment is not expected in the foreseeable future, hence liquidity risk is considered low. Manco and Steers will not require repayment of the loans for at least the next 15 months and will also continue to provide financial support to Famous Brands Limited against all claims for at least the next 15 months.

Investment in subsidiaries

A schedule of subsidiaries of the company is set out in note 24 *Schedule of investments in subsidiaries and associates* of the consolidated financial statements.

	2024 R000	2023 R000
Reconciliation of the movement in unlisted shares at cost less amounts written off		
Balance at the beginning of the year	**639 462**	476 303
Change in Investment in subsidiary – IFRS 2 Share-based payments	**(693)**	31 749
Investment in subsidiaries	**–**	131 410
Carrying amount of investments in subsidiaries	**638 769**	639 462

	2024 R000	2023 R000
2. Other receivables		
Non-financial instruments		
VAT receivable	**804**	683
Prepayments	**761**	–
	1 565	683

Fair value of other receivables

There is no material difference between the fair value of other receivables and their book value due to the short-term nature of these items.

The maximum exposure to credit risk at the reporting date is the fair value of other receivables above.

The company does not hold any collateral as security.

	2024 R000	2023 R000
3. Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position items:		
Cash and cash equivalents	**67**	219
Cash on hand and bank balances	**67**	219

The fair value approximates the book value of cash and cash equivalents.

	2024 R000	2023 R000
4. Share capital and share premium		
Share capital	**1 002**	1 002
Share premium	**164 811**	164 811
	165 813	165 813
Share capital		
Authorised		
200 000 000 (2023: 200 000 000) ordinary par value shares of one cent each	**2 000**	2 000
Unissued		
99 797 716 (2023: 99 797 716) ordinary par value shares of one cent each	**998**	998
Issued		
Total shares in issue 100 202 284 (2023: 100 202 284) ordinary par value shares of one cent each	**1 002**	1 002
Share premium		
Balance for the year	**164 811**	164 811

	2024 Number of shares	2023 Number of shares
Reconciliation of movements in the number of ordinary shares		
Authorised	**200 000 000**	200 000 000
Issued		
Shares in issue for the year	**100 202 284**	100 202 284

	2024 R000	2023 R000
5. Other payables		
Financial instruments		
Other payables	**807**	290
Accruals	**–**	5
	807	295

Accruals represent miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at year-end.

The book value of other payables approximates fair values.

	2024 R000	2023 R000
6. Revenue		
Dividends received from subsidiaries	**371 750**	345 263
	371 750	345 263

Dividends were received from Famous Brands Management Company (Pty) Ltd.

	2024 R000	2023 R000
7. Profit before tax		
Profit before tax is calculated after taking into account, among other items, those detailed below:		
Directors' remuneration (Refer to note 22 of the consolidated financial statements)	**6 623**	4 604
Non-executive directors	**6 623**	4 604
Executive directors	**23 625**	18 677
Less: amounts paid by subsidiaries	**(23 625)**	(18 677)
Auditors' remuneration*	**648**	841
Net finance (income)/costs	**(23)**	284
Finance costs	**1**	301
Finance income	**(24)**	(17)

* *Auditors remuneration comprises of fees in respect of the financial statement audits.*

	2024 %	2023 %
8. Tax		
Reconciliation of rate of tax		
South African normal rate of tax	**27.0**	28.0
Reduction in rate for year due to:		
Exempt dividend income	**(27.8)**	(28.5)
Increase in rate for year due to:		
Disallowable expenditure*	**0.8**	0.7
Tax losses not recognised	**–**	(0.2)
Effective rate of tax	**–**	–

* *A deferred tax asset on the assessed loss has only been recognised to the extent of available taxable temporary differences.*

Tax losses of R35.9 million (2023: R35.6 million) have not been recognised.

9. Cash flow information

9.1 Reconciliation of profit before tax to cash utilised in operations

	2024 R000	2023 R000
Profit before tax	**361 283**	339 308
Adjustments for:		
Dividends received	**(371 750)**	(345 263)
Finance costs	**1**	301
Finance income	**(24)**	(17)
Cash utilised before changes in working capital	**(10 490)**	(5 671)
Working capital changes	**(372)**	(458)
Increase in other receivables	**(881)**	(135)
Increase/(decrease) in other payables	**509**	(323)
Cash utilised in operations	**(10 862)**	(6 129)

9.2 Reconciliation of dividends paid during the year

	2024 R000	2023 R000
Amounts owing at the beginning of the year	**(2 802)**	(2 418)
Amounts charged to retained earnings	**(371 750)**	(330 668)
Amounts owing at the end of the year	**3 245**	2 802
Dividends paid*	**(371 307)**	(330 284)

9.3 Reconciliation of financing activities

	2024 R000	2023 R000
Amount owing to subsidiaries		
Carrying value at beginning of the year	**462 959**	290 524
Cash movement	**(1 647)**	172 134
Finance costs	**–**	301
Carrying value at end of the year	**461 312**	462 959

* *Includes movement in unclaimed dividends.*

10. Risk management

The company has exposure to the following risks from its use of financial instruments: market risk (foreign exchange, interest rate), liquidity risk, credit risk and capital risk. This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing financial risk, and the company's management of capital.

The major guidelines of this policy are the following:

- to minimise interest rate, currency and market risk for all transactions;
- to ensure that all financial risk management activities are carried out and monitored at a central level; and
- to ensure that all financial risk management activities are carried out on a prudent and consistent basis.

The company audit committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of the risk management controls and procedures. The results are reported to the audit committee and management for remediation.

	2024 Carrying amount R000	2023 Carrying amount R000
Financial assets		
Measured at amortised cost:		
Cash and cash equivalents	**67**	219
Receivables from Group companies	**37 698**	49 590
	37 765	49 809
Financial liabilities		
Measured at amortised cost:		
Other payables	**804**	295
Shareholders for dividends	**3 245**	2 802
Payables to Group companies	**461 312**	462 959
	465 361	466 056

The carrying amounts of financial assets and liabilities are considered to approximate the fair values.

10. Risk management (continued)

10.1 Liquidity risk

The company manages liquidity risk on the basis of expected maturity dates, through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared, adequate borrowing facilities are secured and utilisation monitored.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	2024		
	Less than 1 year R000	**1 – 5 years R000**	**Total R000**
Other payables	**804**	**–**	**804**
Payables to Group companies	**–**	**461 312**	**461 312**
Shareholders for dividends	**3 245**	**–**	**3 245**
	4 049	**461 312**	**465 361**

	2023		
	Less than 1 year R000	1 – 5 years R000	Total R000
Other payables	295	–	295
Payables to Group companies	–	462 959	462 959
Shareholders for dividends	2 802	–	2 802
	3 097	462 959	466 056

At present the company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments the company expects operating activities to generate sufficient cash inflows.

10.2 Credit risk

Credit risk is managed on a Group-wide basis. Credit risk consists mainly of cash deposits, cash equivalents and other debtors. The company only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

The company's credit risk mainly lies with loans with Group companies. The three-stage model (general approach) is applied in determining expected credit losses for receivables from Group companies (i.e. intercompany receivables). At each reporting date, the company assesses whether the credit risk on the financial instruments has increased significantly since initial recognition. The following indicators are incorporated: significant increases in credit risk on other financial instruments of the same borrower, actual or expected significant adverse changes in business, financial and economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations. The expected credit loss in relation to receivables from Group companies has been assessed as negligible.

The loans are provided to subsidiaries on an ongoing basis except where it is considered an equity loan and is included as part of the net investment in the borrower.

The loans, which are not equity loans, are generally repayable on demand and interest free. Credit risk is mainly dependent on the subsidiaries performance.

	2024 R000	2023 R000
Receivables from Group companies	**37 698**	49 590
Cash and cash equivalents	**67**	219
	37 765	49 809

11. Schedule of investments in subsidiaries

Please refer to note 24 *Schedule of investment in subsidiaries and associates* of the consolidated financial statements.

12. Related party transactions

Related parties to the company include the companies direct and indirect subsidiaries, joint ventures, associates and key management which is defined as appointed directors of the company as well as directors of related entities of the company. The company, in the ordinary course of business, enters into transactions with related parties which may include the rendering of services, funding arrangements or transfer of resources to related parties.

	2024 R000	2023 R000
12.1 Transactions between the holding company and subsidiaries		
Dividends received	**371 750**	345 263
Finance cost	**(1)**	(301)

12.2 Remuneration

The remuneration for directors of the holding company paid during the year by subsidiaries within the Group has been disclosed in note 22 *Directors remuneration* of the consolidated financial statements. Executive directors are defined as key management.

12.3 Receivables from/payable to Group companies

The intercompany loan balances, including the terms and conditions, have been disclosed in note 1 of the company financial statements.

13. Subsequent events

In March 2024, the Board announced the appointment of Chris Boulle, the current independent non-executive director, as the Group's Chairman effective from the Annual General Meeting (AGM) on 26 July 2024. Chris Boulle will succeed Santie Botha, who is retiring from her roles as an independent non-executive director and Chairman of the Board. Furthermore, Chris Boulle will assume the role of Chairman of the Nomination Committee and relinquish his positions as Chairman of the Audit and Risk Committee and the Remuneration Committee. However, he will continue serving as a member of the Remuneration Committee.

Alex Maditse will assume the role of lead non-executive director starting from the AGM in July 2024. Norman Adami will retire at the upcoming AGM.

The Board declared a final dividend of 164 cents per share, bringing the total dividend for the year to 302 cents per share. This was guided by the principle of prudent capital management, but the lower than expected performance in the second half, and the uncertainty in the interest rate outlook. Total dividend of R302 million was paid out of current year profits.

Shareholder spread

at 29 February 2024

	2024			
	Number of share-holders	**% of total share-holdings**	**Number of shares**	**% of issued capital**
1 – 10 000	6 680	93.95	4 343 625	4.33
10 001 – 50 000	230	3.23	5 412 878	5.40
50 001 – 100 000	66	0.93	4 776 370	4.77
100 001 – 1 000 000	110	1.55	33 918 603	33.85
Over 1 000 000	24	0.34	51 750 808	51.65
Total	**7 110**	**100.00**	**100 202 284**	**100.00**
Distribution of shareholders				
Individuals	6 055	85.16	8 445 549	8.43
Insurance companies	5	0.07	1 320 320	1.32
Investment trusts	229	3.22	7 626 499	7.61
Other companies and corporate bodies	821	11.55	82 809 916	82.64
Total	**7 110**	**100.00**	**100 202 284**	**100.00**
Shareholder type				
Non-public shareholders	31	0.44	18 906 928	18.87
Directors and associates (Direct)	11	0.15	5 420 918	5.41
Directors and associates (Indirect)	20	0.29	13 486 010	13.46
Public shareholders	7 079	99.56	81 295 356	81.13
Total	**7 110**	**100**	**100 202 284**	**100.00**
Fund managers greater than 5% of the issued shares				
Coronation Fund Managers			20 313 659	20.27
Camissa Asset Management			11 077 338	11.05
Public Investment Corporation			6 246 056	6.23
Total			**37 637 053**	**37.55**
Direct and indirect beneficial shareholders greater than 5% of the issued shares (excluding directors)				
Government Employees Pension Fund			12 023 914	12.00
Coronation Fund Managers			9 434 042	9.41
Panis Trust			6 828 955	6.82
Total			**28 286 911**	**28.23**
Total number of shareholdings	**7 110**			
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, B Mathe, DP Hele (Chief Executive Officer)*, AK Maditse, W Mzimba, F Petersen-Cook, T Mosololi and N Shiluvana (Group Financial Director)*.

* *Executive*

Company secretary

CD Appollis

Registered office

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Transfer secretaries

Computershare Investor Services Proprietary Limited
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Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196, South Africa
PO Box 61051, Marshalltown, 2107

Sponsor

The Standard Bank of South Africa Limited
Registration number: 1969/017128/06
30 Baker Street, Rosebank, 2196

Auditors

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