famous | brands

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

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Forward-looking statements disclaimer

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

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

ABOUT FAMOUS BRANDS

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

The Group owns several well-known brands supported by a vertically integrated business model and operations on three continents. Famous Brands is listed on the JSE in the Travel and Leisure sector.

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

Our portfolio of market-leading brands offers a powerful business proposition to franchise partners and a high-quality solution across a diverse range of dining occasions to consumers across income groups. The Brands portfolio consists of 19 restaurant brands, represented by a network of 2 813 restaurants across:

1. South Africa (SA): 2 463 restaurants
2. The rest of Africa and the Middle East (AME): 281 restaurants in 16 countries
3. The United Kingdom (UK): 69 restaurants

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

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

Brands

19 restaurant brands

2 813 restaurants: **2 750** franchised and **63** Company-owned restaurants

Leading Brands

Occupy the number one or two position in the categories they trade in.

Quick Service

Prioritise take away and delivery offerings. These restaurants have smaller sit-down areas and focus on quick service.

Steers, Debonairs Pizza, Fishaways and Milky Lane

Casual Dining

Offers customers a full-service, sit-down experience.

Mugg & Bean and Wimpy

Signature Brands

A wide range of bespoke Casual Dining offerings

Lupa Osteria, Mythos, Salsa, Turn 'n Tender, PAUL, VOVO TELO, Coffee Couture, House of Coffees, NetCafé and Fego Caffé

Manufacturing

Most manufacturing plants are wholly owned, but we also operate certain joint-venture partnerships

Logistics

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

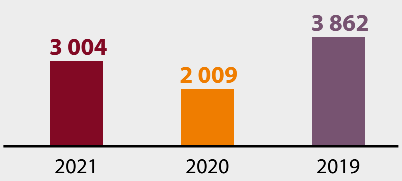
Retail

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

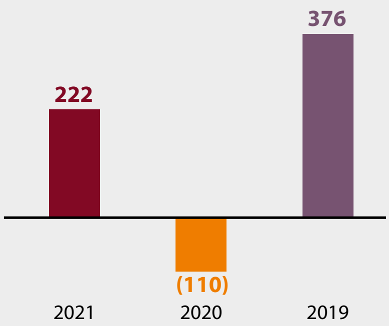
FINANCIAL HIGHLIGHTS

50%	140%	302%	12.9
R3 billion	**97 cents**	**R222 million**	**7.4%**
Revenue	**Headline earnings per share**	**Operating profit**	**Operating profit margin**

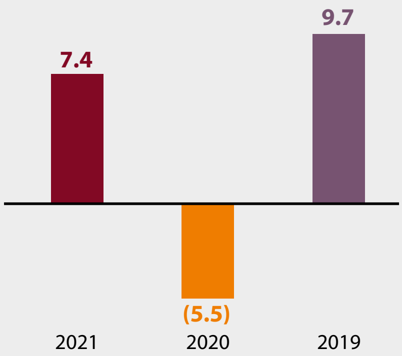
Revenue (R million)



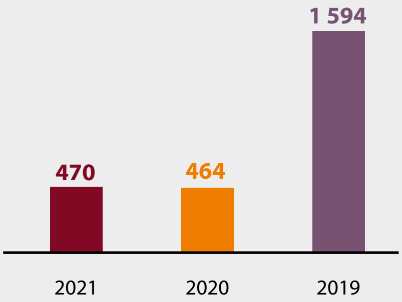
Operating profit/(loss) before non-operational items (R million)



Operating profit margin (%)



Net asset value (cents)



FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY

for the six months ended 31 August 2021

Industry overview

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

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

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

Restrictions and health concerns

- Trading activity remains muted due to restrictions related to sit-down dining, seated capacity, trading times and alcohol sales
- Research indicates that fear of contracting COVID-19 remains a first or second barrier to consumers eating at a sit-down restaurant
- A channel shift towards take away and delivery channels as customers prefer these low or no contact options
- The major trend towards remote ordering is gaining momentum

Financial-related impacts

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

Travel-related impacts

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

School, sport and event-related impacts

- Limited in-person schooling and no school sport limits movement, which directly impacts impulse purchases to and from venues
- Limited sporting and cultural events also limited impulse purchases as consumers are on the road less

Famous Brands has explored several ways to draw foot traffic and boost revenues.

Menus	Price increases and promotions
For many brands, we continue to operate with reduced menus to simplify restaurant operations without compromising consumer choice. We continue our menu engineering principles to improve delivery menus to ensure that consumers receive the best quality take away product.	We strive to keep menu price increases below food inflation to ensure that we remain competitive. This is essential in a period where consumer spending power has declined significantly. Promotional activities focus on value for money propositions. Reduced trading hours in SA and other AME markets has required a renewed focus on lunch and breakfast promotions.

Take away and delivery channels and payment options	Operational planning
Both Leading and Signature Brands embraced take away and delivery, including kerbside pick-up, own delivery and third-party delivery, order ahead options and increasing drive-through capacity. Adopting technology to enable enhanced service is critical to this channel shift. Contactless and mobile payment options have become crucial. Tamper-proof food safety stickers were implemented across own delivery and third-party aggregators and have proven to be an industry differentiator.	Our operational planning focuses on business sustainability, adherence to all COVID-19 health and safety protocols, and maintaining the highest brand and quality standards while offering a superior customer experience. Customer safety remains at the heart of all we do.

Group performance

The Group's performance recovered in varying degrees across geographies compared to the prior comparable period.

This recovery was slowed by the civil unrest experienced in SA in July, COVID-19 restrictions related to the pandemic's third wave and poor economic conditions. This has been an incredibly challenging period for our franchise partners. Famous Brands continues to provide ongoing direct financial support to franchise partners in the form of royalty and marketing fee breaks.

Impact of July unrest on SA operations

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

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

The Group's logistics facility in Westmead was also damaged and was closed for three weeks before it became fully operational again. Through the activation of our business continuity plan, we delivered to restaurants in the affected areas.

By the end of August 2021, 54 restaurants had not re-opened. Famous Brands provided ongoing support to franchise partners where required in the form of royalty relief, assistance with insurance claims and bridging finance between restoration and insurance payouts.

Group financial results

Total revenue for the review period increased by 50% to R3 004 million (2020: R2 009 million). Revenue was down 22% from R3 862 million compared to 2019. The operating profit increased 302% to R222 million (2020: R(110) million), and the headline earnings per share increased by 140% (2020: (271)%). Compared to 2019, operating profit was down 41% (R376 million) and headline earnings by 31%.

Salient features	Unit	**Six months ended 31 August 2021**	**Six months ended 31 August 2020**	% change (H1 2022 versus H1 2021)
Statement of profit or loss and other comprehensive income				
Revenue	R'million	**3 004**	2 009	50
Operating profit/(loss) before non-operational items	R'million	**222**	(110)	302
Operating margin	%	**7.4**	(5.5)	12.9
Impairments	R'million	**–**	(1 569)	
EBITDA	R'million	**322**	86	274
Basic earnings/(loss) per share	Cents	**96**	(1 535)	106
Headline earnings/(loss) per share (HEPS)	Cents	**97**	(240)	140
Statement of cash flows				
Cash generated by operations before working capital changes	R'million	**344**	(35)	
Working capital changes	R'million	**(25)**	90	(72)
Net cash (outflow)/inflow utilised in investing activities	R'million	**(72)**	25	(388)
Net cash outflow from financing activities	R'million	**(161)**	(133)	21
Cash realisation rate*	%	**99**	64	35
Statement of financial position				
Cash and cash equivalents**	R'million	**391**	341	15
Net asset value per share	Cents	**470**	464	1.2
Net debt^	R'million	**1 323**	2 673	51
Net debt/equity (gearing)	%	**281**	574	293
Total equity	R'million	**471**	465	1.2

* *Cash generated by operations as a percentage of EBITDA.*
** *Includes restricted cash of R87 million (2020: R12 million) related to marketing funds.*
^ *Total interest-bearing borrowings (including lease liabilities) less cash.*

Discontinued operations

Gourmet Burger Kitchen (GBK) became a discontinued operation when it was placed into administration in terms of the UK Insolvency Act on 14 October 2020, and was accounted for accordingly in the Group's results for the year ended 28 February 2021. For the six months ended 31 August 2020, GBK was still part of the Group's continuing operations.

Gearing

Total borrowings at 31 August 2021 was R1 364 million (2020: R1 560 million) and Famous Brands repaid net borrowings of R104 million for the period under review.. Total debt facilities available at 31 August 2021 was R725 million.

Significant transactions

In March 2021, Famous Brands Design Studio (Pty) Ltd (DHQ), trading as DHQ transitioned to an associate company. Famous Brands now holds 49% (formerly 60%) after the creation of the DHQ Employees Share Trust. Famous Brands donated the shares to the trust.

During the six month period, Famous Brands acquired the 49% minority stake from the founders of Lupa Osteria and Turn 'n Tender. Famous Brands now owns 100% of both brands.

In May 2021, Famous Brands sold its 51% stake in the Famous Brands Great Bakery Company (Pty) Ltd trading as Bread Basket to the business's long-standing partners and founders.

Operational review

Brands

Total revenue for the review period increased by 119% to R406 million (2020: R186 million). Leading Brands revenue was up 114% to R345 million (2020: R161 million), while Signature Brands revenue improved 146% to R61 million (2020: R25 million). The operating profit was R134 million (2020: R4 million), and the operating margin increased to 33.0% (2020: 2.3%).

Home delivery played a vital role in the Group's success in the past six months, with 14% year-on-year turnover growth across own and third-party aggregators.

Famous Brands' ongoing investment in technology and internal capability streamlines last mile home delivery. The Group has improved its own delivery offering by optimising delivery zones, reducing drive distances, stimulating volume and improving preparation and drive times.

SA

The local restaurant industry faces headwinds due to COVID-19 restrictions, consumer apprehension regarding eating out and poor economic conditions.

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

Across our Leading and Signature Brands, combined like-for-like sales** increased by 75.6%. Leading Brands' system-wide sales# improved by 76.4%, while like-for-like sales** grew by 71.7%. Signature Brands' like-for-like sales improved 149.1%.

Leading Brands portfolio

Leading Brands delivered improved results, despite continued COVID-19 restrictions and challenging economic conditions. The investment in own delivery capability has paid off. Leading Brands strengthened their strategic partnership with third-party delivery platforms, ensuring that brands were present in all key marketplaces.

Quick Service restaurants continued to outperform Casual Dining restaurants.

We opened 50 new restaurants, revamped 41 restaurants and closed 19 restaurants.

Capital expenditure of R17 million (2020: R13 million) was allocated towards Leading Brands.

**System-wide sales refers to sales reported by all restaurants across the network, including new restaurants opened during the period.*
***Like-for-like sales refers to sales reported by all restaurants across the network, excluding restaurants opened or closed during the period.*
 # Leading Brands' sales refers to sales of the Leading Brands trading in SA.
^Signature Brands' sales refer to franchise and Company-owned store sales in SA as well as sales cross border where the brand is not managed by the AME management team.

Signature Brands portfolio

Our Signature Brands are particularly impacted by COVID-19 restrictions such as curfews, capacity reductions and alcohol restrictions. While sales improved, they do not compare favourably with pre-pandemic levels.

NetCafé, Coffee Couture and Fego Caffé, operating in the hospital and captive market segment, struggled due to hospital visitor number restrictions. A pilot project with Pick 'n Pay was conducted where the captive market team manages coffee kiosks in stores, with four outlets currently serviced.

PAUL[1] performed the best in the Signature Brands portfolio, attributed to strong day trading attributes and less reliance on alcohol and evening sales.

We opened two new restaurants and closed eight.

AME

The COVID-19 pandemic continued to impact AME markets as second and third waves of infection occurred. While several countries started vaccination programmes, vaccination rates tend to be low. COVID-19 restrictions placed franchise partners and licensees under increased financial strain. Franchise partners have been resilient, with no restaurant closures during the period as a direct result of COVID-19.

System-wide sales* in this region increased by 14.7% (2020: decrease of 30.1%). The region's revenue was R168 million (2020: R143 million). Operating profit decreased 25% to R8 million (2020: R11 million). The operating profit margin declined to 4.8% (2020: 7.6%).

Quick Service brands in Botswana, Ethiopia, Kenya, Nigeria and Sudan had strong home delivery channel sales. We continued strengthening local supply chains across several markets.

17 new restaurants opened including a new company-owned Debonairs Pizza in Nairobi, while two restaurants closed.

UK

Wimpy UK

At the beginning of the 2022 financial year, the UK was under stringent lockdown regulations. All 69 restaurants were restricted to take away and delivery sales only. On 17 May 2021, restaurants were permitted to re-open with social distancing regulations in place. The seating capacity of all restaurants was significantly reduced. On 19 July 2021, all social distancing measures were lifted. All Wimpy restaurants, apart from three restaurants in Scotland, were able to return to full capacity.

System-wide sales* were up 7.5% on the previous year and close to pre-pandemic levels. Revenue in rand terms decreased to R64 million (2020: R65 million). Operating profit declined by 12% to R8 million (2020: R9 million), while the operating margin deteriorated to 13.1% (2020: 14.5%).

The delivery channel is still growing with more restaurants offering delivery as third-party delivery partners are expanding rapidly.

**System-wide sales refers to sales reported by all restaurants across the network, including new restaurants opened during the period.*

Vertical integration

Manufacturing

Manufacturing revenue improved 64.5% to R1.3 billion (2020: R808 million). Operating profit recovered to R129 million (2020: R31 million), 318% higher than prior comparable period. This recovery was driven by improved demand from the front end of the value chain.

There has been significant food inflation, peaking at 6.7%, over the past six months. Our basket price pressures were mainly from beef, green coffee beans, milk and whey powders, oil and spices as COVID-19 continues to disrupt global supply chains. The stronger rand has helped soften some of the significant increases in commodity prices.

A global shortage of vessels and containers has resulted in higher shipping costs, leading to higher costs of imported goods and longer shipping timelines.

[1] *Licensed brand by PAUL International.*

Capital expenditure of R27 million (2020: R3 million) was allocated to plant upgrades, site relocations and machinery and equipment.

Logistics

Logistics' performance has improved due to the easing of COVID-19 restrictions, although slowed down by the COVID-19 third wave and July's civil unrest.

Logistics' turnover increased by 73.5% to R1.9 billion (2020: R1.1 billion), with a positive recovery in profit to R7 million (2020: R(46) million). The operating margin increased to 0.4% compared to (4.2)% in the comparable period. Case volumes grew by 49.6% compared to the comparable period.

Capital expenditure of R1.7 million (2020: R0.2 million) was incurred.

Retail

The Retail business continues with its solid performance with a 46% increase in sales to R105 million (2020: R72 million). This is in line with the trend towards increased home consumption. During the period, we launched two new Mugg & Bean dressings and a Steers rib burger patty. The introduction of new products is currently slowed by retailers looking to limit in-store promotions due to COVID-19.

Group associates

The Group holds strategic stakes in the following entities:

- **UAC Restaurants Limited** (49%): Operates the Mr Bigg's and Debonairs Pizza brands and a central kitchen (bakery and manufacturing) and distribution in Nigeria. There are 53 Mr Bigg's and six Debonairs Pizza restaurants
- **FoodConnect** (49%): Owns the rights to the Group's licensed Baltimore ice-cream brand and agencies for other products outside of the Group
- **DHQ** (49%): Provides restaurant planning and design services to the Group and third-party clients
- **Sauce Advertising** (37%): Assists the Group and third-party clients by providing enhanced marketing capabilities and leveraging marketing spend to improve the business's competence in the digital marketing space

Changes to the composition of the Board of Directors

There have been several changes to the Board of Directors during the review period:

- 1 June 2021: Fagmeedah Petersen-Cook appointed as an independent non-executive director
- 11 June 2021: Lebo Ntlha resigned as Group Financial Director effective 30 November 2021
- 23 July 2021:
  - Emma Mashilwane retired from the Board at the Famous Brands AGM
  - Chris Boulle was appointed as Chair of the Remuneration Committee and stepped down as Chairman of the Investment Committee
  - Fagmeedah Petersen-Cook was appointed as Chair of the Investment Committee
  - Johnny Halamandres stepped down as a full member of the Investment Committee
- 1 August 2021:
  - Deon Fredericks was appointed as Group Financial Director-elect and stepped down as a member and Chair of the Audit and Risk Committee
  - Chris Boulle was appointed as member and Chairman of the Audit and Risk Committee

Post review period Board of Director appointments

- 20 October 2021: Busisiwe Mathe was appointed as an independent non-executive director to the Famous Brands Board of Directors
- 26 October 2021:
  - Busisiwe Mathe was appointed as a member of the Audit and Risk Committee
  - Chris Boulle stepped down as Chairman of the Social and Ethics Committee, but will remain as a member
  - Alex Maditse was appointed as Chairman of the Social and Ethics Committee

Looking forward

Our focus for the remainder of the year will be on creating further operational efficiencies, prioritising core long-term operations, improving investment returns for franchise partners and managing cash flows.

While we are concerned about the weak economy and low business and consumer confidence, we are optimistic that sales will recover further. Famous Brands has a proven business model and specialist skills to navigate our recovery.

COVID-19

The possibility of a fourth wave in several markets could lead to more stringent COVID-19 restrictions. The timing of this fourth wave is also critical; an earlier fourth wave in November would have a lesser revenue impact than a wave during the December and January holiday period.

Famous Brands expects COVID-19 restrictions to be in place until February 2022. We expect an improvement in trading activity as vaccine programmes roll out and economic conditions improve.

Delivery

Delivery through third-party aggregators will continue to grow, slowing our own delivery growth to some degree while also representing growth through accessing a new customer base.

Technology advancements

Famous Brands has developed the "Delivery Central Services" format to leverage its existing network and own delivery capability to reduce delivery times and costs. The Group is testing this proof of concept. Initial results indicate improved efficiency, cost benefits and an excellent customer experience. This concept will be rolled out nationally to ensure that Famous Brands can strengthen its competitive position within high-density delivery nodes.

Food inflation and margin pressure

We anticipate some food inflation in the second half of the year, which will be mainly driven by dry goods (flour, spices, sugar, green coffee beans), perishables (chicken, soya oil) and packaging (carton and corrugates, plastic). Expected currency weakness in the period ahead will further intensify margin pressure for Manufacturing.

Strategy execution

We are in the second year of our 2021 – 2023 strategic roadmap, which is customer-inspired, brand-led and supported by a robust back-end value chain. This roadmap is consistent with the long-standing emphasis on the business's front-end (brands) component but with a narrower geographical focus on expanding into selected African and Middle Eastern markets.

Dividend

Famous Brands will not be paying an interim dividend. The restriction from our primary lender is that the Group must reduce net debt: EBITDA to be less than 2.5 times for two consecutive periods before resuming a dividend.

A live webcast of the Group's interim results presentation will be held on 27 October 2021. To pre-register link to: https:// www.corpcam.com/famousbrands27102021

On behalf of the Board

SL Botha
Chairman

DP Hele
Chief Executive Officer

Midrand

27 October 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2021

	Notes	Unaudited 31 August 2021 R000	Unaudited 31 August 2020 R000	Audited 28 February 2021 R000
ASSETS				
Non-current assets		**1 664 528**	3 336 073	1 695 450
Property, plant and equipment	5	**640 906**	2 043 040	667 098
Intangible assets	6	**899 365**	1 144 901	917 450
Investments in associates		**22 174**	61 540	21 714
Other receivables	7	**47 119**	29 907	29 122
Deferred tax		**54 964**	56 685	60 066
Current assets		**1 343 185**	1 421 261	1 297 723
Inventories		**418 278**	366 563	354 243
Current tax assets		**6 907**	14 428	5 470
Derivative financial instruments	13	**5 770**	-	8 011
Trade and other receivables	7	**521 168**	699 020	485 642
Cash and cash equivalents		**391 062**	341 250	444 357
Total assets		**3 007 713**	4 757 334	2 993 173
EQUITY AND LIABILITIES				
Equity attributable to owners of Famous Brands Limited		**347 080**	349 756	269 506
Non-controlling interests		**123 480**	115 624	121 258
Total equity		**470 560**	465 380	390 764
Non-current liabilities		**1 701 937**	2 764 058	1 805 314
Borrowings	15	**1 354 998**	1 335 000	1 462 600
Lease liabilities		**263 660**	1 321 292	256 934
Deferred tax		**83 279**	107 766	85 780
Current liabilities		**835 216**	1 527 896	797 095
Non-controlling shareholder loans		**1 949**	841	1 692
Derivative financial instruments	13	**2 281**	144 055	2 363
Lease liabilities		**85 885**	132 673	88 142
Trade and other payables	16	**725 431**	1 015 871	673 768
Shareholders for dividends		**2 418**	2 418	2 418
Current tax liabilities		**8 060**	7 038	22 300
Borrowings	15	**9 192**	225 000	6 412
Total liabilities		**2 537 153**	4 291 954	2 602 409
Total equity and liabilities		**3 007 713**	4 757 334	2 993 173

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 August 2021

	Notes	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000	% change
Revenue	8	**3 003 594**	2 008 534	50
Cost of sales		**(1 673 024)**	(1 085 084)	
Gross profit		**1 330 570**	923 450	44
Selling and administrative expenses		**(1 108 702)**	(1 033 284)	
Operating profit/(loss) before non-operational items		**221 868**	(109 834)	302
Non-operational items	10	**–**	(1 568 925)	
Operating profit/(loss) including non-operational items		**221 868**	(1 678 759)	113
Net finance costs		**(59 532)**	(126 924)	
Finance costs	11	**(66 875)**	(137 997)	
Finance income	11	**7 343**	11 073	
Share of profit of associates		**1 876**	1 265	
Profit/(loss) before tax		**164 212**	(1 804 418)	109
Tax		**(48 565)**	271 919	
Profit/(loss) for the period		**115 647**	(1 532 499)	108
Profit/(loss) for the period attributable to:				
Owners of Famous Brands Limited		**95 817**	(1 538 139)	106
Non-controlling interests		**19 830**	5 640	
Profit/(loss) for the period		**115 647**	(1 532 499)	
Other comprehensive income, net of tax:				
Exchange differences on translating foreign operations*		**(19 927)**	192 487	
Pre-tax foreign exchange differences on translating foreign operations		**(19 927)**	217 445	
Tax effect on foreign exchange differences translating foreign operations		**–**	(24 958)	
Movement in hedge accounting reserve*		**(1 713)**	(12 842)	
Effective portion of fair value changes of cash flow hedges		**(2 380)**	(17 837)	
Tax on movement in hedge accounting reserve		**667**	4 995	
Total comprehensive income/(loss) for the period		**94 007**	(1 352 854)	

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME continued

	Notes	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000	% change
Total comprehensive income/(loss) attributable to:				
Owners of Famous Brands Limited		**74 177**	(1 358 494)	
Non-controlling interests		**19 830**	5 640	
Total comprehensive income/(loss) for the period		**94 007**	(1 352 854)	
Basic earnings/(loss) per share (cents)				
Basic	9.1	**96**	(1 535)	106
Diluted	9.1	**95**	(1 532)	106

Note: GBK became a discontinued operation when it was placed into administration in terms of the UK Insolvency Act on the 14th of October 2020, and was accounted for accordingly in the Group's results for the year ended 28 February 2021. For the six months ended 31 August 2020, GBK was still part of the Group's continuing operations. Supplementary disclosure has been provided in Note 19 to provide comparable results against the Group's results for the review period.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August 2021

	Unaudited 31 August 2021 R000	Unaudited 31 August 2020 R000	Audited 28 February 2021 R000
Balance at the beginning of the period	**390 764**	1 800 392	1 800 392
Issue of share capital and premium	**–**	601	601
Equity settled share-based payment scheme	**15 990**	17 676	34 449
Put-options over non-controlling interests*	**–**	–	(31 729)
Total comprehensive income/(loss) for the period	**94 007**	(1 352 854)	(1 394 658)
Payment of dividends	**(5 910)**	(435)	(15 307)
Additional interest acquired from non-controlling interests	**(5 988)**	–	–
Disposal of interest in subsidiaries impact on non-controlling interests	**(5 712)**	–	–
Other reserve	**–**	–	(2 984)
Change in ownership interests in subsidiaries	**(12 591)**	–	–
Balance at the end of the period	**470 560**	465 380	390 764

* *Relates to expiry of a put option relating to non-controlling interests.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 August 2021

	Notes	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000
Cash generated/(utilised) before working capital changes		**343 630**	(34 981)
Working capital changes		**(25 065)**	90 462
(Increase)/decrease in inventories		**(67 792)**	63 179
Increase in receivables		**(23 396)**	(83 778)
Increase in payables		**66 123**	111 061
Cash generated from operations		**318 565**	55 481
Net interest paid		**(59 476)**	(95 938)
Interest received		**7 343**	11 072
Interest paid		**(66 819)**	(107 010)
Tax paid		**(59 576)**	(14 220)
Dividends paid to non-controlling interests		**(15 710)**	(435)
Net cash inflow/(outflow) from operating activities		**183 803**	(55 112)
Cash flow from investing activities			
Additions to property, plant and equipment	5	**(56 241)**	(22 413)
Intangible assets acquired	6	**(12 657)**	(5 460)
Proceeds from disposal of property, plant and equipment and intangible assets		**9 740**	5 321
Net cash inflow on disposal of investment in associate		**–**	1 521
Net cash inflow on disposal of subsidiaries	14	**17**	43 890
Dividends received from associate		**2 944**	2 024
Advance payment relating to property, plant and equipment		**(15 929)**	–
Net cash (outflow)/inflow from investing activities		**(72 126)**	24 883
Cash flow from financing activities			
Net borrowings repaid		**(104 267)**	(97 169)
Borrowings raised		**20 733**	1 610 000
Borrowings repaid		**(125 000)**	(1 707 169)
Acquisition of additional interest in subsidiary	14	**(18 580)**	–
Share-based payment grant settlements		**(4 331)**	–
Non-controlling shareholder loans received		**257**	240
Principal repayment of lease obligations		**(39 670)**	(36 183)
Other receivables (head-leases)		**5 804**	–
Net cash outflow from financing activities		**(160 787)**	(133 112)
Net decrease in cash and cash equivalents		**(49 110)**	(163 341)
Foreign currency effect		**(4 185)**	18 334
Cash and cash equivalents at the beginning of the period		**444 357**	486 257
Cash and cash equivalents at the end of the period*		**391 062**	341 250

* *Comprises cash and cash equivalents of R391 million (August 2020: R341 million), of which R87 million (August 2020: R12 million) is restricted cash related to marketing funds.*

PRIMARY (BUSINESS UNITS) AND SECONDARY (GEOGRAPHICAL) SEGMENT REPORT

for the six months ended 31 August 2021

	Note	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000	% change
Revenue				
Leading brands		**345 202**	160 946	114
Signature brands		**61 259**	24 865	146
Supply Chain		**2 120 902**	1 248 432	70
Manufacturing		**1 329 009**	807 689	65
Logistics		**1 901 196**	1 095 982	73
Retail		**105 186**	72 070	46
Eliminations		**(1 214 489)**	(727 309)	(67)
Marketing funds		**244 387**	102 696	138
Corporate		**485**	6 465	(92)
South Africa (SA)		**2 772 235**	1 543 404	80
United Kingdom (UK)		**63 513**	321 865	(80)
Gourmet Burger Kitchen (GBK)		**–**	256 857	
Wimpy		**63 513**	65 008	
Rest of Africa and Middle East (AME)		**167 846**	143 265	17
Total		**3 003 594**	2 008 534	50
Operating profit/(loss) before non-operational items				
Leading brands		**145 124**	27 957	419
Signature brands		**(11 039)**	(23 605)	53
Supply Chain		**136 122**	(16 890)	906
Manufacturing		**129 150**	30 867	318
Logistics		**6 672**	(46 121)	114
Retail		**300**	(1 636)	118
Marketing funds		**(62)**	1 080	(106)
Corporate		**(64 711)**	1 136	
Share based payment charge		**(20 320)**	(18 276)	(11)
Foreign exchange movement*		**–**	17 984	(100)
Consolidation entries**		**(6 404)**	28 053	(123)
Corporate administration costs***		**(37 987)**	(26 625)	(43)
South Africa		**205 434**	(10 322)	
UK		**8 347**	(110 356)	108
GBK		**–**	(119 813)	100
Wimpy		**8 347**	9 457	(12)
AME		**8 087**	10 844	(25)
Total		**221 868**	(109 834)	302
UK		**–**	(1 568 925)	
Impairment	10	**–**	(1 568 925)	
Corporate		**(106 221)**	146 260	
Net finance costs		**(59 532)**	(126 924)	
Share of profit of associates		**1 876**	1 265	
Tax		**(48 565)**	271 919	
Profit/(loss) for the period		**115 647**	(1 532 499)	108

* *Foreign exchange movement for prior year relates to the intercompany loan with GBK.*
** *Consolidation entries relate to amortisation at Group level and profit or loss from business disposals.*
*** *Corporate administration costs include internal audit, Board fees, corporate finance, CEO, other head office administrative costs not related to operations.*

PRIMARY (BUSINESS UNITS) AND SECONDARY (GEOGRAPHICAL) SEGMENT REPORT continued

Segmental operating margins	Unaudited six months ended 31 August 2021 %	Unaudited six months ended 31 August 2020 %	change
Leading brands	**42.0**	17.4	24.6
Signature brands	**(18.0)**	(94.9)	76.9
Supply Chain	**6.4**	(1.4)	7.8
Manufacturing	**9.7**	3.8	5.9
Logistics	**0.4**	(4.2)	4.6
Retail	**0.3**	(2.3)	2.6
SA	**7.4**	(0.7)	8.1
UK	**13.1**	(34.3)	47.4
GBK	**–**	(46.6)	100.0
Wimpy	**13.1**	14.5	(1.4)
AME	**4.8**	7.6	(2.8)
Total	**7.4**	(5.5)	12.9

The table below sets out the revenue from significant foreign entities.

	Unaudited 31 August 2021 R000	Unaudited 31 August 2020 R000	Audited 28 February 2021 R000
Revenue from individual countries			
UK	**63 513**	321 865	449 991
Botswana	**136 084**	129 649	267 427
The table below sets out the geographical location of non-current assets excluding deferred tax assets and financial instruments (other receivables).			
Geographical allocation of non-current assets			
SA	**1 278 236**	1 528 678	1 300 642
UK	**180 855**	1 635 480	208 892
Botswana	**82 839**	79 944	80 966
Other countries	**20 515**	5 379	15 762
Total	**1 562 445**	3 249 481	1 606 262
Additions to non-current assets by segment*			
Leading brands	**17 015**	13 268	25 029
Signature brands	**9 499**	1 621	5 832
Manufacturing	**26 762**	3 229	20 031
Logistics	**1 721**	187	4 085
Corporate	**2 627**	899	1 507
SA	**57 624**	19 204	56 484
AME	**11 221**	6 308	25 097
UK	**53**	2 361	2 356
Total	**68 898**	27 873	83 937

* *Relates to property, plant equipment and intangible assets.*

STATISTICS AND RATIOS

	Unaudited 31 August 2021	Unaudited 31 August 2020	% change
Basic earnings/(loss) per share (cents)			
Basic	**96**	(1 535)	106
Diluted	**95**	(1 532)	106
Headline earnings/(loss) per share (cents)			
Basic	**97**	(240)	140
Diluted	**96**	(239)	140
Ordinary shares (000)			
in issue	**100 202**	100 202	
weighted average	**100 202**	100 191	
diluted weighted average	**100 823**	100 397	
Operating margin (%)	**7.4**	(5.5)	
Net debt/equity (%)*	**281**	574	
Net debt/equity, excluding IFRS 16 liabilities (%)**	**207**	262	
Net asset value per share (cents)	**470**	464	

** Total interest-bearing borrowings (including lease liabilities) less cash and cash equivalents divided by equity.*
*** Gearing ratio excluding lease liabilities.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 August 2021

Famous Brands Limited (the "company") is a South African registered company. These condensed consolidated financial statements of the company comprise the company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

1 Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board in issue and effective for the Group at 31 August 2021, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and as a minimum contains the information required by IAS 34 *Interim Financial Reporting*, the JSE Listings Requirements, and the Companies Act of South Africa.

2 Basis of preparation

The Group's unaudited condensed consolidated interim financial statements as at and for the period ended 31 August 2021 have been prepared on the going concern basis. The accounting policies applied in the presentation of these condensed consolidated interim financial statements are consistent with those applied for the year ended 28 February 2021, except for the new standards that became effective for the Group's financial period beginning 1 March 2021, refer to note 3.

The condensed consolidated Interim financial statements have not been audited or reviewed, and were prepared on the historical cost basis except for the measurement of certain financial instruments as fair value, under the supervision of Kelebogile (Lebo) Ntlha CA(SA), Group Financial Director.

3 Changes in accounting policies

The Group has adopted all the new, revised or amended accounting standards which were effective for the Group from 1 March 2021, including:

Interest Rate Benchmark Reform – Phase 2 (Amendment, effective for financial years beginning on or after 1 January 2021): IFRS 4 - *Insurance Contracts*, IFRS 7 - *Financial Instruments: Disclosures*, IFRS 9 - *Financial Instruments*, IFRS 16 - *Leases*, IAS 39 - *Financial Instruments: Recognition and Measurement*.

These do not have a significant impact on the Group's financial results or position.

4 Balance sheet management in context of the COVID-19 global pandemic

Liquidity management remains a key focus area. The Group's discipline regarding capital allocation resulted in the Group having unutilised facilities of R725 million (August 2020: R500 million), refer to note 15. Capital expenditure for the reporting period amounted to R69 million (August 2020: R28 million). The Group's closing cash position was R391 million (August 2020: R341 million), including R87 million (August 2020: R12 million) restricted cash relating to marketing funds.

	Unaudited 31 August 2021 R000	Unaudited 31 August 2020 R000	Audited 28 February 2021 R000

5 Property, plant and equipment

Opening balance	**667 098**	2 226 797	2 226 797
Additions	**56 241**	22 413	72 580
Additions due to IFRS 16 application	**26 049**	100 083	91 874
Foreign currency translation	**(6 502)**	169 645	163 313
Disposals	**(3 818)**	(5 123)	(25 875)
Disposal of subsidiary	**(8 496)**	(224)	(1 298 684)
Depreciation	**(89 666)**	(183 627)	(275 983)
Impairment	**–**	(286 924)	(286 924)
Closing balance	**640 906**	2 043 040	667 098

Impairment

There was no impairment recognised during the period under review (August 2020: R287 million and February 2021 R287 million mainly relates to GBK, which was impaired in full during the year ended 28 February 2021).

6 Intangible assets

Opening balance	**917 450**	2 274 895	2 274 895
Additions	**12 657**	5 460	11 357
Foreign currency translation	**(12 152)**	162 173	62 105
Disposals	**(4 759)**	(3 305)	(14 070)
Disposal of subsidiary	**(3 845)**	(23)	–
Amortisation	**(9 986)**	(12 298)	(22 847)
Impairment	**–**	(1 282 001)	(1 393 990)
Closing balance	**899 365**	1 144 901	917 450

Impairment

There was no impairment recognised during the period under review (August 2020: R1.3 billion and February 2021 R1.4 billion mainly relates to GBK, which was impaired in full during the year ended 28 February 2021).

7 Trade and other receivables

Non-current portion	**47 119**	29 907	29 122
Lease and other receivables	**31 190**	29 907	29 122
Advance payment on property, plant and equipment	**15 929**	–	–
Current portion	**521 168**	699 020	485 642
Trade receivables	**439 862**	606 019	437 195
Impairment allowance	**(15 982)**	(19 663)	(22 885)
Net trade receivables	**423 880**	586 356	414 310
Lease and other receivables	**62 584**	63 836	48 960
Prepayments	**30 586**	45 976	19 766
VAT receivable	**4 118**	2 852	2 606
	568 287	728 927	514 764

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

		Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000
8 Revenue			
Sale of goods		**2 120 902**	1 248 432
Services rendered and franchise revenue		**638 306**	657 406
Marketing funds		**244 386**	102 696
		3 003 594	2 008 534
9 Basic and headline earnings/(loss) per share			
9.1 Basic earnings/(loss) per share			
Profit/(loss) attributable to equity holders of Famous Brands Limited		**95 817**	(1 538 139)
Basic earnings/(loss)		**95 817**	(1 538 139)
Diluted basic earnings/(loss)		**95 817**	(1 538 139)
Basic earnings/(loss) per share (cents)			
Basic		**96**	(1 535)
Diluted		**95**	(1 532)
9.2 Headline earnings/(loss) per share			
Basic earnings/(loss)	9.1	**95 817**	(1 538 139)
Adjustments:			
(Profit)/loss on disposal of property, plant and equipment and intangible assets		**(837)**	1 418
Gross		**(1 163)**	1 970
Tax		**326**	(552)
Loss/(profit) on disposal of subsidiaries and associate		**1 771**	(37 747)
Gross		**1 771**	(37 747)
Tax		**–**	–
Impairment loss		**–**	1 334 345
Gross		**–**	1 568 925
Tax		**–**	(234 580)
Headline earnings/(loss)		**96 751**	(240 123)
Diluted headline earnings/(loss)		**96 751**	(240 123)
Headline earnings/(loss) per share (cents)			
Basic		**97**	(240)
Diluted		**96**	(239)

	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000
10 Non-operational items*		
Impairment	–	1 568 925
	–	1 568 925

** Represent non-operational items that are not expected to recur in the future. These costs have an impact on the Group's effective tax rate. The impairment relates to the GBK CGU in August 2020, refer to Note 5 and Note 6.*

11 Net finance costs

	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000
Finance costs		
Interest on borrowings	**(47 146)**	(58 567)
Interest on put option liabilities relating to non-controlling interest	–	(3 977)
Interest on lease liabilities	**(14 421)**	(50 292)
Other interest costs	**(5 308)**	(25 161)
	(66 875)	(137 997)
Finance income		
Interest from lease receivables	**1 073**	2 346
Interest from bank deposits	**6 269**	8 695
Other interest income	**1**	32
	7 343	11 073
Net finance costs	**(59 532)**	(126 924)

12 Related party transactions

The Group entered into various transactions with related parties, in the ordinary course of business. The nature of related-party transactions is consistent with those reported previously.

13 Financial instruments

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are described below:

Level 1: quoted prices (adjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Key assumptions used in the valuation of these instruments include JIBAR and foreign currency exchange rates.

Level 3: unobservable inputs for the asset or liability.

	Level	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000	Audited year ended 28 February 2021 R000
Financial assets				
Measured at amortised cost				
Trade and other receivables^		**505 796**	676 411	492 392
Cash and cash equivalents^		**391 062**	341 250	444 357
		896 858	1 017 661	936 749
Financial liabilities				
Measured at amortised cost:				
Trade and other payables^		**613 135**	880 353	469 586
Shareholders for dividends^		**2 417**	2 418	2 418
Lease liabilities^		**349 545**	1 453 965	345 076
Non-controlling shareholder loans^		**1 949**	841	1 692
Borrowings^		**1 364 190**	1 560 000	1 469 012
		2 331 236	3 897 577	2 287 784
The carrying amounts of financial assets and liabilities are considered to approximate their fair values.				
Derivative financial instrument assets				
Measured through profit or loss:				
Foreign exchange contracts	2	**212**	–	–
Measured through other comprehensive income:				
Interest-rate swaps	2	**5 558**	–	8 011
		5 770	–	8 011
Derivative financial instrument liabilities				
Measured through profit or loss:				
Put options over non-controlling interests*	3	**–**	108 272	–
Foreign exchange contracts	2	**–**	17	2 363
Measured through other comprehensive income:				
Interest-rate swaps	2	**2 281**	35 766	–
		2 281	144 055	2 363
Level 3 sensitivity information				
Movements in level 3 financial instruments carried at fair value				
The following tables illustrates the movements during the year of level 3 financial instruments carried at fair value:				
***Put options over non-controlling interests:**				
Carrying value at beginning of the period		**–**	104 295	104 295
Unwinding of discount		**–**	3 977	–
Reclassified to Trade and other payables		**–**	–	(85 510)
Derecognition of put option		**–**	–	(14 828)
Remeasurement		**–**	–	(3 957)
Carrying value at end of the period		**–**	108 272	–

^Level not disclosed due to the nature of the financial asset and liability.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

14 Business disposals and Changes in ownership interests

	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000
Summary of cash flows on business disposals and changes in ownership interests		
Disposal of interest in subsidiaries		
Famous Brands Design Studio (Pty) Ltd	**(1 266)**	–
Famous Brands Great Bakery (Pty) Ltd	**1 283**	–
Mountain Rush (Pty) Ltd	**–**	43 890
Net cash inflow on disposal of subsidiaries	**17**	43 890
Additional interest acquired in subsidiaries		
BC Hospitality (Pty) Ltd	**(7 918)**	–
Pink Potato (Pty) Ltd	**(10 662)**	–
Acquisition of additional interest in subsidiaries	**(18 580)**	–

F2022

Effective 1 March 2021, the Group donated 11% interest in **Famous Brands Design Studio (Pty) Ltd (DHQ)** to the DHQ Employees Share Trust. Pre transaction, the Group held 60% interest in the entity. Post transaction, Group holds 49% of the interest in DHQ. The transaction resulted in DHQ becoming an associate. The fair value of the investment retained was R1.5 million.

	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000
Book value of assets and liabilities disposed		
Property, plant and equipment	**1 883**	
Trade and other receivables	**1 115**	
Cash and cash equivalents	**1 266**	
Deferred tax	**(16)**	
Lease liability	**(1 487)**	
Trade and other payables	**(363)**	
Current tax receivable	**43**	
Net assets disposed	**2 441**	
Consideration	**–**	
Cash and cash equivalents	**(1 266)**	
Cash outflow on disposal of subsidiary	**(1 266)**	

14 Business disposals and Changes in ownership interests - continued

	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000
Effective 1 May 2021, the Group disposed of its entire interest in **Famous Brands Great Bakery (Pty) Ltd**, for a consideration of R3.6 million. Before the transaction, the Group held 51% interest in the entity.		
Book value of assets and liabilities disposed		
Property, plant and equipment	**6 613**	
Intangible assets	**3 845**	
Trade and other receivables	**1 040**	
Inventory	**536**	
Cash and cash equivalents	**2 287**	
Deferred tax	**(206)**	
Amount payable to group company	**(1 165)**	
Lease liability	**(2 190)**	
Trade and other payables	**(403)**	
Net assets disposed	**10 357**	
Consideration	**3 570**	
Cash and cash equivalents	**(2 287)**	
Cash inflow on disposal of subsidiary	**1 283**	
Effective 1 May 2021, the Group acquired an additional interest in **BC Hospitality (Pty) Ltd**, for a consideration of R7.9 million.		
Interest at the beginning of the period	**51%**	
Additional interest acquired during the review period	**49%**	
	100%	
Additional interest acquired		
Non-controlling interest acquired	**(1 568)**	
Changes in ownership	**(6 350)**	
Cash outflow on additional interest acquired in subsidiary	**(7 918)**	
Effective 1 July 2021, the Group acquired additional interest in **Pink Potato (Pty) Ltd**, for a consideration of R10.7 million.		
Interest at the beginning of the period	**78%**	
Additional interest acquired during the review period	**22%**	
	100%	
Additional interest acquired		
Non-controlling interest acquired	**(4 420)**	
Changes in ownership	**(6 242)**	
Cash outflow on additional interest acquired in subsidiary	**(10 662)**	

14 Business disposals and Changes in ownership interests - continued

	Unaudited six months ended 31 August 2021 R000	Unaudited six months ended 31 August 2020 R000
F2021		
Effective 1 August 2020, the Group disposed of its interest in **Mountain Rush (Pty) Ltd**, for a consideration of R44.9 million.		
Book value of assets and liabilities disposed		
Property, plant and equipment		224
Intangible assets		23
Deferred tax		773
Trade and other receivables		14 668
Lease receivables		17 246
Cash and cash equivalents		990
Current tax liabilities		(15)
Lease liabilities		(15 896)
Amounts due to Group companies		(1 313)
Net assets disposed		16 700
Consideration		44 880
Cash and cash equivalents		(990)
Cash inflow on disposal of subsidiary		43 890

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

15 Borrowings

	Currency	Maturity date	Nature	Interest rate Margin %	Rate	**Unaudited six months ended 31 August 2021 %**	Unaudited six months ended 31 August 2020 %	Audited year ended 28 February 2021 %	**Unaudited six months ended 31 August 2021 R000**	Unaudited six months ended 31 August 2020 R000	Audited year ended 28 February 2021 R000
Unsecured											
Long-term borrowings									**1 354 998**	1 335 000	1 462 600
Short-term borrowings									**9 192**	225 000	6 412
									1 364 190	1 560 000	1 469 012
Interest is paid quarterly in arrears.											
The company has unlimited borrowing powers in terms of its Memorandum of Incorporation.											
Terms of repayment											
FY2020											
Loan facility A: Amortising loan	ZAR	Feb-21	variable	1.50	3-month JIBAR		4.01			150 000	
Loan facility B: Amortising loan	ZAR	Feb-22	variable	1.60	3-month JIBAR		4.01			150 000	
Loan facility C: Amortising loan	ZAR	Feb-23	variable	1.70	3-month JIBAR		4.01			150 000	
Loan facility D: Amortising loan	ZAR	Feb-24	variable	1.80	3-month JIBAR		4.01			400 000	
Loan facility E: Revolving Credit Facility (RCF)	ZAR	Feb-24	variable	1.90	3-month JIBAR		4.01			710 000	
Loan facility: Amortising loan	ZAR	Aug-23	variable	2.95	3-month JIBAR	**6.63**		6.44	**750 000**		750 000
Loan facility: Revolving Credit Facility (RCF)	ZAR	Feb-24	variable	3.20	3-month JIBAR	**6.88**		6.69	**575 000**		700 000
General Banking Facility (GBF)	ZAR	364 days	variable	N/A	Prime	**7.00**		7.00	**-**		–
Loan facility: Term Loan	ZAR	Aug-26	variable	0.10	Prime	**7.10**		–	**24 292**		–
Loan facility: Term Loan	ZAR	Jun-21	variable	0.10	Prime	**–**		7.10	**-**		6 266
Loan facility: Term Loan	GBP	Sep-25	fixed	N/A	Fixed	**2.02**		2.02	**12 028**		12 600
Loan facility: Term Loan	ZAR	Aug-26	variable	1.50	Prime	**8.50**		–	**2 707**		–
									1 364 027	1 560 000	1 468 866
Interest accrued									**163**	–	146
									1 364 190	1 560 000	1 469 012
Maturity analysis - capital											
Payable within 1 year									**9 192**	225 000	6 412
Payable between 2 and 5 years									**1 354 998**	1 335 000	1 462 600
									1 364 190	1 560 000	1 469 012

15 Borrowings - continued

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) profit or loss by R14 million (August 2020: R8 million and February 2021: R15 million).

Interest risk management

The Group utilises interest rate swap contracts to hedge its exposure to the variability of cash flows arising from unfavourable movements in interest rates.

Facilities

Total ZAR general banking facility in place at 31 August 2021 is R200 million (August 2020: R450 million and February 2021: R200 million). Unutilised portion at 31 August 2021 is R200 million (August 2020: R450 million and February 2021: R200 million).

The Group has a revolving loan facility of R1 100 million (August 2020: R760 million and February 2021: R1 100 million). Unutilised portion is R525 million at 31 August 2021 (August 2020: R50 million and February 2021: R400 million).

Guarantees

Famous Brands Limited, Famous Brands Management Company (Pty) Ltd, Mugg and Bean Franchising (Pty) Ltd, Lamberts Bay Foods (Pty) Ltd, Famous Brands Logistics Company (Pty) Ltd, Creative Coffee Franchising (Pty) Ltd, FB Signature Brands (Pty) Ltd and Vovo Telo Bakery and Cafe (Pty) Ltd have guaranteed in terms of the loan agreement:

- Punctual performance by the Group of amounts due in the agreement.
- Immediate payment of amounts due which the Group has not paid.
- To indemnify the lender against any cost, loss or liability it incurs as a result of the Group not paying amounts that are due.

16 Trade and other payables

	Unaudited 31 August 2021 R000	Unaudited 31 August 2020 R000	Audited 28 February 2021 R000
Trade payables	**313 572**	475 785	280 409
Accruals	**214 053**	409 771	189 177
Employee benefits	**68 095**	50 950	83 411
Deferred income	**22 909**	25 776	12 648
VAT payable	**21 292**	53 589	22 613
Put option written over the equity of non-controlling interest*	**85 510**	–	85 510
	725 431	1 015 871	673 768

** Previously classified under derivative financial instruments.*

17 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide sustainable returns for shareholders, benefits for other stakeholders and to maintain, over time, an optimal structure to reduce the cost of capital.

The capital structure of the Group consists of cash and cash equivalents, Borrowings (Note 15) and Equity as disclosed in the statement of financial position. There are no externally imposed capital requirements.

Financial Covenants

The Group's borrowings (refer Note 15) are subject to the below financial covenants, which the Group is in compliance with:

	Unaudited 31 August 2021	Unaudited 31 August 2020	Audited 28 February 2021
Net debt to EBITDA*	**<3.75**	N/A	N/A
Interest cover*	**>2.75**	N/A	N/A

** Covenants for August 2020 and February 2021 were waived.*

17 Capital management - continued

Gearing

The Group's gearing ratio is set out below:

	Unaudited 31 August 2021 R000	Unaudited 31 August 2020 R000	Audited 28 February 2021 R000
Borrowings	**1 364 190**	1 560 000	1 469 012
Lease liabilities	**349 544**	1 453 965	345 076
Cash and cash equivalents	**(391 062)**	(341 250)	(444 357)
Net debt	**1 322 672**	2 672 715	1 369 731
Equity	**470 560**	465 380	390 764
Gearing ratio*	**281%**	574%	351%

**Calculated as Net debt divided by Equity.*

18 Subsequent events

On 11 October 2021 Ms Busisiwe Mathe was appointed as an independent non-executive director to the board of directors. Her appointment was effective from 20 October 2021.

19 Supplementary information

This information is provided for comparative purposes. Famous Brands Limited acquired GBK in October 2016. GBK was placed under administration on the 14th October 2020 in accordance with the insolvency legislation in the UK. For the six months ended 31 August 2020, GBK was still part of the Group's operations. However, the supplementary information is provided to indicate the Group's results excluding GBK for 31 August 2020.

The table below sets out the Group's results excluding GBK:

	Unaudited six months ended 31 August 2021 R000	Unaudited* six months ended 31 August 2020 R000	change
Revenue	**3 003 594**	1 751 677	71
Cost of sales	**(1 673 024)**	(1 032 886)	(62)
Gross profit	**1 330 570**	718 791	85
Selling and administrative expenses	**(1 108 702)**	(708 812)	(56)
Operating profit before non-operational items	**221 868**	9 979	
Net finance costs	**(59 532)**	(84 603)	30
Share of profit of associates	**1 876**	1 265	48
Profit/(loss) before tax	**164 212**	(73 359)	324
Tax	**(48 565)**	15 750	(408)
Profit /(loss) for the period	**115 647**	(57 609)	301

**Adjusted to exclude GBK for comparability to the period under review.*

ADMINISTRATION

Famous Brands Limited

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

Directors

Norman Adami, Santie Botha (Independent Chairman), Chris Boulle, Deon Fredericks*, Nik Halamandaris, John Halamandres, Darren Hele (CEO)*, Fagmeedah Petersen-Cook, Alex Maditse, Busisiwe Mathe and Lebo Ntlha (Group FD)*

* *Executive*

Group Company secretary

Celeste Appollis

Registered office

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Transfer secretaries

Computershare Investor Services Pty Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132

Sponsor

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

Auditors

KPMG
Registration number: 1999/012876/07
85 Empire Rd, Parktown, Johannesburg, 2193

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