

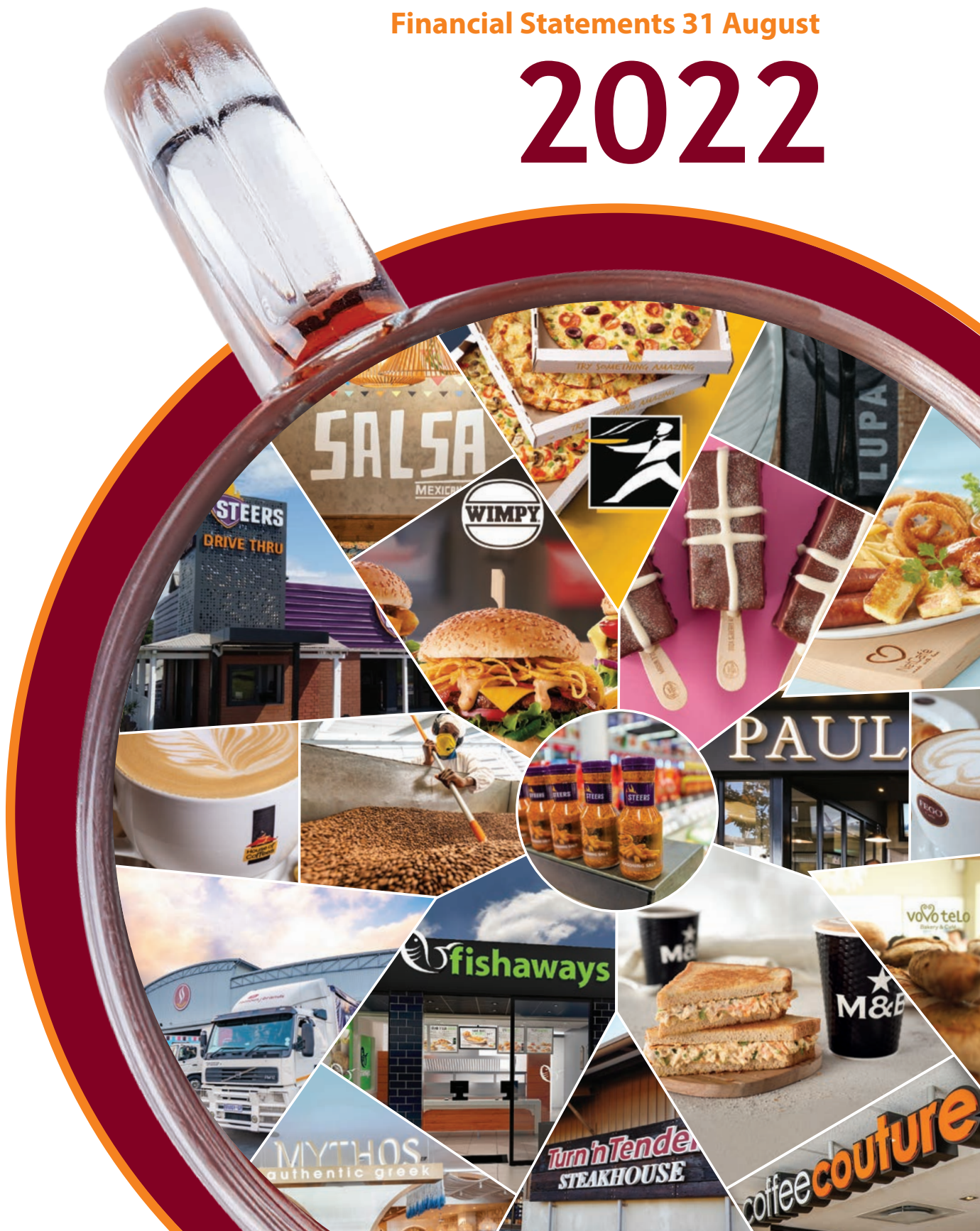


famous | brands

you're in good company

Unaudited Condensed Consolidated Interim
Financial Statements 31 August

2022



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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 regarding the Group's future performance. Such statements are, by their nature, subject to risks and uncertainties, which may result in the Group's actual performance in the future being different from that expressed or implied in any forward looking statements.

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

About Famous Brands

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

Famous Brands is a vertically integrated Group with 3 989 employees, 17 restaurant brands and a network of 2 850 restaurants.

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

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

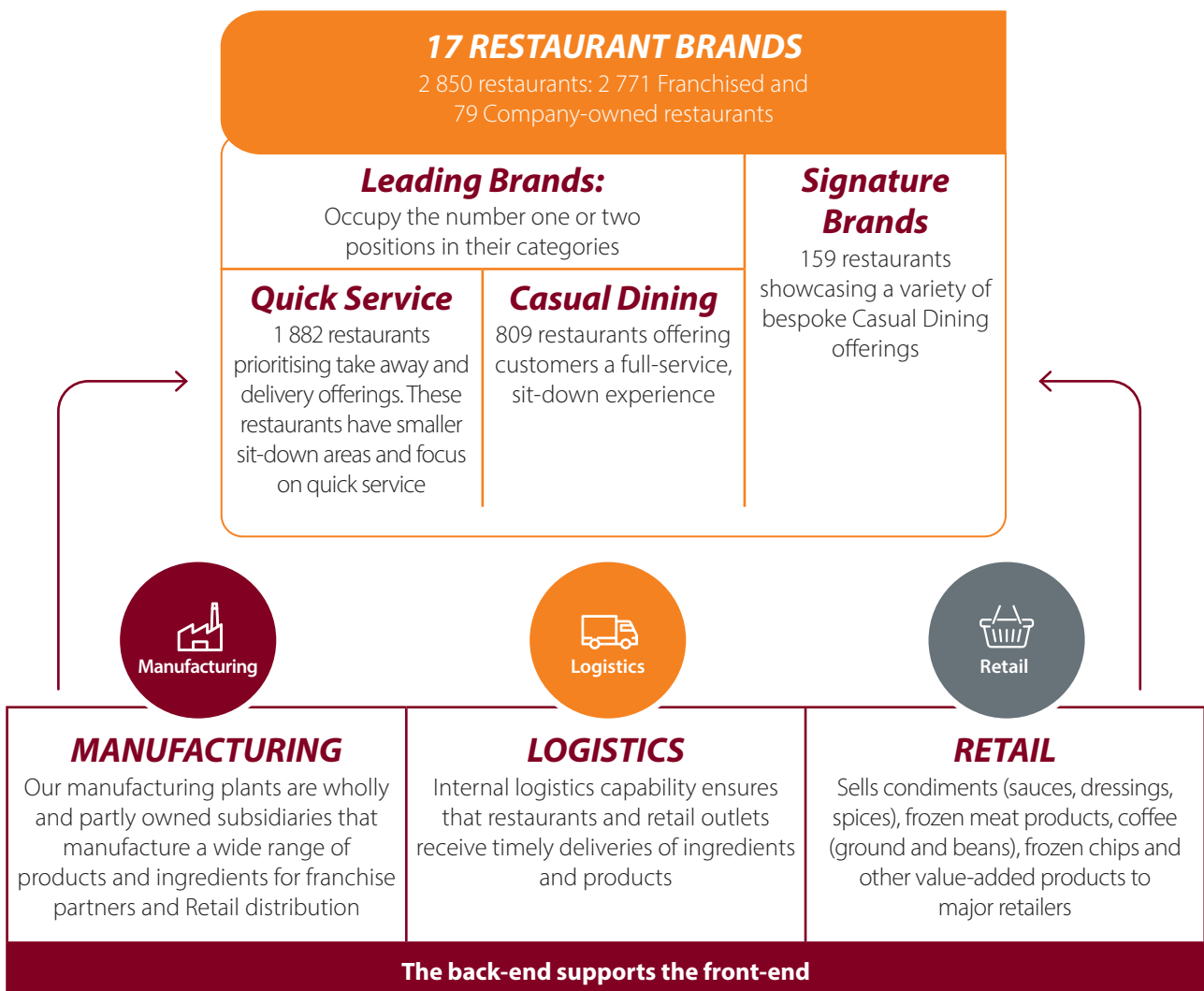
Our integrated Supply Chain is comprised of the Manufacturing, Logistics and Retail operations that support our Brands' pillar in South Africa and selected African countries. The primary function of our Supply Chain is to provide a competitive advantage to franchise partners through efficient supply,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

Our restaurant network

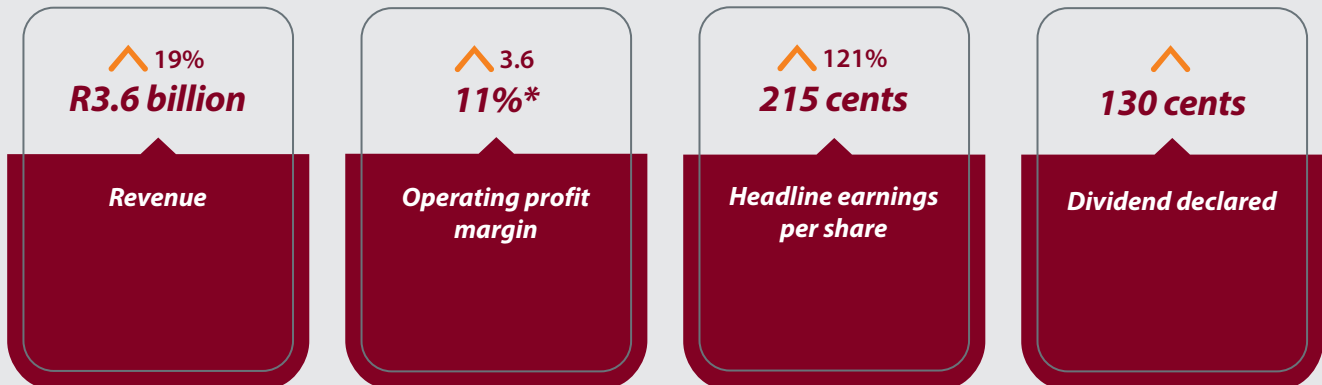
South Africa (SA): 2 489

The rest of Africa and the Middle East (AME): 294 in 17 countries

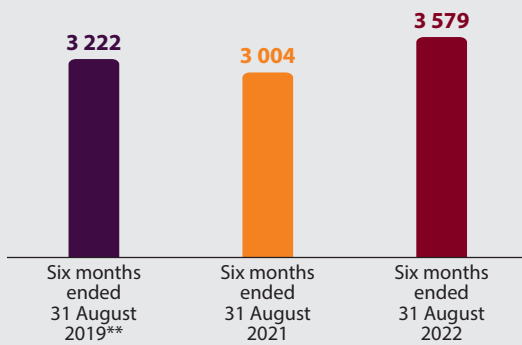
The United Kingdom (UK): 67



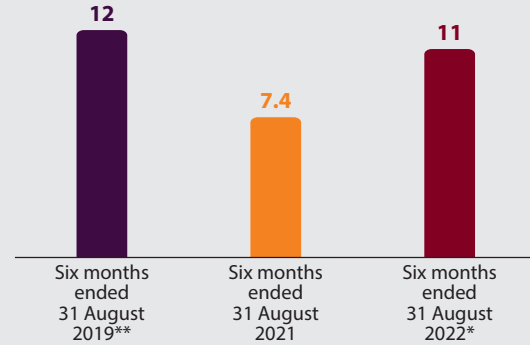
Financial highlights



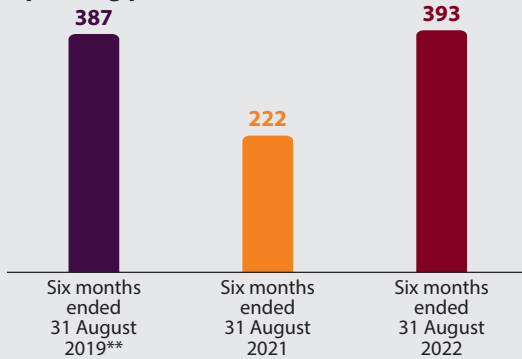
Revenue (R million)



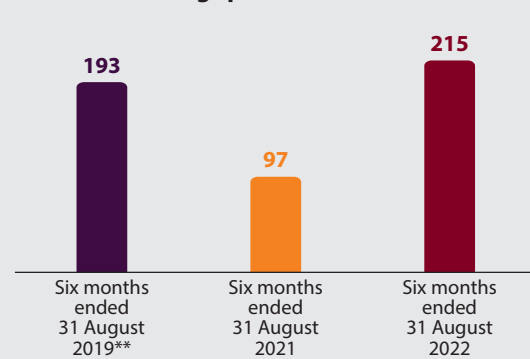
Operating profit margin (%)



Operating profit (R million)



Headline earnings per share (cents)



Note

* Excluding the GBK liquidation dividends operating margin is 8.9%.

** August 2019 presented excludes GBK.

Financial performance overview and commentary

Industry overview

Consumers are facing increased financial pressures due to escalating inflation and interest rates.

During the review period, the South African consumer faced several difficult macro-economic issues, including local political instability, the ongoing electricity crisis, natural disasters, rising inflation, fuel prices and a slowdown in global growth due to the Russia-Ukraine war. Consumer confidence is further undermined by significant interest rate hikes and the prospect of further steep interest rate increases.

The Russia-Ukraine conflict resulted in ongoing supply chain pressures, especially on the core products of vegetable oil, maize, wheat and hake. In addition, South Africa's food inflation rate accelerated to a 13-year high of 9.7% in August 2022. Higher costs for fuel, food (notably oils, fats, breads and cereals), non-alcoholic beverages and electricity were the main drivers of inflation. Rising input costs have forced many in the restaurant sector to raise their menu prices substantially in the first half of 2022, with more increases anticipated for the remainder of the year.

South African consumers continue to search for affordable and trusted products. In response to a challenging environment, competitors in the Quick Service and Casual Dining restaurant industry are continuously innovating their consumer value proposition through bundle deals, competitions, loyalty programmes and underpinned by marketing campaigns to reinforce key quality perceptions.

Since the removal of all COVID-19 restrictions in June 2022, the restaurant industry has seen a positive shift in consumer behaviour as consumers return to restaurants, resume travel and attend sporting events. This has supported improved restaurant turnovers and restaurant marketing spend.

The threat of COVID-19 has subsided, and new variants are no longer greeted with the same level of anxiety. Many consumers are resilient and determined to return to normal life post the pandemic, while others remain hesitant. While consumers shop online for convenience or safety, they also crave meaningful interpersonal connections. Brands must use a blended approach to cater to the consumers' new normal.

While healthy eating continues to gain prominence, it is no longer driven by COVID-19, and consumers also seek indulgence and comfort in their food choices. Consumers continue to embrace technology, and habits formed during the pandemic have become a way of life.

Consumers, especially the younger generation, increasingly seek a more responsible, conscious and purposeful living. They are increasingly expecting brands to use more sustainable means of production. Many consumers are willing to spend more if this spend is allocated towards more environmentally-friendly products and services.

The first six months of our 2023 financial year were characterised by:

- **Challenging macro-economic conditions and local and global uncertainty.**
- **High levels of inflation and spiralling food costs.**
- **A fierce competitive landscape of established restaurant chains.**
- **The removal of all COVID-19 restrictions across all markets.**
- **Continued consumer embrace of technology.**
- **South African-specific challenges including flooding in KwaZulu-Natal, load shedding, increasing localised civil protest and deteriorating infrastructure.**

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY continued

Group financial performance

The Group continued its post-pandemic recovery, evidenced by strong earnings, cash generation and improved overall financial position.

Total revenue for the review period increased by 19% to R3 579 million (2021: R3 004 million). This revenue is 11% higher than the R3 222 million (excluding Gourmet Burger Kitchen (GBK)) in the comparable period ending August 2019, demonstrating a strong recovery from COVID-19. The operating profit increased 77% to R393 million (2021: R222 million), while headline earnings per share increased to 215 cents (2021: 97 cents). The operating profit marginally increased by 1.6% compared to August 2019 of R387 million and headline earnings were up by 11% compared to August 2019 of 193 cents.

The Group achieved its short-term objectives of sustaining its revenue recovery, achieving positive cash generation and managing its cost base. In addition, Famous Brands made a further payment of R150 million of interest-bearing debt during the review period.

The Group invested R60 million in capital expenditure across its four divisions. This capital was allocated in line with the Group's strategy and included investing in Leading Brands, expanding our store base in Botswana, and maintaining and improving Manufacturing infrastructure.

Salient features	Unit	Six months ended 31 August 2022	Six months ended 31 August 2021	% change (H1 2022 versus H1 2021)
Statement of profit or loss and other comprehensive income				
Revenue	R'million	3 579	3 004	19
Operating profit	R'million	393	222	77
Operating margin [^]	%	11	7.4	3.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	R'million	515	322	60
Basic earnings per share (BEPS)	Cents	259	96	170
Headline earnings per share (HEPS)	Cents	215	97	121
Statement of cash flows				
Cash generated from operations	R'million	552	319	73
Net cash outflow utilised in investing activities	R'million	(71)	(72)	1.8
Net cash outflow from financing activities	R'million	(165)	(161)	(2.4)
Cash realisation rate [*]	%	107	99	8
Statement of financial position				
Cash and cash equivalents ^{**}	R'million	317	298	6.2
Net asset value per share	Cents	783	470	67
Net debt ^{***^^}	R'million	1 020	1 416	28
Net debt/EBITDA (leverage) ^{^^}	Times	1.98	4.40	55
Net debt/equity (gearing) ^{^^}	Times	1.3	3.01	57
Total equity	R'million	785	471	67

^{*} Cash generated by operations as a percentage of EBITDA.

^{**} Excludes restricted cash related to marketing funds.

^{***} Total interest-bearing borrowings (including lease liabilities) less cash and cash equivalents.

[^] Operating margin excluding GBK liquidation dividends is 8.9%.

^{^^} Net debt for August 2021 was restated to exclude restricted cash.

Gearing

The Group's total borrowings position at 31 August 2022 was R1 012 million (2021: R1 364 million). During the review period, Famous Brands repaid R150 million of borrowings on its primary facilities. Total debt facilities unutilised at 31 August 2022 were R600 million (2021: R725 million).

The Group's gearing improved after payment of R150 million during the period by 57% from 3.01 times to 1.3 times. Furthermore, its leverage improved by 55% from 4.40 times to 1.98 times.

Famous Brands renegotiated its borrowings with its primary lender to a more appropriate debt finance structure in line with our current requirements and strategy. This was successfully concluded on 19 August 2022 and now provides us with significant more flexibility with an improved debt profile and tenure. Details of the new debt finance structure are set out in note 6.

Dividend

The Board has declared an interim dividend of 130 cents per share (2021: 0 cents), reflecting the Group's continued improved financial position and confidence in its prospects. The dividend will be paid out of profits for the review period for a total amount of R130 million.

Event dates

Declaration date	Wednesday, 26 October 2022
Last day to trade "cum dividend"	Tuesday, 6 December 2022
Shares commence trading "ex-dividend"	Wednesday, 7 December 2022
Record date	Friday, 9 December 2022
Payment of dividend	Monday, 12 December 2022

Those shareholders of the Group who are recorded in the Company's register as at the record date will be entitled to the dividend. Share certificates may not be dematerialised or rematerialised between Wednesday, 7 December 2022 and Friday, 9 December 2022, both days inclusive.

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

- The South African dividend tax rate is 20%
- The net local dividend amount is 104 cents per share for shareholders liable to pay the dividends tax and 130 cents per share for shareholders exempt from paying the dividends tax
- The issued share capital of Famous Brands is 100 202 284 ordinary shares
- Famous Brands' tax reference number is 9208085846

Operational review

Brands

Total revenue for the review period increased by 31% to R534 million (2021: R406 million) as COVID-19 restrictions were lifted in all markets. The operating profit improved by 53% to R206 million (2021: R134 million), while the operating margin improved to 39% (2021: 33%).

Leading Brands' revenue was up 25% to R431 million (2021: R345 million), while the revenue for Signature Brands showed a strong recovery up 68% to R103 million (2021: R61 million). Better trading conditions for franchise partners allowed Famous Brands to wind down most of its COVID-19 related royalty relief packages.

Revenue

R534 million

Operating profit

R206 million

Operating margin

39%

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY continued

SA



The removal of all COVID-19 restrictions and improved consumer sentiment supported a recovery in spending on restaurants, travel and entertainment. However, this spend was hampered by less disposable income due to rising inflation, increased interest rates, fuel and electricity price hikes. Higher input costs, such as fuel and food products, meant we had to increase menu prices in line with food inflation trends.

Foot counts and dwell times in shopping centres have improved, positively impacting restaurants in these locations. South Africa welcomed more international tourists, although this recovery is lagging pre-pandemic levels due to the poor availability and cost of flights.

In April 2022, the severe floods in KwaZulu-Natal negatively impacted restaurants for several weeks. In total, 99 restaurants were closed either due to damage or poor accessibility to the locations. The floods also resulted in a poor Easter holiday season as holidaymakers cancelled their trips to KwaZulu-Natal.

Combined system-wide sales* across our Leading and Signature Brands'^ portfolios improved 20% while like-for-like sales** increased by 19%. Leading Brands'# system-wide sales and like-for-like sales** grew by 18% while Signature Brands'^ system-wide sales and like-for-like sales each improved by 42%.

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

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

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

^ Signature Brands' sales refer to franchise and Company-owned store sales in South Africa as well as sales across borders.

Leading Brands portfolio



Leading Brands delivered resilient results from its portfolio of compelling brands, continued investment in technology and a return to sit-down dining. The marketplace remains competitive as competitors defend their market share.

The removal of COVID-19 restrictions slowed down the growth of the home delivery channel as consumers returned to sit-down dining and take away orders. However, home delivery appears to remain a notable channel as a result of a long-term shift in consumer behaviour towards the convenience of e-commerce. Collect ordering continued to show positive growth as consumers continued to use this channel post the pandemic.

Casual Dining restaurants experienced a strong recovery as consumers spent more time in restaurants. The royalty relief to Casual Dining franchise partners in South Africa has eased relative to the need during the height of the pandemic and is now applied on a selective basis.

Signature Brands portfolio



Signature Brands' overall sales turnover bounced back post-COVID-19 but still lags pre-pandemic levels. Turnover continues to improve every month. This recovery was boosted by consumers returning to restaurants, improved evening trade and strong alcohol sales.

PAUL¹ was the best performer in the Signature Brands portfolio with strong sit-down, take away and delivery sales.

The recovery of the captive market segment, which includes NetCafé, Coffee Couture and Fego Caffé, remains slow as hospital environments struggle to regain momentum post-COVID-19.

The COVID-19 relief strategy assisted franchise partners with different support packages based on turnover. Famous Brands management continues to assist franchise partners in renegotiating favourable lease terms from landlords. In some cases, franchise partners decided not to extend lease or franchise agreements, resulting in restaurant closures. Many franchise partners are paying back rental arrears, negatively impacting their cash flow and ability to reinvest in their restaurants.

¹ Licensed brand by PAUL International.

AME

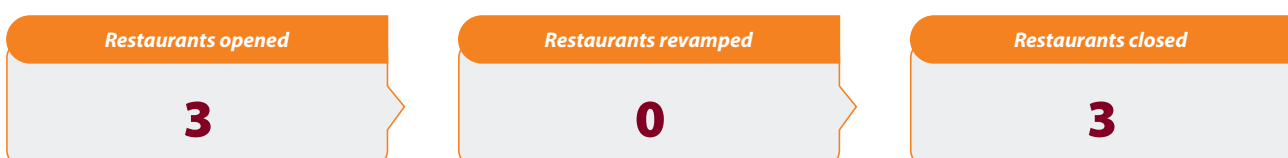


With COVID-19-related trading restrictions lifted across all markets, trading activity returned to pre-pandemic levels. Famous Brands wound down its financial assistance to franchise partners.

System-wide sales increased by 42% while the region's revenue increased 22% to R205 million (2021: R168 million). Operating profit increased to R11 million (2021: R8 million) while the operating profit margin improved to 5.3% (2021: 4.8%).

The home delivery channels continued to grow in Botswana, Ethiopia, Kenya and Nigeria as consumers increasingly enjoy this convenient option. Debonairs Pizza and Steers online ordering platforms were launched in Zambia. Debonairs Pizza opened its first restaurants in Oman and the Kingdom of Saudi Arabia.

UK



Wimpy UK franchise partners are experiencing unprecedented pressure on the viability of their businesses with inflation at 10%, supply chain pressures, higher interest rates and looming energy and electricity increases. The UK's cost of living crisis eroded consumer confidence, resulting in declining spending. Wimpy UK experienced a drop-off in home delivery sales, however, in-store sales did not decline to the same extent.

System-wide sales increased by 14% while revenue in rand terms increased to R71 million (2021: R64 million). The operating profit declined to an operating loss of R20 million (2020: R8 million) resulting in an operating margin of -28% (2021: 13%). Excluding the impairment of R31 million, operating profit would have been R11 million and the margin 15%.

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY continued

Vertical integration**Manufacturing**

Capital expenditure

R20 million

(2021: R27 million)

Manufacturing turnover increased 8.2% to R1.4 billion (2021: R1.3 billion) due to good volumes and some inflationary increases. Operating profit improved 11% to R143 million (2021: R129 million), driven by sustained demand from the front end of the value chain.

The operating margin improved to 9.9% (2021: 9.7%) as manufacturing plants improved their production processes and reduced waste. Overall, inventory control management has been well-controlled across the plants. Load shedding and water shortages continue to be a challenge at some plants.

The prices of key ingredients increased dramatically due to continued supply chain pressures, a weaker rand and rising fuel and fertiliser prices. The cost of food in South Africa increased 9.7% in August 2022 from the same month in 2021. Manufacturing continued to experience high shipping costs and extended lead times for imports of key commodities. We increased our inventory holdings to alleviate supply chain unpredictability.

Logistics

Capital expenditure

R0.9 million

(2021: R1.7 million)

Logistics turnover rose 19% to R2.3 billion (2021: R1.9 billion) while operating profit increased 597% to R46 million (2021: R7 million). The operating margin increased to 2.1% (2021: 0.4%). Case volumes grew 8.6% period on period and compare favourably with pre-pandemic levels.

Retail

The Retail business grew its sales by 15% to R121 million (2021: R105 million). However, an operating loss of R1.9 million (2021: R0.3 million) was incurred due to product write-offs. A shortage of coffee crops in South and Central America has increased the pricing of all single-origin coffee, with large price increases negatively affecting retail stores' sales and margins.

The retail trading environment remains price sensitive and highly competitive. Our well-known brands and value-for-money offerings have enabled Retail to grow volumes and retail footprint. Wimpy launched its new range of frozen chips and hashbrowns which have been particularly well-received by consumers. Famous Brands also launched West Coast thick cut and thin cut chips during the review period.

Outlook

We remain agile and committed to ensuring a profitable and sustainable business model for our franchise partners without compromising the value and quality of our products.

Global uncertainty and supply chain challenges will continue to drive up food prices. South African consumers must contend with ongoing inflation, rising interest rates, load shedding and political uncertainty. Some economists predict that South Africa's food inflation will likely peak at 10% in 2022 before receding to more manageable levels in 2023. However, South Africa remains a resilient nation and the combination of the 2022 Qatar Soccer World Cup excitement, Black Friday specials and the festive season should boost consumer spending.

Our priorities for the remainder of our 2023 financial year include:

- **Capitalise on good restaurant sites becoming available at competitive rentals.**
- **Growing the home delivery channel by improving our technology, fleet management and delivery zone optimisation.**
- **Growing manufacturing volumes while maintaining a low cost base.**
- **Expanding our Logistics capacity.**
- **Growing the volumes, variety and distribution footprint for our Retail products.**



Brands

Managing our food costs is a key focus in our menu development and promotions. We will develop menus which offers and provides good quality at a cost that consumers perceive as good value.

Famous Brands will continue to invest in delivery technology to enhance our last mile efficiency for own delivery. Partnerships with third-party platforms will remain critical. Menu engineering across third-party platforms and own delivery will be essential to deliver targeted gross profit margins.



Logistics

The new KwaZulu-Natal distribution centre will be commissioned on 15 November 2022, and the relocation process has already begun. We are still exploring potential sites for a cross-docking facility near Mthatha in the Eastern Cape. Plans are in place to move our Gauteng cold storage centre to Midrand by mid 2024.



Retail

The Retail division will focus on expanding its distribution footprint and growing volumes. The division is on track to deliver its target of 12 new products in the 2023 financial year.



Manufacturing

In our Manufacturing division, we continue to drive operational efficiencies, improve product quality and explore ways to reduce our environmental footprint. Additional warehouse space is being added to the Sauce and Spice plant which will be operational by November 2022.

On behalf of the Board

SL Botha

Chairman

Midrand

26 October 2022

DP Hele

Chief Executive Officer

A live webcast of the Group's results presentation will be held on Wednesday 26 October 2022. To pre-register, link to: <http://www.corpcam.com/famousbrands26102022>

Condensed consolidated statement of financial position

at 31 August 2022

	Notes	Unaudited 31 August 2022 R000	Audited 28 February 2022 R000
Assets			
Non-current assets			
		1 629 600	1 624 848
Property, plant and equipment	2	655 257	640 442
Intangible assets	3	842 606	871 631
Investments in associates		13 533	9 351
Loan to associate		26 675	11 269
Lease receivables		5 556	13 636
Deferred tax		85 973	78 519
Current assets			
		1 488 087	1 334 803
Inventories		500 955	408 191
Trade and other receivables	4	531 976	447 225
Cash and cash equivalents		316 662	333 435
Restricted cash		125 065	122 793
Lease receivables		8 053	8 470
Derivative financial instruments		388	9 563
Taxation receivable		4 988	5 126
Total assets			
		3 117 687	2 959 651
Equity and liabilities			
Equity attributable to owners of Famous Brands Limited		665 359	601 258
Non-controlling interests		119 724	119 287
Total equity			
		785 083	720 545
Non-current liabilities			
		1 241 155	1 194 789
Borrowings	6	902 882	881 670
Lease liabilities		257 350	232 109
Deferred tax		80 923	81 010
Current liabilities			
		1 091 449	1 044 317
Trade and other payables	5	863 330	675 236
Borrowings	6	109 071	256 482
Lease liabilities		67 331	89 225
Shareholders for dividends		2 662	2 418
Taxation payable		46 678	20 480
Derivative financial instruments		2 377	476
Total liabilities			
		2 332 604	2 239 106
Total equity and liabilities			
		3 117 687	2 959 651

Condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended 31 August 2022

	Notes	Unaudited six months ended 31 August 2022 R000	Unaudited six months ended 31 August 2021* R000
Revenue	7	3 579 347	3 003 594
Cost of sales		(1 979 536)	(1 673 024)
Gross profit		1 599 811	1 330 570
Other income	8	97 116	16 427
Expected credit loss		(279)	(1 792)
Administration expenses		(85 178)	(92 742)
Marketing expenses		(301 482)	(245 608)
Operations expenses		(886 479)	(784 987)
Operating profit before impairment of intangible assets		423 509	221 868
Impairment of intangible assets		(30 569)	–
Operating profit		392 940	221 868
Net finance costs	9	(32 653)	(59 532)
Finance costs		(57 494)	(66 875)
Finance income		24 841	7 343
Share of profit of associates		6 943	1 876
Profit before tax	8	367 230	164 212
Tax		(90 130)	(48 565)
Total profit for the period		277 100	115 647
Profit for the period attributable to:			
Owners of Famous Brands Limited		259 341	95 817
Non-controlling interests		17 759	19 830
Total profit for the period		277 100	115 647
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations**		(2 089)	(19 927)
Movement in hedge accounting reserve**		(8 920)	(1 713)
Pre-tax change in fair value of cash flow hedges		(12 389)	(2 380)
Tax on movement in hedge accounting reserve		3 469	667
Total comprehensive income for the period		266 091	94 007
Total comprehensive income attributable to:			
Owners of Famous Brands Limited		248 332	74 177
Non-controlling interests		17 759	19 830
Total comprehensive income for the period		266 091	94 007
Basic earnings per share (cents)			
Basic	10	259	96
Diluted	10	259	95

* Some of the line items have been reclassified to enhance presentation and disclosure, refer to note 14 for details.

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

Condensed consolidated statement of changes in equity

for the six months ended 31 August 2022

	Unaudited 31 August 2022 R000	Unaudited 31 August 2021 R000
Balance at the beginning of the reporting period	720 545	390 764
Equity settled share-based payment scheme	15 932	15 990
Total comprehensive income for the period	266 091	94 007
Dividends declared	(220 670)	(5 910)
Non-controlling interest arising on business combination	3 185	–
Additional interest acquired from non-controlling interests	–	(5 988)
Disposal of interest in subsidiaries impact on non-controlling interests	–	(5 712)
Change in ownership interest in subsidiaries	–	(12 591)
Balance at the end of the reporting period	785 083	470 560

Condensed consolidated statement of cash flows

for the six months ended 31 August 2022

Notes	Unaudited six months ended 31 August 2022 R000	Unaudited six months ended 31 August 2021* R000
Cash generated from operations	551 608	318 196
Net finance costs paid	(44 955)	(59 476)
Finance income received	12 641	7 343
Finance costs paid	(57 596)	(66 819)
Income tax paid	(66 894)	(59 576)
Dividends paid	(220 670)	(15 710)
Dividends paid to owners of Famous Brands Limited	(200 163)	–
Dividends paid to non-controlling interests	(20 507)	(15 710)
Net cash inflow from operating activities	219 089	183 434
Cash flow from investing activities		
Additions to property, plant and equipment	(50 716)	(56 241)
Intangible assets acquired	(8 797)	(12 657)
Proceeds from disposal of property, plant and equipment	1 729	9 740
Net cash outflow on investment in subsidiary	(3 315)	–
Net cash inflow on disposal of subsidiary	–	1 283
Net cash outflow on disposal of subsidiary	–	(1 266)
Dividends received from associates	2 760	2 944
Principal receipts from lease receivables	2 916	5 804
Loan to associate	(15 406)	–
Advance payment relating to property, plant and equipment	–	(15 929)
Net cash outflow from investing activities	(70 829)	(66 322)
Cash flow from financing activities		
Net borrowings repaid	(130 802)	(104 267)
Borrowings raised	1 077 300	20 733
Borrowings repaid	(1 208 102)	(125 000)
Termination of interest rate swap	11 825	–
Non-controlling shareholder loans received	373	257
Principal repayments of lease obligations	(39 202)	(39 670)
Share-based payment grant settlements	(6 805)	(4 331)
Acquisition of additional interest in subsidiaries	–	(18 580)
Net cash outflow from financing activities	(164 611)	(166 591)
Net decrease in cash and cash equivalents	(16 351)	(49 479)
Foreign currency effect	(422)	(4 185)
Cash and cash equivalents at the beginning of the period	333 435	351 871
Cash and cash equivalents at the end of the period	316 662	298 207

* Some of the line items have been reclassified to enhance presentation and disclosure, refer to note 14 for details.

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

for the six months ended 31 August 2022

	Unaudited six months ended 31 August 2022 R000	Unaudited six months ended 31 August 2021 R000
Revenue		
Leading brands	430 523	345 202
Signature brands	102 858	61 259
Supply Chain	2 468 268	2 120 902
Logistics	2 266 930	1 901 196
Manufacturing	1 438 399	1 329 009
Retail	121 468	105 186
Eliminations	(1 358 529)	(1 214 489)
Marketing funds	301 327	244 387
Corporate	1 042	485
South Africa	3 304 018	2 772 235
United Kingdom – Wimpy	70 724	63 513
Rest of Africa and Middle East	204 605	167 846
Revenue	3 579 347	3 003 594
Operating profit		
Leading brands	198 854	145 124
Signature brands	6 768	(11 039)
Supply Chain	187 459	136 122
Logistics	46 485	6 672
Manufacturing	142 987	129 150
Retail	(2 013)	300
Corporate	8 992	(64 773)
Consolidation entries*	(3 444)	(6 404)
Corporate administration costs**	35 173	(38 049)
Share-based payments expense	(22 737)	(20 320)
South Africa	402 073	205 434
United Kingdom – Wimpy	10 688	8 347
Rest of Africa and Middle East	10 748	8 087
Operating profit before impairment of intangible assets	423 509	221 868
Impairment of intangible assets	(30 569)	–
Operating profit	392 940	221 868
Net finance costs	(32 653)	(59 532)
Share of profit of associates	6 943	1 876
Tax	(90 130)	(48 565)
Total profit for the period	277 100	115 647

* Consolidation entries relate to amortisation of business combination intangible assets at Group level and profit or loss from business disposals.

** Corporate charges consists of costs related to central head office services and other administrative costs not related to operations. These services support the entire Group. August 2022 includes the GBK liquidation dividends of GBP3.8 million (R74.7 million) recognised in other income.

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

	Unaudited six months ended 31 August 2022 %	Unaudited six months ended 31 August 2021 %
Segmental operating margins		
Leading brands	46.2	42.0
Signature brands	6.6	(18.0)
Supply Chain		
Logistics	2.1	0.4
Manufacturing	9.9	9.7
Retail	(1.7)	0.3
South Africa*	12.2	7.4
United Kingdom – Wimpy	(28.1)	13.1
Rest of Africa and Middle East	5.3	4.8
Total*	11.0	7.4

* Excluding GBK liquidation dividends, operating margin for South Africa and Total is 9.9% and 8.9%, respectively.

	Unaudited six months ended 31 August 2022 R000	Unaudited six months ended 31 August 2021 R000
Geographical allocation of revenue relating to significant foreign segments		
Botswana	166 418	136 084
United Kingdom	70 724	63 513
Additions to non-current assets by segment*		
Corporate	8 101	2 627
Leading brands	9 299	17 015
Logistics	891	1 721
Manufacturing	19 961	26 762
Retail**	10	–
Signature brands	336	9 499
South Africa	38 598	57 624
Rest of Africa and Middle East	17 863	11 221
United Kingdom – Wimpy	3 052	53
Total	59 513	68 898

	Unaudited six months ended 31 August 2022 R000	Audited 28 February 2022 R000
Geographical allocation of non-current assets		
The table below sets out the geographical location of non-current assets excluding deferred tax assets and lease receivables.		
Botswana	124 714	96 026
Rest of Africa and Middle East (excluding Botswana)	18 789	19 277
South Africa	1 251 699	1 239 661
United Kingdom – Wimpy	142 869	177 729
Total	1 538 071	1 532 693

* Relates to property, plant equipment and intangible assets.

** Additions relating to retail were included under logistics in the prior year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022 continued

Notes to the condensed consolidated financial statements

for the six months ended 31 August 2022

Reporting entity

Famous Brands Limited (Famous Brands or the company) is a holding company domiciled in South Africa and is listed on the JSE Limited under the category Consumer Services: Travel and Leisure. Famous Brands is Africa's leading quick service and casual dining restaurant franchisor. The condensed 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 revenue streams are presented in Note 7 Revenue.

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the IASB in issue and effective for the Group at 31 August 2022, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contains information required by IAS 34 Interim financial reporting, the JSE Listing Requirements and the Companies Act of South Africa.

The Group's condensed consolidated financial statements have not been audited or reviewed, and were prepared under the supervision of Mr Deon J Fredericks CA(SA), Group Financial Director.

Basis of preparation

The accounting policies applied in the preparation of the condensed consolidated financial statements are consistent with those applied in the financial statements for the financial year ended 28 February 2022, except for the new standards that became effective for the Group's financial reporting beginning 1 March 2022.

The going concern basis has been used in preparing these condensed consolidated financial statements as the directors have a reasonable expectation that the Group will continue as a going concern for the foreseeable future.

The condensed consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value or at amortised cost. The presentation is 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.

Changes in accounting policies

A number of new, revised or amended standards became applicable for the first time in the current reporting period. The Group assessed the impact on its financial results and position and did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

	Unaudited 31 August 2022 R000	Audited 28 February 2022 R000
1. Capital expenditure and commitments		
Invested	59 513	139 677
Property, plant and equipment	50 716	122 902
Intangible assets	8 797	16 775
Authorised, not yet contracted	138 600	238 896
Property, plant and equipment	116 684	198 344
Intangible assets	21 916	40 552
2. Property, plant and equipment		
Carrying amount at the beginning of the period/year	640 442	667 098
Additions	93 171	189 111
Owned	50 716	122 902
Right-of-use asset	42 455	66 209
Business combination	83	–
Foreign currency translation	1 513	(4 543)
Disposals	(1 454)	(13 556)
Derecognition of right-of-use asset	(3 775)	(13 912)
Disposal of subsidiaries	–	(8 497)
Depreciation	(83 846)	(175 011)
Modifications of right-of-use assets	9 123	(248)
Carrying amount at the end of the period/year	655 257	640 442
3. Intangible assets		
Carrying amount at the beginning of the period/year	871 631	917 450
Additions	8 797	16 775
Business combination	6 417	–
Foreign currency translation	(6 297)	(7 157)
Disposals	–	(5 423)
Disposal of subsidiaries	–	(3 845)
Amortisation	(7 373)	(21 079)
Impairment*	(30 569)	(25 090)
Carrying amount at the end of the period/year	842 606	871 631

* The goodwill impairment loss of R30.6 million (February 2022: R25 million) recognised in August 2022 relates to Venus Solutions (Wimpy UK), as a result of the changes in key assumptions related to current market conditions of high inflation and cash flows achieved compared to the forecast. The recoverable amount determined based on the value in use was R41.5 million. Intangible assets amortisation and impairment are included in their respective line caption on the statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022 continued

	Unaudited 31 August 2022 R000	Audited 28 February 2022 R000
4. Trade and other receivables		
Net trade receivables	455 483	395 332
Trade receivables	476 798	418 209
Impairment allowance	(21 315)	(22 877)
Other receivables	42 632	27 267
Prepayments	27 231	14 140
VAT receivable	6 630	10 486
	531 976	447 225
5. Trade and other payables		
Trade payables	433 068	296 093
Accruals	229 135	164 767
Employee benefits	92 993	88 153
Deferred income*	13 067	15 085
VAT payable	19 589	35 660
Put option written over the equity of non-controlling interest	75 478	75 478
	863 330	675 236

* *Deferred income relates to income received in advance for services to franchise partners such as project management for new build or restaurant revamp or call centre services or any ad hoc services from time to time. An amount of R4.8 million included in deferred income from prior year has been recognised as revenue (2022: R12.6 million) based on the Group satisfying the relevant performance obligations over time.*

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022** continued

	Currency	Maturity date	Interest rate			Unaudited six months ended 31 August 2022 %	Audited year ended 28 February 2022 %	Unaudited six months ended 31 August 2022 R000	Audited year ended 28 February 2022 R000
			Nature	Margin %	Rate				
6. Borrowings									
Unsecured									
Long-term borrowings								902 882	881 670
Short-term borrowings								109 071	256 482
Short-term portion of borrowings								107 177	255 626
Non-controlling shareholder loans								1 894	856
								1 011 953	1 138 152
Interest is paid quarterly in arrears.									
The company has unlimited borrowing powers in terms of its Memorandum of Incorporation.									
Terms of repayment									
31 August 2022									
Loan facility: Amortising loan	ZAR	Aug-25	variable	1.70	3-month JIBAR	7.11		150 000	
Loan facility: Amortising loan	ZAR	Aug-26	variable	1.85	3-month JIBAR	7.26		200 000	
Loan facility: Amortising loan	ZAR	Aug-27	variable	1.70	3-month JIBAR	7.11		500 000	
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Aug-25	variable	1.75	3-month JIBAR	7.16		100 000	
General Banking Facility (GBF)	ZAR	364 days	variable	1.80	Prime	7.20		–	
Loan Facility: Term Loan	ZAR	Aug-26	variable	0.10	Prime	9.10		3 012	
Loan Facility: Term Loan	GBP	Sep-25	fixed	–	Fixed	2.02		9 209	
Loan Facility: Term Loan	ZAR	Nov-26	variable	1.50	Prime	10.50		6 706	
Loan Facility: Term Loan	ZAR	Jan-32	variable	–	Prime	9.00		13 570	
Loan Facility: Term Loan	BWP	May-25	variable	0.40	Prime	7.16		27 518	
Non-controlling shareholders loans									
Dial and Dine (Pty) Ltd*	ZAR							615	
Marathon Holdings (Pty) Ltd*	ZAR							1 279	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022 continued

	Currency	Maturity date	Nature	Interest rate		Unaudited six months ended 31 August 2022 %	Audited year ended 28 February 2022 %	Unaudited six months ended 31 August 2022 R000	Audited year ended 28 February 2022 R000
				Margin %	Rate				
28 February 2022									
Loan facility: Amortising loan	ZAR	Aug-23	variable	2.30	3-month JIBAR		6.17		750 000
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Feb-24	variable	2.50	3-month JIBAR		6.37		350 000
General Banking Facility (GBF)	ZAR	364 days	variable	–	Prime		7.50		–
Loan Facility: Term Loan	ZAR	Aug-26	variable	0.10	Prime		7.60		4 612
Loan Facility: Term Loan	GBP	Sep-25	fixed	–	Fixed		2.02		11 077
Loan Facility: Term Loan	ZAR	Nov-26	variable	1.50	Prime		9.00		7 403
Loan Facility: Term Loan	ZAR	Jan-32	variable	–	Prime		7.50		14 058
Non-controlling shareholders loans									
Dial and Dine (Pty) Ltd*	ZAR								606
Marathon Holdings (Pty) Ltd*	ZAR								250
Interest accrued								1 011 909	1 138 006
								44	146
								1 011 953	1 138 152

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

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) profit or loss by R10 million (2022: R11 million).

Interest risk management

The Group utilises interest rate swap contracts to hedge its exposure to the variability of cash flows arising from unfavourable movements in interest rates. Refer Note 12 *Financial instruments and risk management* for further details.

Facilities

- Total ZAR overdraft facility in place: R100 million (2022: R200 million). Unutilised portion at the end of the reporting period: R100 million (2022: R200 million).
- The Group has a 5-year revolving credit facility of R400 million (2022: R1 100 million). Unutilised portion is R300 million (2022: R750 million) at the end of the reporting period.
- The Group has amortising facilities of R1 050 million (2022: R750 million). Unutilised portion is R200 million (2022: Rnil) at the end of the reporting period.

Guarantees

Famous Brands Management Company (Pty) Ltd, Famous Brands Ltd, Lamberts Bay Foods (Pty) Ltd and FB Signature Brands (Pty) Ltd are joint guarantors in terms of the loan agreement:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022 continued

	Unaudited six months ended 31 August 2022 R000	Unaudited six months ended 31 August 2021 R000
7. Revenue		
Sales-based royalties		
Franchise revenue	515 427	418 349
Leading brands	490 778	403 370
Signature brands	24 649	14 979
Marketing fees revenue*	301 327	245 638
Leading brands	294 528	232 464
Signature brands	6 799	13 174
Revenue at point of sale		
Manufacturing revenue	79 870	114 521
Owned	9 987	46 796
Subsidiary	69 883	67 725
Logistics revenue	2 266 930	1 901 196
Retail revenue	121 468	105 186
Company owned stores revenue	277 252	202 385
Leading brands (SA and AME)	199 043	155 808
Signature brands (SA)	78 209	46 577
Joining fees	4 774	4 550
Revenue over time		
Service revenue	12 299	11 768
Total	3 579 347	3 003 593

* Marketing fees revenue relates to funds contributed by franchisees for the various brands across the Group and are administered in line with the Consumer Protection Act ("CPA"). Further analysis of revenue is provided in the primary (business units) and secondary (geographical) segment report based on the information reviewed by the chief operating decision maker.

	Unaudited six months ended 31 August 2022 R000	Unaudited six months ended 31 August 2021 R000
8. Profit before tax		
Profit before tax is arrived at after taking into account, among other items, those detailed below:		
Depreciation of property, plant and equipment	83 846	89 666
Amortisation of intangible assets	7 373	9 986
Directors' remuneration	16 663	8 917
Executive directors	14 063	5 699
Non-executive directors	2 600	3 218
Auditors' remuneration	7 412	9 570
Facilities and property expenses	109 556	92 298
Employee expenses	517 184	447 260
Share-based payments – equity-settled	22 737	20 320
Foreign exchange differences	(161)	139
Net finance costs	32 653	59 532
Finance costs	57 494	66 875
Finance income	(24 841)	(7 343)
Other income	(97 116)	(16 427)
GBK Liquidation dividends	(74 735)	–
(Profit)/loss on disposal of property, plant, equipment	(275)	1 797
Profit on sale of businesses	–	(1 190)
Sundry income*	(21 064)	(15 426)
Other	(1 042)	(1 609)
Impairment of intangible assets	30 569	–
Share of profit of associates	6 943	1 876
9. Net finance costs		
Finance costs		
Interest on borrowings	(43 842)	(47 146)
Interest on lease liabilities	(13 605)	(14 421)
Other finance costs	(47)	(5 308)
	(57 494)	(66 875)
Finance income		
Interest on lease receivables	587	1 073
Interest from bank deposits	11 673	6 269
Interest rate swap termination	12 200	–
Other finance income	381	1
	24 841	7 343
Net finance costs	(32 653)	(59 532)

* Current year sundry income mainly relates to R14.4 million insurance settlement from SASRIA relating to the July 2021 civil unrest.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022 continued

	Unaudited six months ended 31 August 2022 Cents per share	Unaudited six months ended 31 August 2021 Cents per share
10. Basic and headline earnings per share		
Basic earnings per share	259	96
Headline earnings per share	215	97
Diluted earnings per share	259	95
Diluted headline earnings per share	214	96
Dividends per share	200	–
	Number of shares	Number of shares
Reconciliation of weighted average number of shares to diluted		
10.1 weighted average number of shares		
Weighted average number of shares in issue	100 202 284	100 202 284
Possible issue of ordinary shares in the future relating to the share incentive scheme	34 260	621 087
Diluted weighted average number of shares in issue	100 236 544	100 823 371
	R000	R000
10.2 Basic, diluted and headline earnings		
Basic earnings	259 341	95 817
Adjusted for:	(44 364)	934
Profit on disposal of property, plant and equipment	(275)	(1 163)
Tax on loss on disposal of property, plant and equipment	77	326
GBK Liquidation dividends	(74 735)	1 771
Impairment	30 569	–
Headline earnings	214 977	96 751

	Unaudited 31 August 2022 R000	Unaudited 31 August 2021 R000
Acquisition, disposals and changes in		
11. ownership interest		
Lexi's Healthy Eatery		
Effective 1 April 2022, the Group acquired a 51% interest in Lexi's Healthy Eatery (Lexi's) for R3.3 million. Lexi's is a casual dining restaurant brand, offering a full-service, sit-down and plant-based dining experience across all services.		
The purchase price is allocated to		
Property, plant and equipment	83	–
Customer relationships	6 417	–
Assets acquired	6 500	–
Shares issued to non-controlling interest	(3 185)	–
Cash outflow on investment in subsidiary	(3 315)	–
Famous Brands Design Studio (Pty) Ltd		
Effective 1 March 2021, the Group changed its interest in Famous Brands Design Studio (Pty) Ltd from subsidiary to an associate, for a consideration of Rnil.		
Property, plant and equipment	–	1 883
Trade and other receivables	–	3 599
Amount payable to Group company	–	(2 484)
Cash and cash equivalents	–	1 266
Deferred tax	–	(16)
Lease liability	–	(1 487)
Trade and other payables	–	(363)
Taxation payable	–	43
Net assets disposed	–	2 441
Consideration	–	–
Cash and cash equivalents	–	(1 266)
Cash outflow on disposal of subsidiary	–	(1 266)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022 continued

	Unaudited 31 August 2022 R000	Unaudited 31 August 2021 R000
Acquisition, disposals and changes in		
11. ownership interest (continued)		
Famous Brands Great Bakery (Pty) Ltd		
Effective 1 May 2021, the Group disposed of its interest in Famous Brands Great Bakery (Pty) Ltd, for a consideration of R3.6 million.		
Property, plant and equipment	–	6 614
Intangible assets	–	3 845
Trade and other receivables	–	1 040
Inventory	–	503
Cash and cash equivalents	–	2 287
Deferred tax	–	(174)
Amount payable to Group company	–	(1 165)
Lease liability	–	(2 190)
Trade and other payables	–	(403)
Net assets disposed	–	10 357
Consideration	–	3 570
Cash and cash equivalents	–	(2 287)
Cash outflow on disposal of subsidiary	–	1 283
BC Hospitality (Pty) Ltd		
Effective 1 May 2021, the Group acquired additional interest in BC Hospitality (Pty) Ltd, for a consideration of R7.9 million.		
Initial interest acquired	–	51%
Additional interest acquired	–	49%
	–	100%
Additional interest acquired		
Non-controlling interest acquired	–	(1 568)
Changes in ownership	–	(6 350)
Cash outflow on acquisition of subsidiary	–	(7 918)
Pink Potato (Pty) Ltd		
Effective 1 July 2021, the Group acquired additional interest in Pink Potato (Pty) Ltd, for a consideration of R10.7 million.		
Initial interest acquired	–	78%
Additional interest acquired	–	22%
	–	100%
Additional interest acquired		
Non-controlling interest acquired	–	(4 420)
Changes in ownership	–	(6 242)
Cash outflow on acquisition of subsidiary	–	(10 662)

12. Financial instruments and risk management

Accounting classifications and fair values

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

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

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

Level 3: unobservable inputs for the asset or liability.

	Level	Unaudited 31 August 2022 Carrying amount R000	Audited 28 February 2022 Carrying amount R000
Financial assets			
Measured at amortised cost:			
Trade and other receivables		498 115	422 599
Lease receivables		13 609	22 106
Restricted cash		125 065	122 793
Cash and cash equivalents		316 662	333 435
		953 451	900 933
Financial liabilities			
Measured at amortised cost:			
Trade and other payables		737 681	536 338
Shareholders for dividends		2 662	2 418
Lease liabilities		324 681	321 335
Borrowings		1 011 953	1 138 152
		2 076 977	1 998 243
The carrying amounts of financial assets and liabilities classified at amortised cost are considered to approximate the fair values.			
Derivative financial instruments			
Assets			
Fair value through other comprehensive income			
Interest-rate swaps	2	–	9 563
Fair value through profit or loss			
Foreign exchange contracts	2	388	–
		388	9 563
Liabilities			
Fair value through other comprehensive income			
Interest-rate swaps	2	2 377	–
Fair value through profit or loss			
Foreign exchange contracts	2	–	476
		2 377	476

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022** continued

13. Capital management

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

The capital structure of the Group consists of cash and cash equivalents, borrowings, leases and equity as disclosed in the statement of financial position.

Financial covenants

The Group's borrowings (refer Note 6 Borrowings) are subject to financial covenants. Management regularly monitors and reviews compliance of these ratios in line with the funding agreement. These financial covenants, based on the contractual terms of each facility, and based on IFRS financial measures. The covenants are limited to the SA business.

Dates	Leverage ratio	Interest cover ratio	Liquidity
Aug-21	3.75x	2.75x [^]	R250 m [^]
Feb-22	3.25x	3.00x [^]	R250 m [^]
Aug-22	2.50x	3.00x [^]	—*
Feb-23	2.25x ^{**}	3.00x	—
Aug-23	2.25x	3.00x	—
Feb-24	2.25x	3.00x	—

[^] All covenant ratios were satisfied for the current and past reporting periods.

* Covenant ratios were revised as part of the debt refinancing.

** Covenant ratio reduced from 2.5 to 2.25.

	Unaudited 31 August 2022 R000	Audited 28 February 2022 R000
Borrowings	1 011 953	1 138 152
Lease liabilities	324 680	321 335
Cash and cash equivalents	(316 662)	(333 435)
Net debt	1 019 972	1 126 052
Total equity	785 083	720 545
Net debt to equity (gearing)	1.3	1.56
Net asset value per share (cents)	783	719

14. Reclassifications within the financial statements

As part of the Group's continued assessment of its financial statement presentation, we have updated certain of our disclosures to enhance our presentation of financial statements. The accounting policies have been updated to reflect the changes, where necessary and management is of the view that these changes will provide better disclosures.

	As previously stated 31 August 2021 R000	Reclass R000	Notes	As currently stated 31 August 2021 R000
Statement of profit or loss and other comprehensive income				
Gross profit	1 330 570	–		1 330 570
Other income	–	16 427	(a)	16 427
Expected credit loss	–	(1 792)	(b)	(1 792)
Administration expenses		(92 742)	(c)	(92 742)
Marketing expenses		(245 608)	(c)	(245 608)
Operations expenses		(784 987)	(c)	(784 987)
Selling and administrative expenses	(1 108 702)	1 108 702	(a), (b), (c)	–
Operating profit before impairment of intangible assets*	221 868	–		221 868
	221 868	–		221 868
Statement of cash flows				
Net cash inflow from operating activities	183 803	(369)	(d)	183 434
Net cash outflow from investing activities	(72 126)	5 804	(e)	(66 322)
Net cash outflow from financing activities	(160 787)	(5 804)	(e)	(166 591)
Net decrease in cash and cash equivalents	(49 110)	(369)	(d)	(49 479)
Foreign currency effect	(4 185)			(4 185)
Cash and cash equivalents at the beginning of the period	444 357	(92 486)	(d)	351 871
Cash and cash equivalents at the end of the period	391 062	(92 855)	(d)	298 207

* In August 2021 the item was labelled "Operating profit before non-operational items".

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2022** continued

14. Reclassifications within the financial statements (continued)

- (a) Other income was historically reported within "Selling and administrative expenses" and offset against expenses. To enhance compliance with IAS 1 *Presentation of Financial Statements*, "Other income" will be split from "Selling and administrative expenses". This affects the statement of profit or loss and other comprehensive income (SPLOCI).
- (b) Expected credit loss was previously disclosed within "Selling and administrative expenses". To enhance compliance with IAS 1 *Presentation of Financial Statement*, it is disclosed separately. This affects the SPLOCI.
- (c) With exception of cost of sales, expenses included in "Operating profit before impairment of intangible assets" were previously disclosed under "Selling and administrative expenses". To enhance compliance with IAS 1 *Presentation of Financial Statements*, we have, based on materiality of similar items, disaggregated our disclosure of expenses in line with the business operations.
- (d) Restricted cash balances held for marketing activities were previously reported within Cash and cash equivalents. The cash is used for a specific purpose i.e., 'ring-fenced' and not available to use for any other business use. Marketing funds in South Africa are governed by the Consumer Protection Act (CPA). The funds are managed in accordance with this law. The CPA and its regulations are our legal baseline against which we ensure compliance.

Any contribution to the Marketing Fund must be deposited into a separate Marketing Fund bank account and managed accordingly and used for purposes of the fund only.

To enhance compliance with IAS 7 *Statement of Cash Flows*, this cash should rather be classified to "Cash generated from operations" in the Statement of Cash Flows. This affects the Statement of Financial Position (SFP) and Statement of Cash Flows (SCF).

- (e) Gross receipts from sub-leases were historically reported in "Financing activities" as opposed to "Investing activities" in the Statement of Cash Flows. This presentation has been amended to enhance compliance with IAS 7 *Statement of Cash Flows*. This affects the SCF.

15. Related Party transactions

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

16. Contingent liabilities

Refer to Note 6 *Borrowings* for other guarantees and facilities in the Group.

The company and its South African subsidiaries have issued R20 million (2022: R20 million) suretyship in favour of First Rand Bank Limited to secure the banking facilities entered into by certain subsidiary companies.

17. Subsequent events

Acquisition of share capital and claims in Steers Properties Proprietary Limited and Halamandaris Props Proprietary Limited

On 11 October 2022, the Group announced the acquisition of Steers Properties Proprietary Limited ("Steers Properties") entire share capital ("Steers Shares") and claims ("Steers Claims") and Halamandaris Props Proprietary Limited ("Halamandaris Property") entire share capital ("Halamandaris Props Shares") and claims ("Halamandaris Props Claims") (Steers Properties and Halamandaris Property being collectively the "Acquired Companies") from Messrs Panagiotis Halamandaris, Periklis Halamandaris, Theofanis Halamandaris and John Lee Halamandres (the "Transaction").

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

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

The beneficial owners of the Acquired Companies are shareholders in Famous Brands Limited and associated to two non-executive directors. The Transaction is therefore deemed a small related party transaction in terms of the Listings Requirements of the JSE Limited.

Transaction is subject to certain suspensive conditions, including (but not limited to):

- approvals from the relevant regulatory authorities, including, Competition Commission; and
- due diligence being completed to reasonable satisfaction of the Purchaser.

The effective date of the Transaction will be dependent on the fulfilment of the suspensive conditions to the Transaction.

Dividend declaration

The Board has declared an interim dividend of 130 cents per share (2021: 0 cents), reflecting the Group's continued improved financial position and confidence in its prospects. The dividend will be paid out of profits for the review period for a total amount of R130 million.

Shareholder spread

1 – 10 000
 10 001 – 50 000
 50 001 – 100 000
 100 001 – 1 000 000
 Over 1 000 000

Total

Distribution of shareholders

Individuals
 Insurance Companies
 Investment Trusts
 Other Companies & Corporate Bodies

Total

Shareholder type

Non-public shareholders

Directors and Associates (Direct)
 Directors and Associates (Indirect)

Public shareholders

Total

Fund managers greater than 5% of the issued shares

Coronation Fund Managers
 Public Investment Corporation
 BMO LGM Asset Management Group

Total

Direct and indirect beneficial shareholders greater than 5% of the issued shares (excluding directors)

Coronation Fund Managers
 Government Employees Pension Fund
 Halamandaris Theofanis Mr
 Panis Trust

Total

Total number of shareholdings

Total number of shares in issue

2022				2021			
Number of shareholders	% of total shareholdings	Number of shares	% of issued capital	Number of shareholders	% of total shareholdings	Number of shares	% of issued capital
6 658	94.08	4 012 971	4.00	5 913	94	3 951 395	4
216	3.05	5 143 171	5.13	204	3	4 693 826	5
68	0.96	5 001 407	4.99	64	1	4 514 898	5
116	1.64	35 588 217	35.52	101	2	29 762 444	30
19	0.27	50 456 518	50.35	26	0	57 279 721	57
7 077	100.00	100 202 284	100.00	6 308	100	100 202 284	100
6 087	86.01	12 408 828	12.38	5 462	86.6	17 434 306	17.4
7	0.10	1 647 055	1.64	7	0.1	2 133 812	2.1
221	3.12	7 608 511	7.59	240	3.8	7 651 578	7.6
762	10.77	78 537 890	78.38	599	9.5	72 982 588	72.8
7 077	100.00	100 202 284	100.00	6 308	100	100 202 284	100
31	0.44	19 830 300	19.79	26	0	22 343 809	22
11	0.16	5 626 698	5.62	17	0	12 351 246	12
20	0.28	14 203 602	14.17	9	0	9 992 563	10
7 046	99.56	80 371 984	80.21	6 282	100	77 858 475	78
7 077	100.00	100 202 284	100.00	6 308	100	100 202 284	100
		29 357 335	29.30			28 556 235	28.5
		9 217 355	9.20			7 856 095	7.8
		6 691 145	6.68			7 025 964	7.0
		45 265 835	45.17			43 438 294	43.4
		16 783 746	16.75			16 188 808	16.2
		9 767 912	9.75			8 784 294	8.8
		6 828 955	6.82			4 677 598	4.7
		33 380 613	33.31			6 828 955	6.8
						36 479 655	36
7 077				6 308			
100 202 284						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
A2X share code: FBR
ISIN code: ZAE000053328

Directors

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

* *Executive*

There were no changes to the Board for the current period.

Company secretary

Celeste Appollis

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Transfer secretaries


Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
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

KPMG Inc
Registration number: 1999/021543/21
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