



famous | brands

you're in good company

For the six months ended 31 August

Unaudited Condensed
Consolidated Interim
Financial Statements

2024



CONTENTS

INVESTMENT CASE BUILDING WORLD CLASS AND IDENTIFIABLE BRANDS SINCE 1994	01
GROUP AT A GLANCE	03
SALIENT FEATURES	04
PERFORMANCE OVERVIEW	05
OPERATIONAL REVIEW	09
OUTLOOK	12
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	13
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	15
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	16
PRIMARY (BUSINESS UNITS) AND SECONDARY (GEOGRAPHICAL) SEGMENT REPORT	17
SEGMENT REPORTING – MATERIAL EXPENSES	19
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	20
SHAREHOLDER SPREAD	35
ADMINISTRATION	36



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 information contained in this report nor undertakes to update or revise any of its forward looking statements publicly.

INVESTMENT CASE

Building iconic world class brands

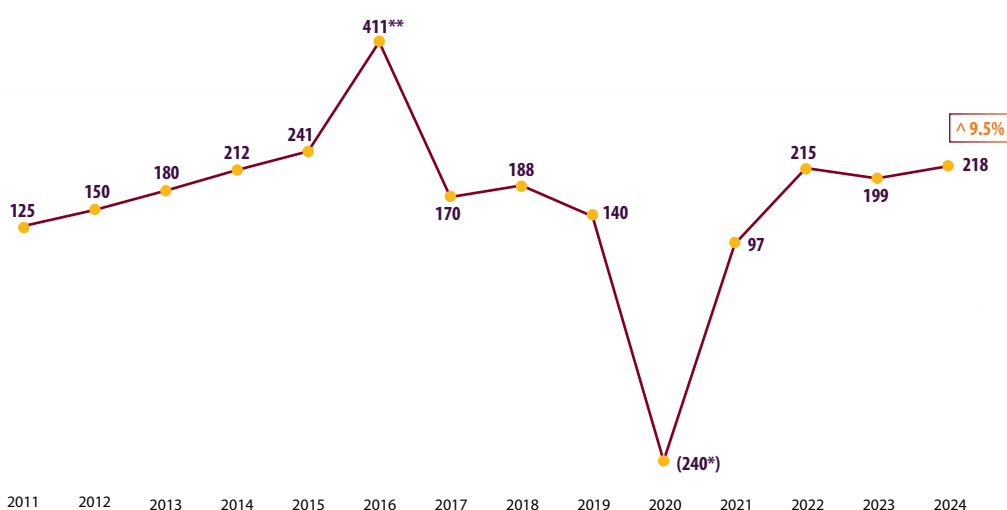
FAMOUS BRANDS HAS SUCCESSFULLY **SUSTAINED ITS PERFORMANCE** THROUGH VARIOUS MACROECONOMIC CYCLES, **CHANGING TRENDS IN CONSUMER PREFERENCES** AND AN EVOLVING COMPETITIVE LANDSCAPE **SINCE LISTING ON THE JSE IN 1994.**

REVIEWING OUR RESILIENT TRADING TRACK RECORD

We build iconic world class brands within a fluctuating and dynamic market environment. Our environment is characterised by changes in food prices, inflation and interest rates impacting consumer cost of living and discretionary income.

Against this backdrop, and apart from the exceptional effects of the pandemic on the economy in 2021, the longer term view demonstrates a strong investor case, supported by a proven business model, prudent capital management, responsible citizenship, and world class brands.

Interim headline earnings per share (cents)



* Impacted by the Covid-19 pandemic.

** Includes a derivative gain of R141 million on the call option on GBK acquisition.

**Proven
business model**

**Prudent capital
management**

**Responsible
citizenship**

**Iconic world
class brands**

Creating consistent brand experiences

- It is sometimes said that products are created in a factory, but brands are created in the mind.
- Strong brands are built over time, with consumers gravitating towards known quality and trusted experiences.
- **As brand custodians**, we invest in developing and building a compelling and up-to-date identity for each individual brand in our portfolio, appealing to consumers across a range of tastes and demographics.
- This **brand equity** is the pre-existing foundation from which our franchise partners can launch and thrive.

Nurturing franchise partner stability and longevity

- Our carefully selected franchise partners are our **brand ambassadors**, who leverage the proven Famous Brands business concept, trademarks, proficiency, and intellectual property, which reduces start-up risk and provides a framework for their business stability.
- We actively seek our franchise partners' views in decision-making, while supporting them through tough economic cycles as we confidently emerge into economic recovery.
- The **average tenure** of our South African franchise partners exceeds ten years, with some of these relationships extending beyond thirty years.

Providing an integrated and efficient business model

- Our **portfolio of iconic world class brands** is supported by a **vertically integrated supply chain** comprising the **Manufacturing**, local distribution and export capabilities in **Logistics** to support operations in our selected markets and **Retail** divisions.
- We create value by offering our franchise partners a **competitive advantage** through efficient supply, price certainty, product innovation and margin management.
- Diversification of our menu items safeguards the Group from supply chain challenges in isolated food categories.

Embedding a sense of purpose

- We build our founding **entrepreneurial passion** into innovative branded food service solutions, and value our mutually beneficial relationship with our selected entrepreneurial franchise partners, who are at the heart of our business.
- **Our core purpose is to nurture our franchise partners so that they can positively impact our communities.**
- We work together in our unique culture to create great consumer experiences, communicating our shared values and in turn, creating shared value for our stakeholders and communities.

Maintaining competent leadership and clear strategies

- Our experienced board supports our entrepreneurial management team, which leads and operates in a **high performance** culture.
- We maintain a focused strategy to grow in SA and in other selected markets, both organically and by acquisition, to enhance long-term, sustainable stakeholder value creation.
- Our effective corporate governance establishes the policies and practices for ethical behaviour and ensures that our stakeholder interests are protected.

Supportive financial position

- We generate sustainable value by ensuring optimal return on invested capital across our divisions.
- We maintain a good governance framework and effective debt structure supported by cash-generative operations.

GROUP AT A GLANCE

Famous Brands is Africa's largest **restaurant franchisor**, with a network of entrepreneurial franchise partners situated in South Africa (SA), selected markets in the Southern Africa Development Community (SADC), the Rest of Africa and Middle East (AME) and United Kingdom (UK).

OUR RESTAURANT NETWORK

Our restaurant network comprises

2 925

total
restaurants

2 839

franchised
restaurants

86

company-owned
restaurants

18

countries

2 574 restaurants in SA

213 restaurants in SADC

76 restaurants in AME

62 restaurants in the UK

OUR BRANDS

Leading (mainstream) brands

Representing both **Quick Service Restaurants** (QSR) with a takeaway and delivery focus, and **Casual Dining Restaurants** (CDR) offering a full-service and sit-down focus. These brands are among the leaders in their respective categories.



DEBONAIRS PIZZA

fishaways

MUGG & BEAN



Signature brands

Representing a range of bespoke, casual dining offerings with a focus on luxury and innovative dining experiences.



MYTHOS

Turn 'n Tender
STEAKHOUSE



PAUL
depuis 1889

voVotelo
Bakery & Café

Captive market brands

Coffee Couture and NetCafé were developed to serve the nationwide Netcare and Mediclinic hospitals respectively. Fego Caffé is a connoisseur's coffee experience.

coffee **couture**
refreshingly indulgent



Other brands

Famous Brands owns a 49% shareholding in UAC Restaurants, which operates Mr Bigg's restaurants in Nigeria.



OUR SUPPLY CHAIN

Our purposefully designed back end supports our front end, ensuring that we own our route-to-market.



Manufacturing

Our **11** Manufacturing plants are wholly and partially owned subsidiaries. These include meat, plant-based food, ice cream, sauce, coffee, juice, cheese and potato products.



Logistics

Internal logistics capability ensures that restaurants and retail outlets receive ingredients and products. Our Logistics footprint includes **nine** distribution centres, a fleet of **94** trucks, and export capabilities.



Retail

Our Retail offering of **117** products is available in **3 178** formal retail outlets.

INVESTMENT CASE

GROUP AT A GLANCE

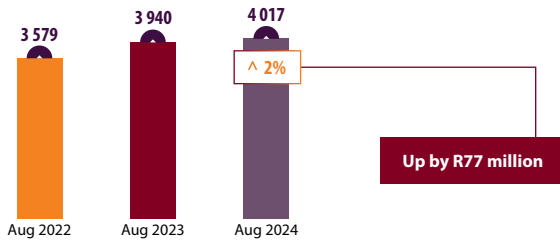
SALIENT FEATURES

OUR PERFORMANCE

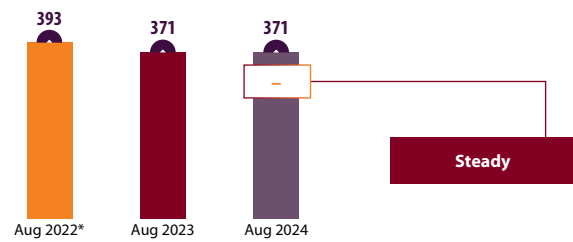
SALIENT FEATURES

for the six months ended 31 August 2024

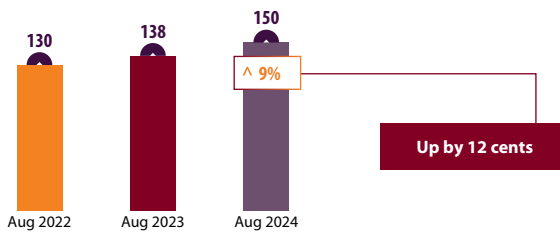
Revenue (R million)



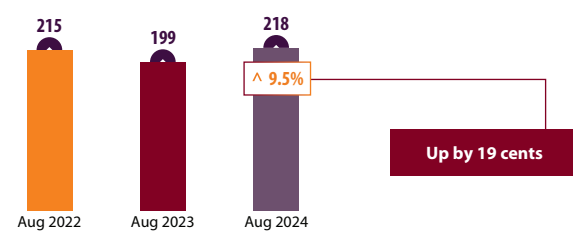
Operating profit (R million)



Dividend per share (cents)



Headline earnings per share (HEPS) (cents)



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

HIGHLIGHTS

For the first time, Famous Brands was recognised as a **Level 1 B-BBEE** contributor (up from Level 2).

The relocation of **cold storage facilities** from Crown Mines to a redeveloped, fit-for-purpose Midrand Campus is well underway. Work commenced in May 2024.

Our strategic shareholding in **Munch Software** is progressing well. This investment in consumer-facing technology enhances our delivery capabilities and consumer experience.

Our **drive-thru** presence in South Africa is gaining momentum, and the **delivery hub** concept is making good progress.

The Group acquired the remaining 38% shareholding in **Famous Brands Coffee Company**.

12 new delivery hubs were launched as at 31 August 2024, with all hubs demonstrating positive improvements in customer service and cost per drop metrics.

PERFORMANCE OVERVIEW

OPERATING ENVIRONMENT CONTEXT

OVERALL **BUSINESS SENTIMENT** REMAINS MIXED AS THE COUNTRY CONTINUES TO EXPERIENCE THE KNOCK-ON EFFECTS OF GLOBAL GEOPOLITICAL TENSIONS ON THE ECONOMY, AND **FIRST QUARTER OF THE REPORTING PERIOD ENCOMPASSED PRE-ELECTION UNCERTAINTY**.

A degree of cautious optimism is apparent post formation of the Government of National Unity in mid-June, as concerns remain regarding the early stages of coalition policy execution and **local government** stability in SA. Service delivery protests in South Africa and pockets of conflict in Africa pose a potential disruption risk.

A **modest GDP growth** was noted in the second quarter of 2024, primarily driven by key sectors, including manufacturing, mining and construction. It is worth noting that this growth is off a low base, and the overall low GDP growth rate, combined with rising unemployment rates, remains a critical issue.

Consumer sentiment in South Africa remains mixed but is starting to show signs of improvement. Annual inflation, primarily driven by rising food and fuel costs poses challenges, despite easing to a three-year low of 4.6% in July 2024 down from 4.7% in June 2024. Fuel prices remain high, despite recent declines and economic inequality remains significant, with many households facing financial hardship.

Green shoots of confidence are yet to result in economic growth, and positive sentiments had not materialised in terms of spending in this reporting period. There is no doubt that **consumers are feeling the economic pressure**, with food inflation, fuel prices and interest rates remaining high, compounded by rising electricity costs and household disposable income remaining low.

Despite emerging optimism, performance in the first quarter of the year was somewhat dampened by ongoing economic pressure on volumes. Trade has been under pressure and despite a slight uptick towards the end of the reporting period and a **better trend in the second quarter post the national elections**, overall sales performance remained **below expectations**.

Against this challenging backdrop, consumers continue to support our brands. We continuously innovate our value offerings, menu options, promotions, lower price point meals and loyalty programme.

The past six months have seen one of the tightest periods on consumer disposable income. While the outlook is optimistic with load shedding seemingly under control, political stability, dropping fuel prices, downward pressure on interest rates and importantly reduced food inflation, reasonable recovery of consumer disposal income might not occur in the medium term.

SUPPORTING OUR FRANCHISE PARTNERS

Our franchise partners operate in a highly competitive environment, where consumers have a broad range of choices. There is ongoing interest in online retail and mobile apps, and home delivery is expected to remain a feature of the landscape. The consumer voice is stronger than ever due to social media, where environmental concerns are raised.

We continue to invest and leverage technology to enable growth and enhance consumer experience in meeting their ever-evolving needs.

We are investigating **smart restaurant configurations** and **sustainable solutions** to help our franchise partners understand best practice energy efficiency management and cost savings.

The need for consistent supply of quality water is an increasing challenge in South Africa, which has a direct impact on our restaurants. Measures have been implemented to ensure alternative solutions are in place to prevent loss of trade due to water shortage. **Alternative water solutions** (AWS) coverage across our South African restaurants is at **51.6%**.

As brand custodians, we help our franchise partners keep their doors open during economic uncertainty:

- Keeping **brand awareness** top of mind during slow footfall periods
- Encouraging consumers **to visit restaurants** with marketing promotions
- Driving investment in **home delivery services** to our consumers

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY

Revenue increased by 2.0% to R4 017 million (2023: R3 940 million), however, operating profit remained flat at R371 million, with an operating profit margin of 9.2% (2023: 9.4%). The results are largely due to prudence on our cost base even though our operating profit margins were impacted by lower volumes and overhead cost pressures.

Headline earnings per share and basic earnings per share increased by 9.5% to 218 cents (2023: 199 cents) and 11.0% to 221 cents (2023: 199 cents), respectively. Famous Brands continued to drive organic growth while optimising the business for efficiency.

Our Leading Brands portfolio continues to perform strongly, with continued good performance from our Casual Dining Restaurants. The performance of our Signature Brands portfolio is impacted by a lack of discretionary consumer income for luxury dining experiences. Overall, our Brand's performance continues to be under pressure as lower consumer spending dampened demand, and this impact at store front flowed through to both our Manufacturing and Logistics divisions results. The Retail division's revenue and profitability decreases were primarily due to lower sales volumes of potato products.

Salient features	Unit	Six months ended 31 August 2024	Six months ended 31 August 2023	% change (Aug 2024 versus Aug 2023)
Statement of profit or loss				
Revenue	R'million	4 017	3 940	2
Operating profit	R'million	371	371	–
Operating profit margin	%	9.2	9.4	
Basic earnings per share (BEPS)	Cents	221	199	11
Headline earnings per share (HEPS)	Cents	218	199	9
Statement of cash flows				
Cash generated from operations	R'million	498	537	(7)
Net cash outflow from investing activities	R'million	(73)	(58)	(27)
Net cash (outflow)/inflow from financing activities	R'million	(140)	46	(404)
Cash realisation rate*	%	106	114	
Statement of financial position				
Cash and cash equivalents	R'million	324	344	(6)
Net asset value per share	Cents	1 096	941	16
Net debt**	R'million	1 134	1 254	10
Net debt/equity (gearing)	Times	1.03	1.33	
Total equity	R'million	1 099	943	16
Return on equity (ROE)***	%	44	49	
Return on capital employed (ROCE)****	%	32	33	

* Cash generated from operations as a percentage of EBITDA.

** Total interest-bearing borrowings, including lease liabilities less cash.

*** Headline earnings as a percentage of average total equity.

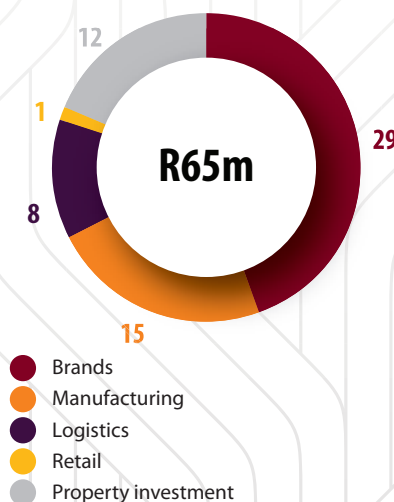
**** Operating profit divided by capital employed (which is calculated as the sum of total equity, interest-bearing debt and lease liabilities).

CAPITAL EXPENDITURE

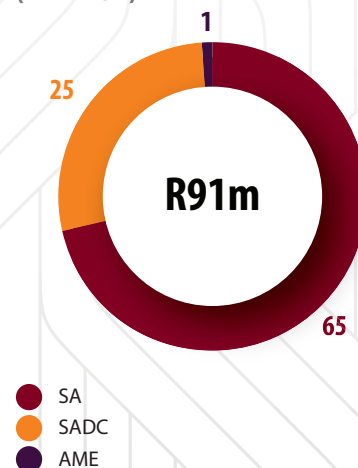
The Group invested **R91 million** (2023: R71 million) in capital expenditure across its markets for this interim reporting period. This capital was allocated in line with the Group's strategy, including investment for Leading Brands in South Africa, SADC and selected AME markets, developing consumer-facing technology and enhancing our Manufacturing and Logistics infrastructure focused on efficiency gains. As part of this investment, R12 million was spent on our cold storage facilities at our Midrand Campus (R24 million of the project budget of R184 million invested to date).

We have secured a specific debt facility for the development.

Capital expenditure per SA division (R million)



Capital expenditure per region (R million)



GEARING

The Group's total borrowings position at 31 August 2024 was R1 148 million (2023: R1 265 million). During the review period, the Group improved on its debt reduction commitment. We repaid R127 million of borrowings to our bankers since August 2023. Total debt facilities unutilised at 31 August 2024 were R213 million (2023: R219 million).

The Group's finance costs on borrowings decreased by 3.2% mainly due to repayment of outstanding debt since August 2023.

We remain focused to manage and reduce our debt in the medium term. This includes adhering to stringent working capital measures, and funding operational expansion through internally generated cash flow. Management has reduced debt levels by R1.7 billion over the last seven years. Investment in our new cold storage facilities at our Midrand Campus will create some short-term pressure on this objective.

DIVIDEND

The Board has declared an interim dividend of 150 cents per share (2023: 138 cents), reflecting the Group's stable financial position, performance, and cash flows, consistent with prudent capital management. Despite operating in a challenging environment, with mixed business sentiment driven by global geopolitical tensions, the Group maintains a cautiously optimistic outlook. The dividend will be paid from profits for the review period, amounting to a total of R150 million.

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 120 cents per share for shareholders liable to pay the dividends tax and 150 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

Event dates

Declaration date	Wednesday, 23 October 2024
Last day to trade "cum dividend"	Tuesday, 17 December 2024
Shares commence trading "ex-dividend"	Wednesday, 18 December 2024
Record date	Friday, 20 December 2024
Payment of dividend	Monday, 23 December 2024

OPERATIONAL REVIEW



BRANDS

Revenue decreased by **1.3%** to **R563 million** (2023: R570 million). Operating profit improved by **5.6%** to **R232 million** (2023: R220 million), and operating profit margin improved to **41.2%** (2023: 38.5%). Combined system-wide sales across our Leading and Signature Brands' portfolios improved by 2.6% while like-for-like sales increased by 0.8%.

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 restaurant sales in SA.

LEADING BRANDS

Total
restaurants
2 443

Restaurants
opened
35

Restaurants
revamped
110

Restaurants
closed
14

Leading Brands revenue increased by 0.8% to R469 million (2023: R465 million). Restaurant sales were below expectations for the six months. This trend remains varied across our Leading Brands portfolio but QSR continues to lag, albeit with an improving trend in the second quarter of the reporting period. Leading Brands system-wide sales improved by 3.2%, while like-for-like sales grew by 1.0%. Energy breaks support to our franchise partners decreased to R0.7 million (2023: R6.1 million) due to no load shedding from April 2024.

LEADING BRANDS **CONTINUES TO DRIVE INVESTMENT INTO HOME DELIVERY**. THE GROUP HAS **FURTHER ENTRENCHED THE DELIVERY ECO-SYSTEM ACROSS QSRS**. THE LEADING BRANDS **CONSUMER ORDERING EXPERIENCE** HAS ALSO BEEN **ENHANCED ACROSS CALL CENTRES**.

INVESTMENT CASE

GROUP AT A GLANCE

SALIENT FEATURES

OUR PERFORMANCE

SIGNATURE BRANDS

Total
restaurants**131**Restaurants
opened**4**Restaurants
revamped**3**Restaurants
closed**4**

Signature Brands revenue decreased by 10.4% to R94 million (2023: R105 million) driven by fewer company-owned restaurants compared to the prior period and lower franchise fees due to restaurant closures. System-wide sales decreased by 3.2% compared to the previous period, and like-for-like sales declined by 0.9%. Cost pressures added further pressure to the under-performance. The Signature Brands segment remains subscale.

SADC

Total
restaurants**213**Restaurants
opened**7**Restaurants
revamped**6**Restaurants
closed**1**

SADC revenue increased by 3.8% to R218 million (2023: R210 million). Botswana system-wide restaurant sales were 4.5%* up, and like-for-like sales grew by 7.2%* on prior period. Zambia system-wide sales were 31%* up on prior period, while like-for-like sales improved by 84.8%*.

Despite strong growth in SADC, the drought in Zambia reduced hydropower, particularly the availability of water from Lake Kariba resulted in load shedding for extended periods and severely impacted crop yields. Despite the current challenges, the opportunity for new store growth is healthy which includes expansion to the Eastern & Luapula provinces. Malawi continues to trade under pressure with the current economic climate.

AME

Total
restaurants**76**Restaurants
opened**5**Restaurants
revamped**1**Restaurants
closed**21**

AME revenue increased by 105% to R35 million (2023: R17 million), following the acquisition of Famous Brands Restaurants Holdings Ltd, with a portfolio of 10 QSR company-owned restaurants located in Mauritius. We restructured our AME market portfolio to focus on unlocking growth in new and emerging markets. Our new market entry into Egypt with the first Debonairs Pizza was opened in Cairo in mid-July 2024. We closed 17 restaurants in Nigeria and exited Saudi Arabia. The AME segment remains subscale.

UK

Total
restaurants**62**Restaurants
opened**–**Restaurants
revamped**1**Restaurants
closed**1**

Wimpy UK revenue decreased by 17% to R69 million (2023: R83 million) mainly due to lower footfall as the country faced economic uncertainty during the election period. The ongoing cost-of-living crisis in the UK resulted in low consumer confidence and spending. Revenue in Pound Sterling experienced a decline of 17%.

* System-wide sales and like-for-like growth calculated in local currency.

VERTICAL INTEGRATION



MANUFACTURING

Manufacturing revenue was in line with prior period at R1.6 billion driven by price inflation, offset by decreased volumes and a negative shift in product mix. Ambient sales growth was mainly attributable to price inflation despite lower volumes and the decline in perishables was mainly due to a reduction in protein and potato chip sales.

Operating profit increased by 10.3% to R150 million (2023: R136 million) and operating profit margin increased to 9.3% (2023: 8.4%). The increase in profitability was driven by our focus on improving margins through yield and operating efficiencies. In addition, lower levels of load shedding resulted in savings of R9.6 million on diesel costs which were partially eroded by a 12.7% increase in electricity usage.

Operating profit

R150 million
(2023: R136 million)



LOGISTICS

Logistics revenue remained flat at R2.5 billion and was under pressure due to the challenging economic environment. The reduction in revenue was impacted by a change in product mix to lower case value categories. Logistics case volumes increased compared to the prior period.

Gross margins were marginally lower primarily due to the product mix differences.

Operating profit decreased to R34 million (2023: R46 million) and operating profit margin declined to 1.4% (2023: 1.9%), despite diesel savings of R1.0 million due to lower levels of load shedding.

Operating profit

R34 million
(2023: R46 million)



RETAIL

Retail revenue decreased by 8.3% to R171 million (2023: R187 million), while operating profit declined to a loss of R2.6 million compared to a profit in the prior period (2023: R1.6 million).

Retail revenue was impacted by lower frozen potato chip sales compared to prior period. A main competitor was back in the market after a prior year stock shortage.

Furthermore, imported frozen potato chips entered the SA market in early 2024 at discounted prices. Retailers bought these in large quantities and are clearing this stock at a discount due to poor quality, thus depressing Retail sales. This situation is expected to normalise in the second half of the financial year.

Operating profit

(R2.6 million)
(2023: R1.6 million)

OUTLOOK

for the year ending 28 February 2025

WHILE BUSINESS SENTIMENT REMAINS MIXED, OUR FOCUS REMAINS TO **SUPPORT OUR FRANCHISE PARTNERS** THROUGH A TOUGH ECONOMIC CYCLE AS WE CONFIDENTLY EMERGE INTO THE RECOVERY OF THE ECONOMY.

We enter the second half of 2024 with slightly less uncertainty in the macroeconomic environment, considering the strengthening of the Rand. Interest rate cuts may provide scope for a **more positive consumer outlook**.

Although it takes time for positive sentiment to translate into consumer spending power, we believe it is trending in the right direction and **we are cautiously optimistic** about the degree of recovery in the second half of the year. Heading into our peak summer season and ahead of the festive season, we have a solid pipeline of promotional activity planned.

Within this context, we aim to focus on our core brands. Famous Brands will continue to build iconic world class brands as a responsible franchise operator, invest in consumer-facing technologies, and plans to open 89 new stores across the Group in the second half of the 2025 financial year.

On behalf of the Board

C Boule

Chairman

Midrand

23 October 2024

DP Hele

Chief Executive Officer

A live webcast of the Group's results presentation will be held on Wednesday, 23 October 2024 at 10h30 (SAST).

To pre-register, link to: <https://www.corpcam.com/FamousBrands23102024>

Condensed consolidated statement of financial position

at 31 August 2024

	Notes	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Assets			
Non-current assets			
		1 953 415	1 955 567
Property, plant and equipment	2	931 627	923 997
Intangible assets	3	861 943	868 771
Investments in associates		43 200	39 841
Investment in preference shares		10 497	9 031
Loans to associates		8 143	10 663
Lease receivables		1 440	3 363
Deferred tax		96 565	99 901
Current assets			
		1 604 958	1 597 039
Inventories		545 342	572 906
Trade and other receivables	4	660 041	583 672
Cash and cash equivalents		324 257	352 750
Restricted cash		62 329	71 832
Lease receivables		1 525	2 091
Derivative financial instruments		–	3 162
Current tax assets		11 464	10 626
Total assets		3 558 373	3 552 606
Equity and Liabilities			
Capital and reserves			
Share capital		1 002	1 002
Share premium		163 441	163 441
Non-distributable reserves		121 406	153 327
Foreign currency translation reserve		74 900	92 674
Retained earnings		617 621	541 402
Equity attributable to owners of Famous Brands Limited		978 370	951 846
Non-controlling interests		120 260	126 925
Total equity		1 098 630	1 078 771
Non-current liabilities			
		885 111	1 409 561
Borrowings	6	556 301	1 075 688
Lease liabilities		242 776	245 343
Provision		3 235	2 421
Deferred tax		82 799	86 109
Current liabilities			
		1 574 632	1 064 274
Trade and other payables	5	849 472	806 239
Borrowings	6	591 521	125 552
Lease liabilities		67 189	76 559
Shareholders for dividends		3 441	3 245
Current tax liabilities		61 107	52 679
Derivative financial instruments		1 902	–
Total liabilities		2 459 743	2 473 835
Total equity and liabilities		3 558 373	3 552 606

INVESTMENT CASE

GROUP AT A GLANCE

SALIENT FEATURES

OUR PERFORMANCE

Condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended 31 August 2024

	Notes	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000
Revenue	7	4 016 570	3 939 529
Cost of sales		(2 316 045)	(2 257 772)
Gross profit		1 700 525	1 681 757
Other income	8	14 566	15 516
Expected credit loss	8	(1 121)	(2 279)
Administration expenses		(106 013)	(102 841)
Marketing expenses		(344 928)	(322 001)
Operations expenses		(891 653)	(899 060)
Operating profit		371 376	371 092
Net finance costs	9	(56 298)	(60 520)
Finance costs		(78 522)	(80 258)
Finance income		22 224	19 738
Share of profit from associates	8	7 325	8 444
Devaluation of loan to associate	8	(521)	(8 921)
Profit before tax	8	321 882	310 095
Tax		(85 761)	(90 366)
Total profit for the period		236 121	219 729
Profit for the period attributable to:			
Owners of Famous Brands Limited		221 863	199 792
Non-controlling interests		14 258	19 937
Total profit for the period		236 121	219 729
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations*		(17 774)	18 882
Movement in hedge accounting reserve*		(3 331)	(781)
Pre-tax change in fair value of cash flow hedges		(4 563)	(913)
Tax on movement in hedge accounting reserve		1 232	132
Total comprehensive income for the period		215 016	237 830
Total comprehensive income attributable to:			
Owners of Famous Brands Limited		200 758	217 893
Non-controlling interests		14 258	19 937
Total comprehensive income for the period		215 016	237 830
Basic earnings per share (cents)			
Basic	10	221	199
Diluted	10	221	199

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

Condensed consolidated statement of changes in equity

for the six months ended 31 August 2024

Attributable to owners of Famous Brands Limited

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 March 2023	1 002	163 441	143 263	77 454	458 691	843 851	131 933	975 784
Equity settled share-based payment scheme	–	–	(10 907)	–	–	(10 907)	–	(10 907)
Total comprehensive income for the period	–	–	(781)	18 886	199 788	217 893	19 937	237 830
Dividends declared	–	–	–	–	(233 471)	(233 471)	(26 197)	(259 668)
Balance at 31 August 2023	1 002	163 441	131 575	96 340	425 008	817 366	125 673	943 039
Equity settled share-based payment scheme	–	–	21 198	–	738	21 936	–	21 936
Transfer between reserves	–	–	–	–	(3 843)	(3 843)	3 843	–
Total comprehensive income for the period	–	–	339	(3 666)	257 778	254 451	6 202	260 653
Dividends declared	–	–	–	–	(138 279)	(138 279)	(12 563)	(150 842)
Non-controlling interest arising on business combination	–	–	–	–	–	–	3 770	3 770
Other reserve	–	–	215	–	–	215	–	215
Balance at 1 March 2024	1 002	163 441	153 327	92 674	541 402	951 846	126 925	1 078 771
Equity settled share-based payment scheme	–	–	(16 567)	–	23 895	7 328	–	7 328
Transfer between reserves	–	–	–	–	(5 543)	(5 543)	5 543	–
Total comprehensive income for the period	–	–	(3 331)	(17 774)	221 863	200 758	14 258	215 016
Dividends declared	–	–	–	–	(163 996)	(163 996)	(6 419)	(170 415)
Change of ownership interests in subsidiaries	–	–	(6 457)	–	–	(6 457)	(21 843)	(28 300)
Business combination – measurement period adjustment*	–	–	(5 566)	–	–	(5 566)	1 796	(3 770)
Balance at 31 August 2024	1 002	163 441	121 406	74 900	617 621	978 370	120 260	1 098 630

* Effective 1 November 2023, a 51% interest was acquired in Famous Brands Restaurant Limited (Mauritius). Adjustments were made to equity and goodwill during the measurement period, based on new information regarding the fair values of identifiable assets and liabilities.

Condensed consolidated statement of cash flows

for the six months ended 31 August 2024

	Notes	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000
Cash generated from operations		498 295	537 044
Net finance costs paid		(55 591)	(60 200)
Finance income received		22 224	19 738
Finance costs paid		(77 815)	(79 938)
Income tax paid		(78 986)	(101 889)
Dividends paid		(170 219)	(259 668)
Dividends paid to owners of Famous Brands Limited		(163 800)	(233 471)
Dividends paid to non-controlling interests		(6 419)	(26 197)
Net cash inflow from operating activities		193 499	115 287
Cash flow from investing activities			
Additions to property, plant and equipment		(73 710)	(58 859)
Additions to intangible assets	3	(13 023)	(12 266)
Proceeds from disposal of property, plant and equipment		7 889	5 804
Proceeds from disposal of intangible assets		–	228
Dividends received from associates		3 967	5 405
Principal receipts from lease receivables		2 327	4 140
Loans to associates		(600)	(1 994)
Net cash outflow from investing activities		(73 150)	(57 542)
Cash flow from financing activities			
Net borrowings (repaid)/raised		(53 374)	123 908
Borrowings raised		9 577	186 248
Borrowings repaid		(62 951)	(62 340)
Non-controlling shareholder loans received		–	2 257
Principal repayments of lease obligations		(42 170)	(50 912)
Lease incentives received		1 500	–
Share-based payment grant settlements		(17 846)	(29 125)
Acquisition of additional interest in subsidiaries	11	(28 300)	–
Net cash (outflow)/inflow from financing activities		(140 190)	46 128
Net (decrease)/increase in cash and cash equivalents		(19 841)	103 873
Foreign currency effect		(8 652)	6 928
Cash and cash equivalents at the beginning of the period		352 750	232 737
Cash and cash equivalents at the end of the period		324 257	343 538

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

for the six months ended 31 August 2024

	Unaudited six months ended 31 August 2024 R'000	**Unaudited six months ended 31 August 2023 R'000
Revenue*		
Leading brands	468 795	465 008
Signature brands	94 454	105 453
Supply Chain	2 784 498	2 735 428
Manufacturing	1 620 313	1 616 333
Logistics	2 513 410	2 465 576
Retail	171 161	186 662
Eliminations	(1 520 386)	(1 533 143)
Marketing funds	344 901	321 937
Corporate	1 265	1 284
South Africa	3 693 913	3 629 110
Southern African Development Community	217 961	209 962
United Kingdom – Wimpy	69 349	83 247
Rest of Africa and Middle East	35 347	17 210
Revenue	4 016 570	3 939 529
Operating profit		
Leading brands	238 168	218 845
Signature brands	(6 310)	674
Supply Chain	181 177	183 437
Manufacturing	149 882	135 885
Logistics	33 944	45 966
Retail	(2 649)	1 586
Corporate	(50 120)	(54 836)
Share-based payment charge	(25 172)	(18 265)
Consolidation entries****	(2 668)	(3 564)
Corporate administration costs	(22 280)	(33 007)
South Africa	362 915	348 120
Southern African Development Community***	27 672	30 517
United Kingdom – Wimpy	3 200	9 986
Rest of Africa and Middle East	(22 411)	(17 531)
Operating profit	371 376	371 092
Net finance costs	(56 298)	(60 520)
Share of profit of associates	7 325	8 444
Devaluation of loan to associate	(521)	(8 921)
Tax	(85 761)	(90 366)
Total profit for the period	236 121	219 729

No segment assets or liabilities have been disclosed as such information is not regularly provided to the Chief Operating Decision Makers (CODM).

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

** The Group reorganised its management structure within its existing geographical segments. Consequently, the comparative information has been reclassified to reflect the impact of the new geographical segments. The previously disclosed AME segment will now be reported as SADC and AME detailed in note 16 Reclassification.

*** SADC includes the Botswana operating profit of R8 million (2023: R9.6 million).

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

INVESTMENT CASE

GROUP AT A GLANCE

SALIENT FEATURES

OUR PERFORMANCE

Operating segments

	Unaudited six months ended 31 August 2024 R'000	*Unaudited six months ended 31 August 2023 R'000
Operating profit margins after impairments		
Leading brands	50.8%	47.1%
Signature brands	(6.7%)	0.6%
Manufacturing	9.3%	8.4%
Logistics	1.4%	1.9%
Retail	(1.5%)	0.8%
South Africa	9.8%	9.6%
Southern African Development Community	12.7%	14.5%
United Kingdom – Wimpy	4.6%	24.0%
Rest of Africa and Middle East	(63.4%)	(101.9%)
Total	9.2%	9.4%
Geographical allocation of revenue		
United Kingdom	69 349	83 247
Botswana	192 845	184 591
Additions to non-current assets by segment		
Leading brands	17 847	8 290
Signature brands	10 694	11 008
Manufacturing	15 559	27 451
Logistics	7 888	7 588
Retail	506	1 661
Corporate	12 587	4 393
South Africa	65 081	60 391
Southern African Development Community	25 805	6 971
Rest of Africa and Middle East	529	252
United Kingdom	–	3 511
Total	91 415	71 125

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

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Geographical allocation of non-current assets		
South Africa	1 505 561	1 509 402
Southern African Development Community (excluding Botswana)	1 937	2 195
United Kingdom	162 644	170 474
Botswana	144 994	122 362
Rest of Africa and Middle East	40 274	47 870
Total	1 855 410	1 852 303

* The Group reorganised its management structure within its existing geographical segments. Consequently, the comparative information has been reclassified to reflect the impact of the new geographical segments. The previously disclosed AME segment will now be reported as SADC and AME detailed in note 16 Reclassification.

Segment reporting – material expenses

The Group's material overhead costs are employee expenses, electricity, property insurance and depreciation. These costs are allocated to segments as follows:

Unaudited six months ended 31 August 2024

	Employee expenses R'000	Electricity R'000	Property insurance R'000	Depreciation R'000
Leading brands	130 122	1 145	613	10 356
Signature brands	30 821	2 483	181	9 239
Manufacturing	150 787	33 806	7 872	16 569
Logistics	107 750	7 517	3 981	19 773
Retail	2 179	–	62	21
Corporate*	58 536	1 469	832	12 109
South Africa	480 195	46 420	13 541	68 067
Southern African Development Community	46 052	6 115	884	17 906
Rest of Africa and Middle East	19 250	1 180	217	6 040
United Kingdom	9 697	140	175	600
Total	555 194	53 855	14 817	92 613

Unaudited six months ended 31 August 2023

	Employee expenses R'000	Electricity R'000	Property insurance R'000	Depreciation R'000
Leading brands	132 961	1 532	1 063	10 312
Signature brands	32 949	2 793	51	10 247
Manufacturing	144 519	25 787	6 546	16 371
Logistics	100 928	6 989	3 249	20 322
Retail	2 641	–	62	31
Corporate*	66 359	1 219	1 037	14 329
South Africa	480 357	38 320	12 008	71 612
Southern African Development Community	46 051	5 571	651	17 230
Rest of Africa and Middle East	13 868	490	98	3 281
United Kingdom	9 362	85	161	599
Total	549 638	44 466	12 918	92 722

* Corporate consists of costs related to central head office and shared services.

Notes to the condensed consolidated financial statements

for the six months ended 31 August 2024

Reporting entity

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

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with IFRS[®] Accounting Standards and its interpretations adopted by the IASB in issue and effective for the Group at 31 August 2024, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council 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 22 October 2024.

The Group's condensed consolidated financial statements have not been audited or independently 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[®] Accounting Standards and are consistent with those applied in the financial statements for the financial year ended 29 February 2024, except for the new standards that became effective for the Group's financial reporting beginning 1 March 2024 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, see note 19 *Going Concern*.

Changes in accounting policies

The Group adopted the following new, revised and amendments to standards applicable for the first time in the current financial year, which did not have a material impact on the financial statements:

IFRS 16 *Leases* Liability in a sale and leaseback (Amendment) – The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. This amendment did not have a material impact.

IAS 1 *Presentation of Financial Statements* Classification of liabilities as current or non-current (Amendment) – The amendment clarifies how to classify debt and other liabilities as current or non-current and provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. This amendment did not have a material impact.

IAS 1 *Presentation of Financial Statements* Non-current liabilities with covenants (Amendment) – The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. This amendment did not have a material impact.

New standards, amendments to standards and interpretations in issue not yet effective

The Group has chosen not to early adopt the following amendments and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2024 or later periods. Management is determining the impact of the standards on the financial statements.

Standard	Effective date (for financial years beginning on or after)
IAS 21 The Effects of Changes In Foreign Exchange Rates Lack of exchangeability (Amendment)	
The amendment clarifies when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.	1 January 2025
IFRS 18 Presentation and Disclosure in Financial Statements	
IFRS 18 replaces IAS 1 <i>Presentation of Financial Statements</i> with a focus on updates to the statement of profit or loss. The amendment requires enhanced profit or loss performance measures that are reported outside the financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	
IFRS 19 simplifies disclosures for subsidiaries without public accountability, reducing costs while maintaining usefulness for stakeholders. Subsidiaries that elect to apply IFRS 19 will follow the same recognition, measurement and presentation requirements as in other IFRS Accounting Standards, but the disclosure requirements of those standards will be replaced with the reduced requirements of IFRS 19.	1 January 2027

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
1. Capital expenditure and commitments		
Invested	91 415	183 739
Property, plant and equipment	78 392	154 254
Intangible assets	13 023	29 485
Authorised, not yet contracted	404 833	496 248
Property, plant and equipment*	363 795	442 187
Intangible assets	41 038	54 061

* Includes capital expenditure planned for developments of 37 Richards Drive, Midrand. This capital expenditure will be financed by existing borrowing facilities and internally generated funds, except for the cold storage facility which will be funded through a property loan facility raised specifically for the development of the cold storage, refer to note 18 Subsequent Events.

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
2. Property, plant and equipment		
Carrying amount at the beginning of the period/year	923 997	904 148
Additions	99 709	231 863
Owned	78 392	154 254
Right-of-use asset	21 317	77 609
Acquisition of subsidiaries	-	8 757
Foreign currency translation	(8 087)	214
Disposals	(6 955)	(23 327)
Disposals of owned property, plant and equipment	(4 030)	(13 634)
Derecognition of right-of-use asset	(2 925)	(9 693)
Depreciation	(92 613)	(191 191)
Transfers	-	(410)
Remeasurements of right-of-use assets	15 576	(6 057)
Carrying amount at the end of the period/year	931 627	923 997

The cost and net carrying amount of the land within land and buildings is R84 million (2024: R84 million).

Property in Steers Properties (Pty) Ltd with an estimated carrying value of R160.6 million (2024: R161.8 million) was pledged as security for borrowings of R181 million (2024: R181 million), refer to note 6 Borrowings.

Additions include R11.6 million for the development cost of the cold storage facility situated in 37 Richards Drive. The construction is funded through a property loan facility raised specifically for the development of the cold storage, refer to note 18 Subsequent Events.

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
3. Intangible assets		
Carrying amount at the beginning of the period/year	868 771	850 458
Additions	13 023	29 485
Foreign currency translation	(8 445)	15 587
Disposals	–	(4 625)
Acquisition of subsidiary	–	7 435
Business combination - measurement period adjustment*	(3 770)	–
Transfers	–	410
Amortisation	(7 636)	(17 090)
Impairment	–	(12 889)
Carrying amount at the end of the period/year	861 943	868 771

* Effective 1 November 2023, a 51% interest was acquired in Famous Brands Restaurant Limited (Mauritius). Adjustments were made to equity and goodwill during the measurement period, based on new information regarding the fair values of identifiable assets and liabilities.

The prior year impairment loss of R7.7 million on trademarks and brand names, and R5.2 million on franchise incentives relates to brands in Signature Brands, mainly due to the conversion of Fego Caffé' restaurants to Leading Brands portfolio. The present value of the estimated future royalty cash flows determined as at 29 February 2024 was R2.1 million.

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

4. Trade and other receivables

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Net trade receivables	530 638	495 365
Trade receivables	540 694	504 451
Impairment allowance	(10 056)	(9 086)
Other receivables	57 335	42 276
Prepayments	65 384	41 269
VAT receivable	6 684	4 762
	660 041	583 672

The Group has a wide customer base and there is no significant concentration of credit risk. One debtor has a current balance in excess of 4% of the trade receivables balance amounting to R19.7 million (2024: R15.4 million).

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

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

5. Trade and other payables

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Trade payables and accruals	649 813	595 835
Trade payables	463 194	421 701
Accruals	186 619	174 134
Employee benefits	93 961	108 916
Deferred income	10 184	9 406
VAT payable	33 975	30 543
Put option written over the equity of non-controlling interest	61 539	61 539
	849 472	806 239

Deferred income relates to income received in advance for services to franchise partners such as project management for new build, restaurant revamp, call centre services or any ad hoc services from time to time. An amount of R9.4 million (2024: 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.

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

The put option written over the equity of non-controlling interest is evergreen and remeasured annually based on the investee's profit before interest and tax.

6. Borrowings

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Long-term borrowings	556 301	1 075 688
Short-term borrowings	591 521	125 552
Short-term portion of borrowings	589 990	123 765
Non-controlling shareholder loans	1 621	1 787
	1 147 822	1 201 240

6. Borrowings (continued)

			Interest rate	Margin		Unaudited	Audited	Unaudited	Audited
	Currency	Maturity date	Nature	%	Rate	31 August 2024	29 February 2024	31 August 2024	29 February 2024
						%	%	R'000	R'000
Terms of repayment									
Loan facility: Amortising loan	ZAR	Aug-27	Variable	1.70	3-month JIBAR	10.03	10.06	300 000	350 000
Loan Facility: Revolving Credit Facility (RCF)	ZAR	Aug-25	Variable	1.75	3-month JIBAR	10.08	10.11	300 000	300 000
Loan Facility: Revolving Credit Facility (RCF)	BWP	Apr-25	Variable	0.40	Prime	6.66	6.91	14 113	9 209
Loan facility: Bullet payment loan	ZAR	Aug-25	Variable	1.70	3-month JIBAR	10.00	10.06	150 000	150 000
Loan facility: Bullet payment loan	ZAR	Aug-26	Variable	1.85	3-month JIBAR	10.18	10.21	200 000	200 000
Loan Facility: Amortising loan	ZAR	Nov-26	Variable	1.50	Prime	13.25	13.25	12 520	9 415
Loan Facility: Amortising loan	GBP	Sep-25	Fixed		Fixed	2.00	2.00	3 802	5 774
Loan Facility: Amortising loan	ZAR	Jan-32	Variable		Prime	11.75	11.75	11 732	12 216
Loan Facility: Amortising loan**	ZAR	Feb-27	Variable	2.00	3-month JIBAR	10.34	10.37	154 114	162 900
Non-controlling shareholder loans*									
Dial and Dine (Pty) Marathon	ZAR							193	236
Holdings (Pty) Ltd	ZAR							1 235	1 368
Elegant Armor (Pty) Ltd	ZAR							194	183
								1 147 903	1 201 301
								(81)	(61)
								1 147 822	1 201 240

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

** **Pledged property**

As at 31 August 2024, the Group pledged property with a carrying amount of R161 million as security for liabilities. The assets are pledged in connection to senior facilities with Nedbank. The property pledged consists of land and buildings.

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) profit or loss by R11.7 million (2024: R12 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

- The Group has total ZAR overdraft facility in place of R100 million (2024: R100 million). Unutilised portion at the end of the reporting period is R100 million (2024: R100 million).
- The Group has a 3-year revolving credit facility of R427 million (2024: R428 million). Unutilised portion is R113 million (2024: R119 million).
- The Group has 5 to 10-year amortising loans of R328 million (2024: R377 million), which are fully utilised.
- The Group has a 4.5-year amortising loan of R154 million (2024: R163 million). Unutilised portion is Rnil (2024: Rnil).
- The Group has a 3-year and a 4-year term bullet payment loans of R150 million (2024: R150 million) and R200 million (2024: R200 million) respectively, which are fully utilised.

Guarantees

Famous Brands Limited, Famous Brands Management Company (Pty) Ltd, Lamberts Bay Foods (Pty) Ltd, Steer 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

Sales-based royalties

Franchise fees revenue

Leading brands

Signature brands

Marketing fees revenue*

Leading brands

Signature brands

Revenue at point in time

Manufacturing revenue

Owned

Subsidiary

Logistics revenue

Retail revenue

Company-owned restaurant revenue

Leading brands

Signature brands

Joining fees

Revenue over time

Service revenue

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000
	500 363	564 603
	474 041	536 602
	26 322	28 001
	344 900	321 937
	337 186	314 915
	7 714	7 022
	98 384	83 184
	13 572	11 919
	84 812	71 265
	2 583 254	2 465 576
	171 161	186 662
	298 190	298 848
	230 976	221 636
	67 214	77 212
	5 059	5 886
	15 259	12 833
	4 016 570	3 939 529

* Marketing fees revenue relate to funds contributed by franchise partners for the various brands across the Group and in South Africa 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.

	Notes	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000
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	2	92 613	92 722
Amortisation of intangible assets	3	7 636	8 235
Expected credit loss		1 121	2 279
Directors' remuneration		16 351	20 972
Auditors' remuneration*		9 512	9 126
Electricity**		53 855	44 466
Property insurance**		14 817	12 918
Employee expenses		555 194	549 638
Share-based payments – equity-settled		25 172	18 265
Foreign exchange differences		272	(1 084)
Net finance costs	9	56 298	60 520
Other Income		(14 566)	(15 516)
Profit on disposal of property, plant, equipment		(3 859)	(1 207)
Profit on disposal of right-of-use assets		(418)	(328)
Loss on disposal of intangible assets		–	1 133
Sundry Income		(10 289)	(15 114)
Share of profit of associates		(7 325)	(8 444)
Devaluation of loan to associate		521	8 921

* Auditors' remuneration comprises fees in respect of the financial statement audit and reviews.

** Management reassessed the way certain expenses related to facilities and property are disclosed in the financial statements. By separating out material items such as electricity and insurance from the general line item "Facilities and property expenses," the financial statements will provide a clearer and more precise representation of the organisation's expenses.

INVESTMENT CASE

GROUP AT A GLANCE

SALIENT FEATURES

OUR PERFORMANCE

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000
9. Net Finance costs		
Finance costs		
Interest on borrowings	(61 600)	(63 657)
Interest on lease liabilities	(14 968)	(15 607)
Other finance costs	(1 954)	(994)
	(78 522)	(80 258)
Finance income		
Interest from lease receivables	226	342
Interest from bank deposits	21 998	19 396
	22 224	19 738
Net finance costs	(56 298)	(60 520)
	Unaudited six months ended 31 August 2024 Cents per share	Unaudited six months ended 31 August 2023 Cents per share
10. Basic and headline earnings per share		
Attributable to owners of Famous Brands Limited		
Total operations – cents per share		
Basic earnings per share	221	199
Headline earnings per share	218	199
Diluted earnings per share	221	199
Diluted headline earnings per share	218	199
	Number of shares	Number of shares
Basic earnings and diluted earnings per share		
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	121 475	15 782
Diluted weighted average number of shares in issue	100 323 759	100 218 066

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000
10. Basic and headline earnings per share (continued)		
Basic and headline earnings		
Basic earnings	221 863	199 792
Adjusted for:	(3 196)	(54)
Profit on disposal of property, plant and equipment	(3 859)	(1 207)
Tax on profit on disposal of property, plant and equipment	1 042	326
Loss on disposal of intangible assets	–	1 133
Tax on loss on disposal of intangible assets	–	(306)
Profit on disposal of right-of-use assets	(418)	–
Tax impact on disposal of right-of-use assets	39	–
Headline earnings	218 667	199 738
	Unaudited 31 August 2024 R'000	Unaudited 31 August 2023 R'000
11. Change in ownership interest		
Cash outflow on acquisition of interests in subsidiaries		
Effective 1 March 2024, the Group acquired the remaining 38% shareholding in Famous Brands Coffee Company (Pty) Limited, for a consideration of R28.3 million.		
Initial interest acquired	62%	–
Additional interest acquired	38%	–
	100%	–
Non-controlling interest	21 843	–
Effect of transaction between equity partners	6 457	–
Cash outflow on acquisition of subsidiaries	28 300	–
12. Related party transactions		
The Group entered into various sales and purchase transactions with related parties. The nature of related party transactions is consistent with those reported previously.		
13. Contingent liabilities		
Refer to note 6 <i>Borrowings</i> for other guarantees and facilities in the Group.		
The Group and its South African subsidiaries have issued R16.2 million (2024: R16.2 million) suretyship in favour of First Rand Bank Limited to secure the banking facilities entered into by certain local 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 2024 R'000	Audited 29 February 2024 R'000
Financial assets		
Measured at amortised cost:		
Trade and other receivables	587 973	537 641
Lease receivables	2 965	5 454
Restricted cash	62 329	71 832
Cash and cash equivalents	324 257	352 750
Loans to associate	8 143	10 663
	985 667	978 340
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	711 352	657 374
Shareholders for dividends	3 441	3 245
Lease liabilities	309 965	321 902
Borrowings	1 147 822	1 201 240
	2 172 580	2 183 761

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

14. Financial instruments (continued)

Accounting classifications and fair values (continued)

	Level	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Derivative financial instruments			
Assets			
Fair value through profit or loss			
Foreign exchange contracts	2	–	50
Fair value through other comprehensive income			
Interest-rate swaps	2	–	3 112
		–	3 162
Liabilities			
Fair value through profit or loss			
Foreign exchange contracts	2	450	–
Fair value through other comprehensive income			
Interest-rate swaps	2	1 452	–
		1 902	–
Movements in Level 3 financial instruments carried at fair value			
Financial instruments at fair value through profit or loss			
Assets			
Fair value through profit or loss			
Investment in preference shares	3	10 497	9 031
		10 497	9 031
Investment in preference shares (insurance cell captive)			
Reconciliation to carrying amounts:			
Carrying amount at the beginning of the year			
		9 031	3 490
Fair value adjustment (included in premiums and other insurance income earned)			
		1 466	5 541
Carrying amount at the end of the period/year			
		10 497	9 031

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 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 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	2.25x [^]	3.00x [^]
Aug-23	2.25x [^]	3.00x [^]
Feb-24	2.25x [^]	3.00x [^]
Aug-24	2.25x [^]	3.00x [^]
Feb-25	2.25x	3.00x
Aug-25	2.25x	3.00x

[^] All covenant ratios were satisfied as per the Group's primary lender.

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Net debt to Total equity (gearing ratio)		
Borrowings	1 147 822	1 201 240
Lease liabilities	309 965	321 902
Cash and cash equivalents	(324 257)	(352 750)
Net debt	1 133 530	1 170 392
Equity	1 098 630	1 078 771
Net debt to Total equity (gearing ratio)	1.03	1.08
Net asset value per share		
Total equity	1 098 630	1 078 771
Issued shares	100 202 284	100 202 284
Net asset value per share (cents)	1 096	1 077

16. 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 useful disclosures.

	As previously stated R'000	Reclassification R'000	Notes	As currently stated R'000
Operating Segment				
Revenue				
Southern African Development Community		209 962	(a)	209 962
Rest of Africa and Middle East	227 172	(209 962)	(a)	17 210
Operating Profit				
Southern African Development Community		30 517	(a)	30 517
Rest of Africa and Middle East	12 986	(30 517)	(a)	(17 531)
Additions to non-current assets by segment				
Southern African Development Community		6 971	(a)	6 971
Rest of Africa and Middle East	7 223	(6 971)	(a)	252

^(a) The Group has reorganised its management structure to reflect its profit pools and growth plans. AME has been split and reported as SADC and AME. SADC, with more profitable markets, managed out of South Africa while AME, focuses on growing our brands and networks in selected high potential markets. SADC consists of Botswana, Namibia, Angola, Malawi, Zambia, Eswatini, Lesotho, Mozambique and Zimbabwe while AME consists of Mauritius, Kenya, UAE, Côte d'Ivoire, Ethiopia, Nigeria (an associate) and Egypt.

17. Other events

Acquisition of additional interest in subsidiary

The Group acquired the remaining 38% shareholding in Famous Brands Coffee Company (Pty) Limited.

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:

Santie Botha retired as an independent non-executive director and Chairperson of the Board on 26 July 2024.

Chris Boulle, the previous independent non-executive director, was appointed as the Group's Chairman effective from the Annual General Meeting (AGM) held on 26 July 2024. Furthermore, Chris Boulle will assume the role of Chairman of the Nomination Committee and relinquish his positions as Chairman of the Audit and Risk Committee and the Remuneration Committee. However, he will continue serving as a member of the Remuneration Committee.

Additionally, Alex Maditse assumed the role of lead non-executive director starting from 26 July 2024. Furthermore, Norman Adami retired as a director on 26 July 2024.

18. Subsequent events

Dividend

The Board has declared an interim dividend of 150 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 R150 million.

Other

Halamandaris Props (Pty) Ltd, as the borrower, has secured a specific debt facility for the development of cold storage facilities situated at 37 Richards Drive.

There were no other subsequent events identified.

19. Going concern

The Board has undertaken an assessment of whether the Group is a going concern in the light of current and anticipated economic conditions across its operating geographies taking into consideration available information about economic uncertainties and market volatility. The projections for the Group have been prepared considering prospective performance, and available capital and liquidity for a period of 12 months from the date of approval of these consolidated financial statements including performing sensitivity analysis. The assumptions modelled are based on the continued estimated impact of the current challenging operating environment impacted by low GDP growth, ongoing water shortages, elevated food prices, electricity and fuel prices and higher interest rates.

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

Our support protected our franchise partners and our own supply chain operations, resulting in resilient performance for the first half of the 2025 financial year, including access to debt finance structure in line with the Group's current funding requirements and strategy.

At 31 August 2024 the Group had access to unutilised facilities of R213 million (refer to note 6 *Borrowings*). Our forecasts and projections, taking account of anticipated market volatility, show that the Group will be profitable and cash generative in the year ahead. The Board has reviewed the Group's projections and sensitivity analysis which shows that the Group has sufficient capital, liquidity and positive future performance outlook to continue to meet its obligations and consequently, it is appropriate to prepare the consolidated annual financial statements on a going concern basis for the foreseeable future.

Shareholder spread

at 31 August 2024

	2025			
	Number of shareholders	% of total shareholdings	Number of shares	% of issued capital
1 – 10 000	6 593	94.70	4 168 694	4.16
10 001 – 50 000	175	2.51	3 929 349	3.92
50 001 – 100 000	68	0.98	4 782 516	4.77
100 001 – 1 000 000	100	1.44	33 093 070	33.03
Over 1 000 000	26	0.37	54 228 655	54.12
Total	6 962	100.00	100 202 284	100.00
Distribution of shareholders				
Individuals	6 001	86.20	7 986 298	7.97
Insurance companies	4	0.06	1 194 287	1.19
Investment trusts	225	3.23	6 799 144	6.79
Other companies and corporate bodies	732	10.51	84 222 555	84.05
Sovereign Funds	–	–	–	0.00
Total	6 962	100.00	100 202 284	100.00
Shareholder type				
Non-public shareholders	7	0.10	7 143 463	7.13
Directors and associates (Direct)	6	0.09	1 123 951	1.12
Directors and associates (Indirect)	1	0.01	6 019 512	6.01
Public shareholders	6 955	99.90	93 058 821	92.87
Total	6 962	100.00	100 202 284	100.00
Fund managers greater than 5% of the issued shares				
Camissa Asset Managers	–	–	15 363 731	15.33
Public Investment Corporation	–	–	10 205 855	10.19
36One Asset Management	–	–	9 866 963	9.85
Total	–	–	35 436 549	35.37
Direct and indirect beneficial shareholders greater than 5% of the issued shares (excluding directors)				
Government Employees Pension Fund	–	–	15 356 073	15.33
36One Asset Management	–	–	6 249 292	6.24
Panis Trust	–	–	6 028 955	6.02
Total	–	–	27 634 320	27.58
Total number of shareholdings	6 962	–	–	–
Total number of shares in issue	–	–	100 202 284	–

Administration

Famous Brands Limited

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

Directors

CH Boulle (Chairman), N Halamandaris, DP Hele (Chief Executive Officer)*, AK Maditse, B Mathe, F Petersen-Cook, T Mosololi, N Shiluvana (Group Financial Director)* and W Mzimba.

* Executive

Company secretary

CD Appollis

Registered office

478 James Crescent, Halfway House, Midrand, 1685
PO Box 2884, Halfway House, 1685
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, 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

Auditor

KPMG Inc
Registration number: 1999/021543/21
85 Empire Road, Parktown, Johannesburg, 2193



famous | brands
you're in good company

 +27 11 315 3000

 investorrelations@famousbrands.co.za
companysecretary@famousbrands.co.za

 478 James Crescent, Halfway House, South Africa, 1685