

Famous Brands Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1969/004875/06)
JSE share code: FBR
ISIN: ZAE000053328
("Famous Brands" or "the Group")

Famous Brands advances its strategic investment roadmap with acquisition of majority stake in Lexi's Healthy Eatery

The Group has acquired 51% of Lexi's Healthy Eatery ("Lexi's") with effect from 1 April 2022. Lexi's, whose slogan is "Eat more plants", is a casual dining restaurant ("CDR") brand, offering a full-service, sit-down, plant-based dining experience across all key day parts: breakfast, lunch and dinner. The acquisition pertains to the franchise and central kitchen operations of the business.

Lexi's was founded in 2018 by Lexi Monzeglio. Lexi is the creative lead on brand and product development and strategy, while her business partner, Ezio Nichele, manages the operations of the company, which comprises four restaurants, three owned by Monzeglio and Nichele, while one is franchised. The restaurants are located in Rosebank, Modderfontein, Hazelwood (Pretoria) and Sea Point. Lexi's also operates a fledgling central kitchen which develops and produces meals for the restaurants and retails a limited range of convenience frozen goods to a small number of supermarkets. The menu is plant-based, being almost entirely vegan, gluten-free and refined sugar-free.

Management contracts have been concluded with Monzeglio and Nichele.

Strategic roadmap

The acquisition is aligned with Famous Brands' three-year strategic roadmap, which includes acquiring brands that have the potential to lead in their category, and which offer growth prospects based on opportunities to improve existing operational efficiencies in the target business.

Investment rationale for the acquisition

- Famous Brands' existing portfolio does not include an exclusively vegetarian or plant-based offering, and as a forerunner in its category, Lexi's is a good fit for the Group.
 - The trend to healthy eating and plant-based foods has been present in the market for some time, and continues to grow; this is evidenced by the increasing receptiveness to and take-up of healthier and vegetarian options on the menus of the Group's existing brand portfolio.

- Lexi's will perfectly complement the Group's Signature Brands' Fun Dining portfolio, providing a more comprehensive offering to landlords where the Group already has a presence, and to existing and prospective customers.
- Management is confident that the brand offering has strong potential to be expanded into a quick-service restaurant format.
- There is also scope to develop Lexi's products for the supermarket retail space, and leverage off the Group's well-established route-to-market.
- In time, Lexi's central kitchen could cater for ancillary business from the Group's existing brands, as happens elsewhere in the business model.
- Lexi's core values are: to be accessible, healthy, sustainable, ethical and carbon neutral; these values complement Famous Brands' stated ongoing sustainability journey, which centres on innovation and research and development to build a sustainable food services business that is good for all stakeholders and the environment.

Benefits of the joint venture partnership

The joint venture partnership offers significant value for both parties.

- As the creator and developer of the brand, Lexi Monzeglio brings a unique skill set and intellectual capital in a relatively untapped market niche for Famous Brands. Together Lexi and her partner, Ezio Nichele, will be key to developing the strategic direction of the business through their vision and capability.
- While historically plant-based food was regarded as a privileged way of life, in line with the global trend, there has been a marked expansion of the demographics of Lexi's customers as access to the product and appreciation of the plant-based concept grows and takes hold in non-traditional market segments. Famous Brands will provide the infrastructure, industry experience and working capital to assist Lexi's to realise its potential by helping to make a plant-based, sustainable lifestyle more accessible and convenient for communities.

The acquisition consideration falls below the threshold of a categorised transaction in terms of the Listings Requirements of the JSE Ltd and will be settled from cash reserves. There are no suspensive conditions.

The financial information on which this announcement is based has not been reviewed or reported on by the Group's external auditors.

Midrand

30 March 2022

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