Brands

Manufacturing

Logistics

Retail

famous | brands
you're in good company

Unaudited Condensed Consolidated Interim Financial Statements

for the six months ended 31 August

2023

Contents

Forward looking statements disclaimer

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

The Group's external auditors have not audited these statements. 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.

The Famous Brands recipe for success

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

Established market leader in a growing sector

Famous Brands has the largest restaurant network in South Africa and a growing Africa Middle East footprint. We offer an exciting business proposition for franchise partners and a quality solution for consumers.

Competent leadership and clear strategies

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

Strong brands and exceptional franchise partners

Our best-in-class brand portfolio has consumer appeal across income and demographic bands, meal preferences and value propositions. We have a talented, resilient network of franchise partners.

Strategic business model

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

Appropriate capital allocation

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

Supportive financial position

A healthy balance sheet and an effective debt structure. We have cash-generative operations and sustainable earnings.

Environmental, social and governance (ESG) mindfulness

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

Famous Brands:
A story of growth

Famous Brands owns a portfolio of world-class brands operated by a dynamic network of franchise partners. Our integrated supply chain provides a competitive advantage to franchise partners through efficient supply, product innovation and margin management support.

Famous Brands was established in the 1960s by entrepreneurs passionate about creating memorable consumer experiences. Since then, the Group has become Africa's largest restaurant franchisor. We are known for our world-class brands, product innovation, and long, mutually beneficial relationships with franchise partners.

Our business model comprises four core pillars: Brands, Manufacturing, Logistics and Retail. We operate franchised, master licence and Company-owned restaurants. The Brands portfolio is segmented into Leading (mainstream) Brands and Signature (niche) Brands. Leading Brands are further categorised as Quick Service and Casual Dining.

When Famous Brands listed on the Johannesburg Stock Exchange (JSE) in 1994, the Group had a limited Supply Chain. Today, a well-established Supply Chain comprising the Manufacturing, Logistics and Retail divisions supports our Brands' pillar in South Africa and selected African countries. These divisions are managed and measured independently.

Our restaurant network

South Africa (SA): 2 522

The rest of Africa and the Middle East (AME): 311 in 17 countries

The United Kingdom (UK): 65

17 Restaurant Brands

Brands

2 898 restaurants:
2 812 franchised and 86 Company-owned restaurants

Leading Brands

Occupy the number one or two positions in their categories

Quick Service

1 933 restaurants prioritising take away and delivery offerings. These restaurants have smaller sit-down areas and focus on quick service

Casual Dining

825 restaurants offering customers a full-service, sit-down experience

Signature Brands

140 restaurants showcasing a variety of bespoke Casual Dining offerings

Manufacturing

MANUFACTURING

Our 11 manufacturing plants are wholly and partly-owned subsidiaries

Logistics

LOGISTICS

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

Retail

RETAIL

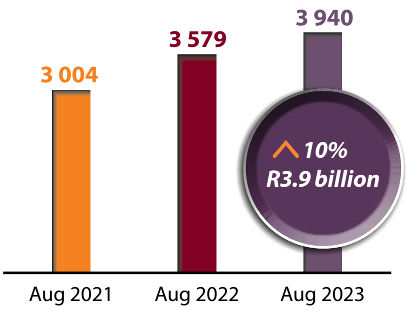
Sells condiments (sauces, dressings, spices), frozen meat products, coffee (ground and beans), frozen chips and other value-added products to major retailers

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

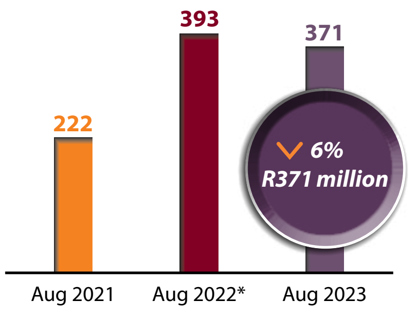
Salient features

for the six months ended 31 August 2023

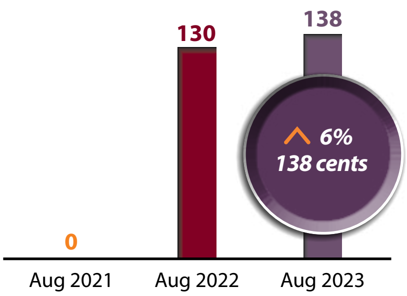
Revenue (R million)



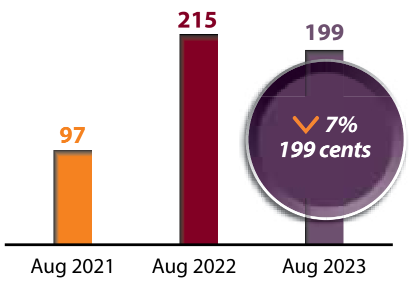
Operating profit (R million)



Dividends (cents per share)



Headline earnings per share (HEPS) (cents)



* *Excluding Gourmet Burger Kitchen liquidation dividends, in August 2022 operating profit was R318 million.*

Operating highlights

- Solid network growth with 50 new restaurants opened and 116 revamps completed.
- Successful roll out of the new warehouse management system in three of nine distribution centres to enhance operational efficiency in Logistics.
- Famous Brands kicked off its plan to materially increase its drive thru presence.
- 91.3% of Leading Brands restaurants have alternative power solutions in place.
- The Pick n Pay barista concept has gained momentum, with 34* outlets now operational.
- Strong financial performance for Retail with material improvements in revenue and profitability.
- For the second year, Famous Brands was recognised as a Level 2 Broad-based Black Economic Empowerment contributor.

* *Excluded from Group store numbers.*

Financial performance overview and commentary

Industry overview

The South African restaurant industry is under increasing strain due to rising costs, alternative power costs and reduced consumer spending. In this environment, consumers gravitate towards strong and trusted brands.

South African consumers face several challenges, including political uncertainty, the ongoing water shortage, electricity crisis, elevated food and fuel prices and higher interest rates. Despite this troubling background, consumers are more resilient than expected and still spend time at restaurants. Here, restaurants offer affordable indulgent moments as a reprieve from their daily challenges. However, with tighter budgets, consumers do not eat out as lavishly as before.

Shopping centres, which tend to have alternative power, have recovered from their pandemic slump, and consumers are spending more time in these environments. This was especially evident during the cold winter experienced in Johannesburg and Cape Town. In addition, hospital foot counts are up, which supports restaurants in those locations.

The first six months of our 2024 financial year were characterised by:

- Elevated levels of severe load shedding driving alternative power costs and fewer hours of trading where no alternative power is available.
- Higher insurance, food and fuel costs.
- Local protests reduce trading days.
- A highly competitive landscape of established restaurant chains.
- Convenience channels, including collect and drive thrus, gain momentum.

Food inflation peaked at 14% in April 2023 and declined slightly to 11% in July 2023[1]. While the supply chain challenges and inflationary pressures related to the Russia/Ukraine war have eased, local food inflation remains elevated due to load shedding and increased diesel usage by all food producers. In addition, imported products such as hake and coffee were more expensive due to the weak rand. High price increases were recorded for the key products of chicken, eggs, pork, and vegetables. Due to unusual weather patterns and loadshedding, SA has experienced poor harvests of potatoes from April to October. This has led to the significant increase of the input costs in our production of frozen chips. While raising menu prices to recover costs is essential, higher prices risk alienating customers.

Against a difficult backdrop, local consumers seek affordable and reliable products. The restaurant industry is highly competitive, and the landscape favours established networks over independent operators. Consumers are enticed through value deals, discounts, smaller meals with lower price points, competitions, menu innovation and loyalty programmes.

Consumers continue to enjoy the convenient options of delivery, collect and drive thru channels. Here, drive thrus are gaining momentum as a preferred channel due to their comfort and safety. However, these options will never replace the restaurant experience, as consumers still want to celebrate occasions or meet up with friends and family.

South Africa's socio-economic difficulties and discontent with the government's service delivery failures result in protest action and growing social unrest. In August 2023, the Western Cape was subjected to an eight-day taxi strike, resulting in restaurant closures and cancelled restaurant deliveries due to transport unavailability.

[1] *Sourced from https://tradingeconomics.com/*

Supporting franchise partners through load shedding

Basic infrastructural challenges put additional pressure on our industry. Our franchise partners must deliver 'business as usual' for consumers, which comes at a cost. This limits their ability to grow, contribute to the economy and create jobs.

Load shedding has increased significantly during the six months ended 31 August 2023 compared to the same period in the prior year. In general, load shedding is at higher stages and unlike in the previous comparative period, load shedding runs throughout the week, including weekends, which affects prime trading hours. Load shedding and the associated cost of alternative energy sources remains a major cost driver across the supply chain, which increases costs for franchise partners. In addition, many restaurants have to contend with water shortages.

In March 2023, the Leading Brands portfolio had 81.5%[1] of all restaurants on some form of alternative power. There is a major drive to encourage franchise partners to invest in alternative power solutions. At the close of the review period, 91.3% of the portfolio had an alternative power solution. Restaurants invested in these solutions experienced a positive increase in sales during load shedding. We assisted these restaurants with local marketing to create awareness that they are trading during load shedding.

We have invested in understanding power utilisation by brand and are building sustainable energy management solutions into each brand's business model. This includes energy considerations in restaurant design and configuration, moving to gas-supplied equipment and implementing energy efficiency measures.

Financial support

From March 2023, we have assisted franchise partners with a 1% point reduction (0.5% royalty and 0.5% marketing) on their franchise fees for sales generated while trading during load shedding. At the end of the review period, the total financial relief provided to Leading Brands franchise partners was just over R11.6 million. Around 18% of our sales occurred during load shedding. We believe this relief is important to ensure the sustainability of our franchise network and address this macro problem in a collaborative manner. Our success and future growth lies in ensuring our franchise partners can continue to thrive, despite a difficult operating environment.

Impact of load shedding on restaurants:

- Lost revenue.
- Higher food input prices resulting in menu increases.
- Higher operating costs and capital investment.
- Increased risk of food waste.
- Disrupted deliveries to consumers.

This financial relief is calculated using a customised load shedding report that monitors the load shedding status as provided by the Eskom Se Push application. This report allows Famous Brands to calculate the number of trading hours during load shedding.

Delivery channel load shedding mitigation

Load shedding affects our home delivery channel as it disrupts cellular network connectivity, resulting in poor consumer communication and payment issues. In addition, delivery times are longer due to increased traffic where traffic lights are off. Providing drivers with dual SIM cards has improved network connection.

Insurance cost increases

The 2023/2024 insurance renewal cycle fell within the review period and was the toughest in our history. The Group property damages and business interruption (PDBI) premium escalated at over 470% to R22 million (2023: R3.9 million excluding the aggregate deductible); while our annual claims ratio was below 10%.

Famous Brands insurance risk has increased because food facilities are classified as high risk during a riot or social unrest resulting from the unlikely event of total grid failure. In addition, insurers have a low appetite for cold storage facilities and require extensive fire risk engineering management.

In response to a hardening insurance market, we are executing a plan to secure and protect our operating sites and assets against identified risk exposure. In addition, we set up an insurance cell captive to reduce our insurance costs.

[1] *This excludes restaurants not affected by load shedding as they fall under a no load shedding zone.*

Group financial performance

Despite a difficult operating environment, the Group demonstrated positive momentum in revenue growth.

Total revenue for the review period increased by 10% to R3 940 million (2022: R3 579 million). The operating profit decreased 6% to R371 million (2022: R393 million), and headline earnings per share decreased 7% to 199 cents (2022: 215 cents). In the review period, Famous Brands continued to drive organic growth while optimising the business for efficiencies and cash savings. However, the earnings are lower than the prior period predominately due to the Gourmet Burger Kitchen liquidation dividend of R75 million received in August 2022. Excluding the liquidation dividend, basic earnings per share (BEPS) is 8% up on the prior period.

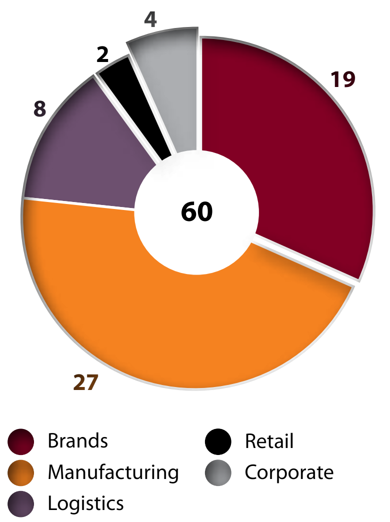
Salient features	Unit	Six months ended 31 August 2023	Six months ended 31 August 2022	% change (Aug 2023 versus Aug 2022)
Statement of profit or loss and other comprehensive income				
Revenue	R'million	**3 940**	3 579	10
Operating profit	R'million	**371**	393	(6)
Operating margin	%	**9.4**	11	(1.6)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	R'million	**472**	515	(8)
Basic earnings per share (BEPS)	Cents	**199**	259	(23)
Headline earnings per share (HEPS)	Cents	**199**	215	(7)
Statement of cash flows				
Cash generated from operations	R'million	**537**	552	(3)
Net cash outflow utilised in investing activities	R'million	**(58)**	(71)	19
Net cash inflow/(outflow) from financing activities	R'million	**46**	(165)	128
Cash realisation rate*	%	**114**	107	7
Statement of financial position				
Cash and cash equivalents**	R'million	**344**	317	9
Net asset value per share	R'million	**941**	783	20
Net debt***	R'million	**1 254**	1 020	(23)
Net debt/equity (gearing)	Times	**1.33**	1.30	(2)
Total equity	R'million	**943**	785	20

* *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.*

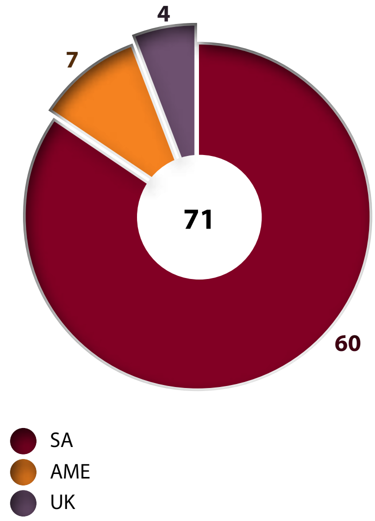
Capital expenditure

The Group invested R71 million (2022: R60 million) in capital expenditure across its markets. This capital was allocated in line with the Group's strategy, including expansion for Leading Brands in South Africa and selected AME markets and enhancing our Manufacturing and Logistics infrastructure.

Capex per SA division (R million)



Capex per region (R million)



Gearing

The Group's total borrowings position at 31 August 2023 was R1 265 million (2022: R1 012 million). During the review period, Famous Brands repaid R59 million of borrowings to our primary banker. Total debt facilities unutilised at 31 August 2023 were R219 million (2022: R600 million).

In May 2023, Famous Brands secured long-term financing for its head office campus in Midrand. The property was purchased in February 2023, initially using cash and credit facilities for R181 million. The Group is evaluating options to develop the property, with a suitable developer, to create a fit-for-purpose facility.

The Group's finance costs increased by 35% (excluding the settlement of the interest rate swap in the prior period) mainly due to cumulative interest hikes of 275 basis points during the review period and the drawdown of our credit facility. This was slightly offset by interest rate hedging.

We continue executing our programme to manage and reduce our debt in the medium term. This includes adhering to stringent working capital measures, funding growth through internally generated cash flow and investing in lower-risk core local opportunities with a strong outlook for long-term returns.

Dividend

The Board has declared an interim dividend of 138 cents per share (2022: 130 cents), reflecting the Group's stable financial position and cashflows. In light of the challenging economic environment in which our business currently operates, we acknowledge its impact on earnings growth. Nevertheless, we maintain an optimistic outlook for the future. The dividend will be paid out of profits for the review period for a total amount of R138 million.

Event dates

Declaration date	Tuesday, 24 October 2023
Last day to trade "*cum dividend*"	Tuesday, 12 December 2023
Shares commence trading "*ex-dividend*"	Wednesday, 13 December 2023
Record date	Friday, 15 December 2023
Payment of dividend	Monday, 18 December 2023

Those shareholders of the Group who are recorded in the Company's register as at the record date will be entitled to the dividend. Share certificates may not be dematerialised or rematerialised between Wednesday, 13 December 2023 and Friday, 15 December 2023, 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 110.40 cents per share for shareholders liable to pay the dividends tax and 138 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

Brands

Total revenue for the review period grew by 7% to R570 million (2022: R534 million) due to solid sales and inflationary increases. The operating profit improved by 7% to R220 million (2022: R206 million), while the operating margin remains stable at 38.5% (2022: 38.6%).

Leading Brands' revenue was up 8% to R465 million (2022: R431 million), while the revenue for Signature Brands improved by 3% to R105 million (2022: R103 million).

SA

The South African consumer was more resilient than anticipated despite lower disposable income. Load shedding hampered performance, resulting in lost revenue.

33	104	29
restaurants opened	restaurants revamped	restaurants closed

Casual Dining Restaurants generally delivered stronger performances than Quick Service Restaurants. Here, Casual Dining Restaurants were less affected by load shedding as they are typically located in shopping centres where alternative power solutions are provided by landlords.

Combined system-wide sales across our Leading and Signature Brands' portfolios improved by 7.8% while like-for-like sales increased by 6.1%. Leading Brands system-wide sales improved by 8%, while like-for-like sales grew by 5.8%. Signature Brands' system-wide sales improved 5.4%, and like-for-like sales improved 9.6%.

Important definitions

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

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

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

Signature Brands' sales refer to franchises and Company-owned store sales in SA and cross-border sales where the AME management team does not manage the brand.

Leading Brands portfolio

30	102	21
restaurants opened	restaurants revamped	restaurants closed

The portfolio delivered solid results due to its well-established brands, value offerings and careful management of menu price increases. Most restaurants can trade during load shedding, contributing to these resilient results. We placed significant emphasis on closing the power gap by encouraging franchise partners to implement alternative power solutions. However, we have undoubtedly lost sales where alternate power solutions are not yet available. There was some upside from load shedding on take aways and some easing of food inflation, but there is no substitute for uninterrupted trade. Consumers have been forced to cut back on discretionary spending, which is evident in the slowdown in transaction size growth. Growth in the delivery channel slowed across all brands. However, the collect ordering and drive thru channels continue to perform strongly.

The rollout of digital menu screens and self-service terminals at Quick service restaurants accelerated, offering a better customer experience and allowing for quicker menu changes.

Signature Brands portfolio

3 restaurants opened	2 restaurants revamped	8 restaurants closed

The Signature Brands portfolio had a mixed performance due to increased load shedding, closing of non-performing restaurants and consumers with low disposable incomes. In general, evening trade has not recovered to pre-pandemic levels.

Lupa Osteria showed the most resilience in the Fun Dining category because of its footprint of blue chip locations. The captive market segment recovered strongly as hospital environments attracted increased footfall and extended visiting hours.

Many restaurants are still burdened with debts to landlords from the difficult years of 2020 and 2021. This reduces their cash flow and ability to reinvest in their restaurants.

AME

16 restaurants opened	12 restaurants revamped	9 restaurants closed

System-wide sales increased by 15.3% while the region's revenue increased 11% to R227 million. The operating profit was marginally higher at R13 million (2022: R11 million), and the operating profit margin improved to 5.7% (2022: 5.3%).

Several African markets are contending with abnormally high inflation due to political instability, poor economic policies and external shocks. The outbreak of war in Sudan has forced the temporary closure of all restaurants in that country.

The home delivery channel continued to gain momentum in several countries with several new consumer-facing technology projects implemented. This includes launches of a centralised call centre in Zambia, a Mr Biggs online ordering platform in Nigeria, self-service terminals in Namibia and Botswana and a delivery hub in Gaborone.

UK

1 restaurant opened	1 restaurant closed

Operating conditions in the UK continue to be difficult due to economic pressures, including high inflation and interest rates resulting in low consumer confidence and spending.

Revenue in rand terms increased by 18% to R83 million (2022: R71 million). The operating profit improved to R10 million (2022: (R20 million)). The operating profit margin improved to 12% (2022: (28.1%)[1]).

[1] *The operating margin for 2022 was negatively impacted by a goodwill impairment of R31 million.*

Vertical integration

Manufacturing

Manufacturing turnover increased by 12% to R1.6 billion (2022: R1.4 billion) due to good volumes and some inflationary increases. Operating profit declined by 5% to R135 million (2022: R143 million), with increased costs related to frequent generator usage, higher input prices and insurance premium increases.

The operating margin declined to 8.4% (2022: 9.9%) as manufacturing plants focused on production efficiencies. The division focussed on introducing new suppliers to lessen the impact of single supplier failure related to the challenges of an environment where load shedding and water shortages impact supplier performance. Where required, we increased our inventory holdings to reduce supply chain unpredictability.

Logistics

Logistics turnover increased by 9% to R2.5 billion (2022: R2.3 billion), driven by cases growth and price inflation. Operating profit achieved was similar to prior period at R46 million (2022: R46 million). The operating margin declined to 1.9% (2022: 2.1%), mainly due to the R10.8 million civil unrest insurance settlement received in August 2022. Case volumes grew 8.3% year-on-year.

Logistics successfully rolled out the new warehouse management system across two distribution centres, with efficiency and productivity gains realised. Three distribution centres are now operating with this system, with the final site scheduled to go live in February 2024. A solar installation was completed at the Western Cape Distribution Centre.

Retail

The Retail division's revenue increased by 54% to R187 million (2022: R121 million), while the operating profit improved by 179% to R1.6 million (2022: (R2 million)). This improved profitability is due to increased sales volumes, expanded distribution and exceptional frozen chip sales. There were no unusual product write-offs during the period under review compared to the prior year. In addition, the house brand coffee sales have recovered strongly compared to the prior period. The division launched two new products during the review period.

Outlook

While the operating environment is difficult, the consumer is more resilient than expected. We have a strong position due to our portfolio of world-class brands and the buying power and agility offered by our integrated Supply Chain.

While we expect the remainder of the 2024 financial year to be challenging, we are optimistic that we have the right brands and strategy to grow, win market share and improve our margins. Our Leading Brands new restaurant roll out plan will gain momentum, including a drive to boost our drive thru presence as new sites become available. In addition, we are investing in consumer technology and delivery hubs to improve our own home delivery capabilities.

Franchise partner sustainability remains at the heart of our business. We will continue to support franchisees by offering a lower royalty rate during load shedding. We are committed to working with franchise partners to ensure that they have access to alternative power solutions and are confident that 95% of Leading Brands restaurants will have these in place by year-end. This should support a sales recovery.

We are bullish about our prospects in the AME region. Here, we will cautiously enter three new markets (Côte d'Ivoire, Egypt and the Democratic Republic of Congo) with the Debonairs Pizza and Steers brands. We will split the management structure for AME so that the Southern African Development Countries (SADC) are managed by the Leading Brands team in South Africa. The rest of Africa, where we have a smaller footprint, will be managed out of the Middle East. We believe this will refocus our attention on those countries where we need to invest and build our brands and networks.

In our Manufacturing division, we will focus on driving operational efficiencies, managing our cost base, improving product quality and reducing our environmental footprint. We continue to develop our procurement capability to provide competitive value for our manufacturing plants and franchise partners.

We will continue executing our strategy to optimise our Logistics footprint. This includes investing in new cold storage facilities to allow us to relocate our Gauteng Cold Storage Centre to Midrand. This investment is another step in better utilising our head office campus.

While the retail trading environment is competitive and consumers are price-sensitive, our strong brand names and quality products will allow the Retail division to grow its volumes and distribution. The division will introduce 12 new product lines in the 2024 financial year. In the medium to long term, our Retail business has the potential to grow a sustainable revenue stream.

Subsequent events

Famous Brands reached a mutual agreement with the licensee to close the 8 restaurants operating in the Sultanate of Oman.

With effect from 16 October 2023, Famous Brands has acquired an interest in an associate, Munch Software (Pty) Ltd. The business is a recent entrant in the Point of Sale software industry, offering a modern and agile cloud-based platform. This new partnership will enable Famous Brands to achieve its ambitions to digitise the restaurant management technology ecosystem and assist the Munch business in reaching critical mass. The transaction falls below the threshold for categorisation and therefore there is no requirement for an announcement in terms of the JSE Listings Requirements.

On behalf of the Board

SL Botha
Chairman

DP Hele
Chief Executive Officer

Midrand

24 October 2023

A live webcast of the Group's results presentation will be held on Tuesday, 24 October 2023.
To pre-register, link to: https://www.corpcam.com/FamousBrands24102023

Condensed consolidated statement of financial position

at 31 August 2023

	Notes	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Assets			
Non-current assets		**1 895 175**	1 891 299
Property, plant and equipment	2	**901 863**	904 148
Intangible assets	3	**864 906**	850 458
Investments in associates		**15 104**	12 065
Investment in preference shares		**9 903**	3 490
Loans to associates		**18 701**	22 222
Lease receivables		**3 350**	7 010
Deferred tax		**81 348**	91 906
Current assets		**1 631 498**	1 541 401
Inventories		**540 290**	531 211
Trade and other receivables	4	**655 815**	550 623
Cash and cash equivalents		**343 538**	310 934
Restricted cash		**75 386**	134 577
Lease receivables		**1 761**	2 152
Derivative financial instruments		**3 970**	3 970
Current tax assets		**10 738**	7 934
Total assets		**3 526 673**	3 432 700
Equity and Liabilities			
Equity attributable to owners of Famous Brands Limited		**817 366**	843 851
Non-controlling interests		**125 673**	131 933
Total equity		**943 039**	975 784
Non-current liabilities		**1 475 293**	1 400 512
Borrowings	6	**1 137 182**	1 023 170
Lease liabilities		**253 877**	287 464
Provision		**2 331**	2 194
Deferred tax		**81 903**	87 684
Current liabilities		**1 108 341**	1 056 404
Trade and other payables	5	**867 994**	755 608
Borrowings	6	**127 881**	116 693
Lease liabilities		**78 226**	51 473
Shareholders for dividends		**2 784**	2 802
Current tax liabilities		**31 456**	51 631
Bank overdraft		**–**	78 197
Total liabilities		**2 583 634**	2 456 916
Total equity and liabilities		**3 526 673**	3 432 700

Condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended 31 August 2023

	Notes	Unaudited six months ended 31 August 2023 R000	Unaudited six months ended 31 August 2022 R000
Revenue	7	**3 939 529**	3 579 347
Cost of sales		**(2 257 772)**	(1 979 536)
Gross profit		**1 681 757**	1 599 811
Other income	8	**15 516**	97 116
Expected credit loss	8	**(2 279)**	(279)
Administration expenses		**(102 841)**	(85 178)
Marketing expenses		**(322 001)**	(301 482)
Operations expenses		**(899 060)**	(886 479)
Operating profit before impairment of intangible assets		**371 092**	423 509
Impairment of intangible assets	3	**–**	(30 569)
Operating profit		**371 092**	392 940
Net finance costs	9	**(60 520)**	(32 653)
Finance costs		**(80 258)**	(45 294)
Finance income		**19 738**	12 641
Share of profit from associates		**8 444**	6 943
Impairment of loan to associate	8	**(8 921)**	–
Profit before tax	8	**310 095**	367 230
Tax		**(90 366)**	(90 130)
Total profit for the period		**219 729**	277 100
Profit for the period attributable to:			
Owners of Famous Brands Limited		**199 792**	259 341
Non-controlling interests		**19 937**	17 759
Total profit for the period		**219 729**	277 100
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations*		**18 882**	(2 089)
Movement in hedge accounting reserve*		**(781)**	(8 920)
Pre-tax change in fair value and termination of cash flow hedges		**(913)**	(12 389)
Tax on movement in hedge accounting reserve		**132**	3 469
Total comprehensive income for the period		**237 830**	266 091
Total comprehensive income attributable to:			
Owners of Famous Brands Limited		**217 893**	248 332
Non-controlling interests		**19 937**	17 759
Total comprehensive income for the period		**237 830**	266 091
Basic earnings per share (cents)			
Basic	10	**199**	259
Diluted	10	**199**	259

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

Condensed consolidated statement of changes in equity

for the six months ended 31 August 2023

	Attributable to owners of Famous Brands Limited R000	Non-controlling interests R000	Total equity R000
Balance at 1 March 2022	601 258	119 287	720 545
Equity settled share-based payment scheme	15 932	–	15 932
Non-controlling interest arising on business combination	–	3 185	3 185
Dividends declared	(200 163)	(20 507)	(220 670)
Total comprehensive income for the 6 month period	248 332	17 759	266 091
Balance at 31 August 2022	665 359	119 724	785 083
Equity settled share-based payment scheme	19 898	–	19 898
Transfer between reserves	(4 961)	4 961	–
Total comprehensive income for the period	293 698	13 391	307 089
Dividends declared	(130 505)	(4 820)	(135 325)
Non-controlling interest arising on business combination	–	(1 323)	(1 323)
Other reserve	362	–	362
Balance at 1 March 2023	**843 851**	**131 933**	**975 784**
Equity settled share-based payment scheme	**(10 907)**	**–**	**(10 907)**
Total comprehensive income for the period	**217 893**	**19 937**	**237 830**
Dividends declared	**(233 471)**	**(26 197)**	**(259 668)**
Balance at 31 August 2023	**817 366**	**125 673**	**943 039**

Consolidated statement of cash flows

for the six months ended 31 August 2023

	Notes	Unaudited six months ended 31 August 2023 R000	Unaudited six months ended 31 August 2022 R000
Cash generated from operations		**537 044**	551 604
Net finance costs paid		**(60 200)**	(44 955)
Finance income received		**19 738**	12 641
Finance costs paid		**(79 938)**	(57 596)
Income tax paid		**(101 889)**	(66 894)
Dividends paid		**(259 668)**	(220 670)
Dividends paid to owners of Famous Brands Limited		**(233 471)**	(200 163)
Dividends paid to non-controlling interests		**(26 197)**	(20 507)
Net cash inflow from operating activities		**115 287**	219 085
Cash flow from investing activities			
Additions to property, plant and equipment	2	**(58 859)**	(50 716)
Intangible assets acquired	3	**(12 266)**	(8 797)
Proceeds from disposal of property, plant and equipment		**5 804**	1 729
Proceeds from disposal of intangible assets		**228**	–
Cash outflow on investment in subsidiary	11	**–**	(3 315)
Dividends received from associates		**5 405**	2 760
Principal receipts from lease receivables		**4 140**	2 916
Loan to associate		**(1 994)**	(15 406)
Net cash outflow from investing activities		**(57 542)**	(70 829)
Cash flow from financing activities			
Net borrowings raised/(repaid)		**123 908**	(130 802)
Borrowings raised		**186 248**	1 077 300
Borrowings repaid		**(62 340)**	(1 208 102)
Settlement of interest rate swap		**–**	11 825
Non-controlling shareholder loans received		**2 257**	373
Principal repayments of lease obligations		**(50 912)**	(39 202)
Share-based payment grant settlements		**(29 125)**	(6 805)
Net cash inflow/(outflow) from financing activities		**46 128**	(164 611)
Net increase/(decrease) in cash and cash equivalents		**103 873**	(16 355)
Foreign currency effect		**6 928**	(442)
Cash and cash equivalents at the beginning of the period		**232 737**	333 435
Cash and cash equivalents at the end of the period		**343 538**	316 662

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

for the six months ended 31 August 2023

	Unaudited six months ended 31 August 2023 R000	Unaudited six months ended 31 August 2022 R000
Revenue*		
Leading brands	**465 008**	430 523
Signature brands	**105 453**	102 858
Supply Chain	**2 735 428**	2 468 268
Manufacturing	**1 616 333**	1 438 399
Logistics	**2 465 576**	2 266 930
Retail	**186 662**	121 468
Eliminations	**(1 533 143)**	(1 358 529)
Marketing funds	**321 937**	301 327
Corporate	**1 284**	1 042
South Africa	**3 629 110**	3 304 018
United Kingdom – Wimpy	**83 247**	70 724
Rest of Africa and Middle East	**227 172**	204 605
Revenue	**3 939 529**	3 579 347

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

	Unaudited six months ended 31 August 2023 R000	Unaudited six months ended 31 August 2022 R000
Operating profit		
Leading brands	**218 845**	198 854
Signature brands	**674**	6 768
Supply Chain	**183 437**	187 459
Manufacturing	**135 885**	142 987
Logistics	**45 966**	46 485
Retail	**1 586**	(2 013)
Corporate	**(54 836)**	8 992
Share-based payment charge	**(18 265)**	(22 737)
Consolidation entries**	**(3 564)**	(3 444)
Corporate administration costs*	**(33 007)**	35 173
South Africa	**348 120**	402 073
United Kingdom – Wimpy	**9 986**	10 688
Rest of Africa and Middle East	**12 986**	10 748
Operating profit before impairment of intangible assets	**371 092**	423 509
Impairment of intangible assets	**–**	(30 569)
Operating profit	**371 092**	392 940
Net finance costs	**(60 520)**	(32 653)
Share of profit of associates	**8 444**	6 943
Impairment of loan to associate	**(8 921)**	–
Tax	**(90 366)**	(90 130)
Total profit for the period	**219 729**	277 100

No segment assets or liabilities have been disclosed as such information is not regularly provided to the CODM (Chief operating decision makers).

* *August 2022 corporate administration costs include the Gourmet Burger Kitchen (GBK) liquidation dividends of GBP 3.8 million (R74.7 million) recognised in other income (Note 8).*

** *Consolidation entries relate to amortisation of business combination intangible assets at Group level.*

	Unaudited six months ended 31 August 2023 R000	Unaudited six months ended 31 August 2022 R000
Operating margin after impairment		
Leading brands	**47.1%**	46.2%
Signature brands	**0.6%**	6.6%
Manufacturing	**8.4%**	9.9%
Logistics	**1.9%**	2.1%
Retail	**0.8%**	(1.7%)
South Africa	**9.6%**	12.2%
United Kingdom – Wimpy	**12.0%**	(28.1%)
Rest of Africa and Middle East	**5.7%**	5.3%
Total	**9.4%**	11.0%*

* *Excluding GBK liquidation dividends, operating profit margin was 8.9%.*

Geographical allocation of revenue		
United Kingdom	**83 247**	70 724
Botswana	**184 591**	166 418

The table below sets out the geographical location of non-current assets excluding deferred tax assets and lease receivables.	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Additions to non-current assets by segment*		
Leading brands	**8 290**	9 299
Signature brands	**11 008**	336
Manufacturing	**27 451**	19 961
Logistics	**7 588**	891
Retail	**1 661**	10
Corporate	**4 393**	8 101
South Africa	**60 391**	38 598
Rest of Africa and Middle East	**7 223**	17 863
United Kingdom	**3 511**	3 052
Total	**71 125**	59 513

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

	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Geographical allocation of non-current assets		
South Africa	**1 509 121**	1 491 407
United Kingdom	**168 593**	154 494
Botswana	**121 962**	130 610
Rest of Africa and Middle East (excluding Botswana)	**10 801**	15 872
Total	**1 810 477**	1 792 383

Notes to the condensed consolidated financial statements

for the six months ended 31 August 2023

Reporting entity

Famous Brands Limited (Famous Brands or the company) is a holding company domiciled in South Africa and is listed on the JSE Limited under the category Consumer Services: Travel and Leisure. Famous Brands is Africa's leading quick service and casual dining restaurant franchisor. The 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 nature of goods and services is presented in the Operating Segment and revenue streams as disclosed in Note 7 *Revenue*.

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with IFRS and its interpretations adopted by the IASB in issue and effective for the Group at 31 August 2023, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contains information required by IAS 34 Interim financial reporting, JSE Listings Requirements and the Companies Act of South Africa. The condensed consolidated financial statements were approved by the Board of Directors on 23 October 2023.

The Group's condensed consolidated financial statements have not been audited or reviewed and were prepared under the supervision of Mrs Nelisiwe Shiluvana CA(SA), CGMA, Group Financial Director.

Basis of preparation

The accounting policies applied in the preparation of the condensed consolidated financial statements, are in terms of IFRS and are consistent with those applied in the financial statements for the financial year ended 28 February 2023, except for the new standards that became effective for the Group's financial reporting beginning 1 March 2023 noted below.

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

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

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

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.

1. Capital expenditure and commitments

	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Invested	**71 125**	162 282
Property, plant and equipment	**58 859**	142 612
Intangible assets	**12 266**	19 670
Authorised, not yet contracted	**245 083**	405 055
Property, plant and equipment*	**219 344**	346 992
Intangible assets	**25 739**	58 063

* *Includes capital expenditure planned for developments in Halamandaris properties which owns the property on which the frozen cold store will be developed.*

2. Property, plant and equipment

	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Carrying amount at the beginning of the period/year	**904 148**	640 442
Additions	**72 990**	272 336
Owned	**58 859**	142 612
Right-of-use asset	**14 131**	129 724
Acquisition of subsidiaries	**–**	180 676
Foreign currency translation	**1 442**	4 124
Disposals	**(5 845)**	(17 222)
Disposals of owned property, plant and equipment	**(4 597)**	(6 111)
Derecognition of right-of-use asset	**(1 248)**	(11 111)
Derecognition of related party lease	**–**	(25 620)
Depreciation	**(92 722)**	(178 556)
Transfers	**(1 831)**	398
Remeasurements of right-of-use assets	**23 681**	27 570
Carrying amount at the end of the period/year	**901 863**	904 148

3. *Intangible assets*

	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Carrying amount at the beginning of the period/year	**850 458**	871 631
Additions	**12 266**	19 670
Foreign currency translation	**9 947**	12 294
Disposals	**(1 361)**	(4 212)
Acquisition of subsidiary	**–**	6 418
Transfers	**1 831**	(398)
Amortisation	**(8 235)**	(14 302)
Impairment	**–**	(40 643)
Carrying amount at the end of the period/year	**864 906**	850 458

There was no impairment loss compared to 2022 due to improved economic conditions (2022: R35.3 million). The recoverable amount determined based on the value in use was R39.1 million.

There was no impairment loss compared to 2022 due to the improvement in the Brands performance (2022: R5.4 million). The present value of the estimated future royalty cash flows determined was R8.5 million.

4. *Trade and other receivables*

	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Net trade receivables	**517 449**	442 550
Trade receivables	**540 587**	464 611
Impairment allowance	**(23 138)**	(22 061)
Other receivables	**73 515**	63 585
Prepayments	**59 873**	39 812
VAT receivable	**4 978**	4 676
	655 815	550 623

5. Trade and other payables

	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Trade payables and accruals	**658 677**	568 975
Trade payables	**453 575**	377 968
Accruals	**205 102**	191 007
Employee benefits	**110 357**	95 711
Deferred income*	**11 545**	9 843
VAT payable	**29 072**	22 736
Put option written over the equity of non-controlling interest	**58 343**	58 343
	867 994	755 608

* *Deferred income relates to income received in advance for services to franchise partners such as project management for new build or restaurant revamp or any ad hoc services from time to time. An amount of R11.8 million (2022: R9.8 million) included in deferred income from prior year has been recognised as revenue based on the Group satisfying the relevant performance obligations over time.*

6. Borrowings

	Unaudited 31 August 2023 R000	Audited 28 February 2023 R000
Long-term borrowings	**1 137 182**	1 023 170
Short-term borrowings	**127 881**	116 693
Short-term portion of borrowings	**126 020**	115 126
Non-controlling shareholder loans	**1 861**	1 567
	1 265 063	1 139 863

6. Borrowings *(continued)*

	Currency	Maturity date	Interest rate Nature	Margin %	Rate	2024 %	2023 %	2024 R000	2023 R000
Terms of repayment									
31 August 2023									
Loan facility: Amortising loan	ZAR	Aug-27	variable	1.70	3-month JIBAR	**10.19**		**400 000**	
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Aug-25	variable	1.75	3-month JIBAR	**10.24**		**300 000**	
Loan Facility: Revolving Credit Facility (RCF)	BWP	Apr-25	variable	0.40	Prime	**7.16**		**9 368**	
General Banking Facility (GBF)	ZAR	364 days	variable	1.80	Prime	**9.95**			
Loan facility: Bullet term loan	ZAR	Aug-25	variable	1.70	3-month JIBAR	**10.19**		**150 000**	
Loan facility: Bullet term loan	ZAR	Aug-26	variable	1.85	3-month JIBAR	**10.34**		**200 000**	
Loan Facility: Amortising loan	ZAR	Nov-26	variable	1.50	Prime	**13.25**		**10 649**	
Loan Facility: Amortising loan	GBP	Sep-25	fixed		Fixed	**2.00**		**7 450**	
Loan Facility: Amortising loan	ZAR	Aug-24	variable	1.75	Prime	**13.50**		**1 100**	
Loan Facility: Amortising loan	ZAR	Jan-32	variable		Prime	**11.75**		**12 664**	
Loan Facility: Amortising loan	ZAR	Feb-27	variable	2.00	3-month JIBAR	**10.49**		**171 950**	
Non-controlling shareholder loans*									
Dial and Dine (Pty) Ltd	ZAR							**371**	
Marathon Holdings (Pty) Ltd	ZAR							**1 368**	
Elegant Armor (Pty) Ltd	ZAR							**122**	
28 February 2023									
Loan facility: Amortising loan	ZAR	Aug-27	variable	1.70	3-month JIBAR		8.90		450 000
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Aug-25	variable	1.75	3-month JIBAR		8.95		300 000
Loan Facility: Revolving Credit Facility (RCF)	BWP	Apr-25	variable	0.40	Prime		7.16		9 311
General Banking Facility (GBF)	ZAR	364 days	variable	1.80	Prime		8.95		–
Loan facility: Bullet term loan	ZAR	Aug-25	variable	1.70	3-month JIBAR		8.90		150 000
Loan facility: Bullet term loan	ZAR	Aug-26	variable	1.85	3-month JIBAR		9.05		200 000
Loan Facility: Amortising loan	ZAR	Nov-26	fixed	1.50	Prime		12.25		5 768
Loan Facility: Amortising loan	GBP	Sep-25	fixed		Fixed		2.00		8 651
Loan Facility: Amortising loan	ZAR	Aug-24	variable	1.75	Prime		12.50		1 450
Loan Facility: Amortising loan	ZAR	Jan-32	variable		Prime		10.75		13 116
Non-controlling shareholder loans*									
Dial and Dine (Pty) Ltd	ZAR								199
Marathon Holdings (Pty) Ltd	ZAR								1 368
								1 265 042	1 139 863
Interest accrued								**21**	–
								1 265 063	1 139 863

* *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 R13 million (2023: 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.

6. Borrowings *(continued)*

Facilities

- Total ZAR overdraft facility in place: R100 million (2023: R100 million). Unutilised portion at the end of the reporting period: R100 million (2023: R22 million).
- The Group has a 3-year revolving loan facility of R428 million (2023: R428 million). Unutilised portion is R119 million (2023: R118 million) at year end.
- The Group has a 5 to10- year amortising loan of R429 million (2023: R479 million), which is fully utilised.
- The Group has a 4.5-year amortising loan of R172 million (2023: R200 million). Fully utilised compared to the prior period (2023: R200 million).
- The Group has a 3-year and a 4-year term bullet payment loans of R150 million (2023: R150 million) and R200 million (2023: R200 million) respectively, which are fully utilised.

Guarantees

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

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

7. Revenue

	Unaudited six months ended 31 August 2023 R000	Unaudited six months ended 31 August 2022 R000
Sales-based royalties		
Franchise fees revenue	**564 603**	515 427
Leading brands	**536 602**	490 778
Signature brands	**28 001**	24 649
Marketing fees revenue*	**321 937**	301 327
Leading brands	**314 915**	294 528
Signature brands	**7 022**	6 799
Revenue at point of sale		
Manufacturing revenue	**83 184**	79 870
Owned	**11 919**	9 987
Subsidiary	**71 265**	69 883
Logistics revenue	**2 465 576**	2 266 930
Retail revenue	**186 662**	121 468
Company-owned stores revenue	**298 848**	277 252
Leading brands (SA and AME)	**221 636**	199 043
Signature brands (SA)	**77 212**	78 209
Joining fees	**5 886**	4 774
Revenue over time		
Service revenue	**12 833**	12 299
	3 939 529	3 579 347

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

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

8. Profit before tax

	Notes	Unaudited six months ended 31 August 2023 R000	Unaudited six months ended 31 August 2022 R000
Profit before tax is arrived at after taking into account, among other items, those detailed below:			
Depreciation of property, plant and equipment	1	**92 722**	83 846
Amortisation of intangible assets	2	**8 235**	7 373
Impairment of trade and other receivables		**2 279**	281
Directors' remuneration		**20 972**	16 663
Executive directors		**17 637**	14 063
Non-executive directors		**3 335**	2 600
Auditors' remuneration		**9 126**	7 412
Facilities and property expenses*		**133 403**	109 556
Employee expenses		**549 638**	517 184
Share-based payments – equity-settled		**18 265**	22 737
Foreign exchange differences		**(1 084)**	(161)
Net finance costs		**60 520**	32 653
Other income		**(15 516)**	(97 116)
Profit on disposal of property, plant, equipment		**(1 207)**	(275)
(Profit)/Loss on disposal of right-of-use assets		**(328)**	152
Loss on disposal of intangible assets		**1 133**	0
Sundry income**		**(6 782)**	(95 799)
Other		**(8 332)**	(1 194)
Impairment of intangible assets		**–**	30 569
Share of profit of associates		**(8 444)**	(6 943)
Impairment of loan to associate***		**8 921**	–

* *Increased mainly due to diesel and maintenance cost for the generators.*

** *Sundry income per prior period includes the GBK liquidation dividends of GBP 3.8 million (R74.7 million), and R14.4 million proceeds from an insurance claim for business interruptions experienced during the July 2021 civil unrest. Current review period includes the fair value gain of R6 million on remeasurement of the investment in insurance cell captive.*

*** *Impairment of loan to associate relates to the foreign currency loss recognised for the remeasurement of the Naira denominated loan to an associate, this was due to the devaluation of the Naira against the Rand in June 2023.*

9. Net finance costs

	Unaudited six months ended 31 August 2023 R000	Unaudited six months ended 31 August 2022 R000
Finance costs		
Interest on borrowings	**(63 657)**	(43 842)
Interest on lease liabilities	**(15 607)**	(13 605)
Other finance costs	**(994)**	(47)
	(80 258)	(57 494)
Finance income		
Interest from lease receivables	**342**	587
Interest from bank deposits	**19 396**	11 673
Interest rate swap termination	**–**	12 200
	19 738	24 841
Net finance costs	**(60 520)**	(32 653)

10. Basic and headline earnings per share

	Unaudited six months ended 31 August 2023 Cents per share	Unaudited six months ended 31 August 2022 Cents per share
Attributable to owners of Famous Brands Limited		
Basic earnings per share	**199**	259
Headline earnings per share	**199**	215
Diluted earnings per share	**199**	259
Diluted headline earnings per share	**199**	214

	Number of shares	Number of shares
Reconciliation of weighted average number of shares to diluted weighted average number of shares		
Weighted average number of shares in issue	**100 202 284**	100 202 284
Possible issue of ordinary shares in the future relating to the share incentive scheme	**15 782**	34 260
Diluted weighted average number of shares in issue	**100 218 066**	100 236 544

	R000	R000
Basic and headline earnings		
Basic earnings	**199 792**	259 341
Adjusted for:	**(54)**	(44 364)
Profit on disposal of property, plant and equipment	**(1 207)**	(275)
Tax on profit on disposal of property, plant and equipment	**326**	77
Loss on disposal of intangible assets	**1 133**	–
Tax on loss on disposal of intangible assets	**(306)**	–
GBK liquidation dividends	**–**	(74 735)
Impairment of intangible assets	**–**	30 569
Headline earnings	**199 738**	214 977

11. *Business disposals and changes in ownership interest*

	Unaudited 31 August 2023 R000	Unaudited 31 August 2022 R000
Cash outflow on acquisition of subsidiaries		
Five Star Performance (Pty) Ltd		
Effective 1 April 2022, the Group acquired a 51% interest in Five Star Performance (Pty) Ltd (operations of Lexi`s Healthy Eatery franchising), for R3.3 million.		
Motor vehicles	–	83
Intangible assets	–	6 417
Non-controlling interest	–	(3 185)
Net assets acquired	–	3 315
Cash outflow on acquisition of subsidiary	–	(3 315)

12. *Related party transactions*

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

13. *Contingent liabilities*

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

The Group and its South African subsidiaries have issued R16.2 million (2023: R20 million) suretyship in favour of First Rand Bank Limited to secure the banking facility entered into by certain subsidiary companies.

14. *Financial instruments*

Accounting classifications and fair values

The table below sets out the classification of financial assets and liabilities carrying amounts as well as a comparison to their fair values. The different fair value levels are described below:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Unaudited 31 August 2023 Carrying amount R000	Audited February 2023 Carrying amount R000
Financial assets		
Measured at amortised cost:		
Trade and other receivables	**590 965**	506 135
Lease receivables	**5 111**	9 162
Restricted cash	**75 386**	134 577
Cash and cash equivalents	**343 538**	310 934
	1 015 000	960 808
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	**717 021**	627 319
Shareholders for dividends	**2 784**	2 802
Lease liabilities	**332 103**	338 937
Borrowings	**1 265 063**	1 139 863
Bank overdraft	**–**	78 197
	2 316 971	2 187 118

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

	Level	Unaudited 31 August 2023 Carrying amount R000	Audited February 2023 Carrying amount R000
Derivative financial instruments			
Assets			
Fair value through profit or loss			
Foreign exchange contracts	2	**1 167**	253
Fair value through other comprehensive income			
Interest-rate swaps	2	**2 725**	3 717
		3 892	3 970
Financial instruments at fair value through profit or loss			
Assets			
Fair value through profit or loss			
Investment in preference shares	3	**9 903**	3 490
		9 903	3 490

15. Capital management

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

The capital structure of the Group consist of Cash and cash equivalents, Borrowings, Leases and Equity as disclosed in the statement of financial position.

Financial covenants

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

Dates	Leverage ratio	Interest cover ratio
Aug-22	**2.50x***	**3.00x***
Feb-23	**2.50x***	**3.00x***
Aug-23	**2.25x***	**3.00x***
Feb-24	**2.25x**	**3.00x**
Aug-24	**2.25x**	**3.00x**
Feb-25	**2.25x**	**3.00x**
	2.25x	**3.00x**

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

Net debt to Total equity (Gearing ratio)	Unaudited 31 August 2023 R000	Audited February 2023 R000
Borrowings	**1 265 063**	1 139 863
Lease liabilities	**332 103**	338 937
Cash and cash equivalents	**(343 538)**	(310 934)
Bank overdraft	**–**	78 197
Net debt	**1 253 628**	1 246 063
Equity	**943 039**	975 784
Net debt to Total equity (Gearing ratio)	**1.33**	1.28
Net asset value per share		
Total equity	**943 039**	975 784
Issued shares	**100 202 284**	100 202 284
Net asset value per share (cents)	**941**	974

16. Other events

Famous Brands secured long-term financing for its head office campus in Midrand. The property was initially purchased in February 2023 using cash and credit facilities for R181 million. The Group is evaluating options to develop the property to create a fit-for-purpose facility.

Changes to the Board of Directors

The following changes to the composition of the Board took place during the review period and up to the date of this report:

John Halamandares retired from the Board at the AGM on 20 July 2023.

Deon Fredericks retired as Group Financial Director on 31 July 2023.

Nelisiwe Shiluvana was appointed as Group Financial Director and executive director on 1 August 2023.

Santie Botha will retire as an independent non-executive director and Chairperson of the Board at the next AGM in July 2024.

17. Subsequent events

Dividend

The Board has declared an interim dividend of 138 cents per ordinary share based on the Group's financial position and future prospects. The dividend will be paid out of profits for the review period for a total amount of R138 million.

Changes to the Board of Directors

Subsequent changes to the composition of the Board are as follows:

William Mzimba was appointed as an independent non-executive director with effect from 1 October 2023.

Other

Famous Brands reached a mutual agreement with the licensee to close the restaurants operating in Sultante of Oman.

Acquisition

With effect from 16 October 2023, Famous Brands has acquired an interest in an associate, Munch Software (Pty) Ltd. The business is a recent entrant in the Point of Sale software industry, offering a modern and agile cloud-based platform. This new partnership will enable Famous Brands to achieve its ambitions to digitise the restaurant management technology ecosystem and assist the Munch business in reaching critical mass. The transaction falls below the threshold for categorisation and therefore there is no requirement for an announcement in terms of the JSE Listings Requirements.

Shareholder spread

at 31 August 2023

	2024			
	Number of share-holders	**% of total share-holdings**	**Number of shares**	**% of issued capital**
1 – 10 000	6 949	93.85	4 369 451	4.36
10 001 – 50 000	261	3.53	6 013 243	6.00
50 001 – 100 000	54	0.73	4 126 215	4.12
100 001 – 1 000 000	117	1.58	34 968 752	34.90
Over 1 000 000	23	0.31	50 724 623	50.62
Total	**7 404**	**100.00**	**100 202 284**	**100.00**
Distribution of shareholders				
Individuals	6 271	84.70	9 911 883	9.89
Insurance companies	6	0.08	1 321 264	1.32
Investment trusts	258	3.48	7 608 848	7.59
Other companies and corporate bodies	869	11.74	81 360 289	81.20
Total	**7 404**	**100.00**	**100 202 284**	**100.00**
Shareholder Type				
Non-public shareholders	34	–	30 041 391	30
Directors and associates (Direct)	10	0.14	3 119 253	3.11
Directors and associates (Indirect)	19	0.26	15 839 096	15.81
Beneficial holders>10% (GEPF)	5	0.07	11 083 042	11.06
Public shareholders	7 370	99.54	70 160 893	70.02
Total	**7 404**	**100**	**100 202 284**	**100**
Fund managers greater than 5% of the issued shares				
Coronation Fund Managers	–	–	22 288 610	22.24
Public Investment Corporation	–	–	6 211 408	6.20
Visio Capital Management	–	–	6 468 074	6.46
Total	**–**	**–**	**41 192 136**	**41**
Direct and indirect beneficial shareholders greater than 5% of the issued shares (excluding directors)				
Coronation Fund Managers	–	–	10 672 896	10.65
Government Employees Pension Fund	–	–	11 083 042	11.06
Panis Trust	–	–	6 828 955	6.82
Total	**–**	**–**	**28 584 893**	**29**
Total number of shareholdings	**7 404**	**–**	**–**	**–**
Total number of shares in issue	**–**	**–**	**100 202 284**	**–**

Administration

Famous Brands Limited

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

Directors

Norman Adami, Santie Botha (Independent Chairman), Chris Boulle, Nik Halamandaris, Darren Hele (CEO)*, Alex Maditse, Busisiwe Mathe, Thabo Mosololi, William Mzimba, Fagmeedah Petersen-Cook and Nelisiwe Shiluvana (Group FD)*.

* *Executive*

Group Company Secretary

Celeste Appollis

Registered office

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Telephone: +27 11 315 3000
Email: investorrelations@famousbrands.co.za
Website address: www.famousbrands.co.za

Transfer secretaries

Computershare Investor Services Proprietary 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 Road, Parktown, Johannesburg, 2193

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