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

Summarised Results FOR THE YEAR ENDED 28 FEBRUARY 2023

Strong brands and a growing footprint

Famous Brands is best known for its much-loved brands and reputation as a leading and responsible franchisor

Famous Brands is a vertically integrated Group with 17 restaurant brands and a network of 2 887 restaurants. We operate franchised, master licensed and Company-owned restaurants. Our business model comprises four core pillars: Brands, Manufacturing, Logistics and Retail.

South Africa (SA): 2 518 restaurants
The rest of Africa and the Middle East (AME): 304 restaurants in 17 countries
The United Kingdom (UK): 65 restaurants

Our strong brands offer a compelling business proposition to franchise partners and quality menus to a wide spectrum of consumers. The portfolio is segmented into Leading (mainstream) Brands and Signature (niche) Brands. Leading Brands are further categorised as Quick Service and Casual Dining.

A vertically integrated business model supports our Brands in South Africa and selected African countries. Supply Chain refers to our Manufacturing, Logistics and Retail operations. Our Supply Chain offers high-quality ingredients and products to franchise partners and retailers at a competitive price.

Financial highlights

363 cents
Dividends per share
UP 82%

R7.4 bn
Revenue
UP 15%

R861 mn
Operating profit
UP 37%

488 cents
Headline earnings per share (HEPS)
UP 37%

2023 performance overview

Industry overview

A constrained consumer and a competitive environment mean we must compete even harder for a share of wallet. The strain of ongoing load shedding had an impact
across all our divisions.

The lifting of COVID-19 trading restrictions in June 2022 supported a recovery in consumer spending on restaurants, travel and entertainment. Foot counts
and dwell times in shopping centres improved, positively impacting restaurants in these locations. South Africa welcomed more tourists, although this still
lags below pre-pandemic levels.

The local and global inflation picture remains elevated, and South Africa has country-specific challenges, including persistent load shedding, weak economic
growth and high unemployment. The restaurant industry is highly exposed to load shedding with impacts including lost revenue, increased operating costs and
food waste. We are working with our franchise partners to mitigate the worst impacts of load shedding.

In response to a challenging environment, we offer consumers value offerings, great deals and loyalty programmes. Our marketing campaigns reinforce key
quality perceptions.

With many consumers working in hybrid and remote jobs, mealtimes have become more flexible and spread across the day. Evening sit-down trade has not recovered to pre-pandemic levels, and consumers tend to make earlier bookings.

The advent of appealing, user-friendly apps and changing consumer expectations have unlocked food delivery as a sustainable category. To extend our footprint, we will amplify our delivery services (both own delivery and through third-party food aggregators). We continue to roll out smaller formats at convenient locations and grow our drive-thru restaurant footprint.

Group financial performance

In 2023, the Group achieved its revenue recovery, improving positive cash generation from operations and managing the cost base.

The Group continued its post-pandemic financial recovery, evidenced by strong earnings, cash generation, and a strong overall financial position. We experienced an immediate improvement in restaurant sales as all COVID-19 restrictions were removed in June 2022. This improvement in the front end of the business meant a strong volume uptick for our Manufacturing and Logistics divisions.

As the year progressed, our recovery was weighed down by deteriorating local economic conditions, including weak GDP growth, high inflation and low levels of consumer spending. In September 2022, load shedding intensified, further impacting the economy, local restaurant industry and manufacturing.

Revenue increased by 15% to R7.4 billion (2022: R6.5 billion). This improvement is attributable to improved trading conditions across most markets thanks to the lifting of all COVID-19 restrictions. Revenue was materially higher than pre-pandemic levels (2020: R6.5 billion excluding GBK). Operating profit increased by 37% to R861 million (2022: R630 million). HEPS increased by 37% to 488 cents (2022: 356 cents).

Salient features	Unit	2023	2022	% change (2023 versus 2022)
Revenue	R'million	7 444	6 476	15
Operating profit	R'million	861	630	37

Operating profit margin*	%	11.6	9.7	1.9
Impairments	R'million	(59)	(33)	(77)
Basic earnings per share	Cents	523	317	65
Headline earnings per share (HEPS)	Cents	488	356	37
Statement of cash flows				
Cash generated by operations	R'million	961	871	10
Net cash outflow utilised in investing activities	R'million	(355)	(117)	(202)
Net cash outflow from financing activities	R'million	(78)	(433)	82
Cash realisation rate**	%	88	102	(14)
Statement of financial position				
Cash and cash equivalents	R'million	233	333	(30)
Net asset value per share	Cents	974	719	35
Net debt***	R'million	1 246	1 126	(11)
Net debt to EBITDA (leverage)	Times	1.14	1.32	14
Net debt/equity (gearing)	Times	1.28	1.56	18
Total equity	R'million	976	721	35
Return on equity (ROE)****	%	58	64	(6)
Return on capital employed (ROCE) *****	%	35	29	6

* Operating profit margin for 2023 excluding the Gourmet Burger Kitchen (GBK) dividend of R75 million was 10.6%.
** 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 after impairment of intangible assets, divided by capital employed (which is calculated as the sum of total equity and interest-bearing debt net lease liabilities).

Gearing

At year-end, the Group's total borrowings position was R1.1 billion (2022: R1.1 billion). To mitigate local and international supply challenges, we bolstered our inventory holdings across several commodities to prevent a supply shortage and lock in better pricing. In addition, the acquisition of Steers Properties (Pty) Ltd and Halamandaris Props (Pty) Ltd for R 181 million was settled with cash and our credit facilities. The Group renegotiated its borrowings with its primary lender to a more appropriate debt finance structure in line with current requirements and strategy.

Operational review

Brands

Brands' revenue increased 21% to R1.1 billion (2022: R918 million) as restaurant turnovers improved, resulting in higher franchisee fees. Leading Brands' revenue increased 17% to R904 million (2022: R773 million), while Signature Brands' revenue improved 40% to R203 million (2022: R145 million).

SA

While the lifting of COVID-19 restrictions boosted restaurant activity, local trading conditions remain challenging. All brands had to manage menu price increases carefully to balance protecting franchise partner profitability while offering value to consumers in an increased inflationary environment. This required careful price management and robust negotiations with suppliers.

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

Leading Brands' system-wide sales improved by 14%, and like-for-like sales increased by 12%. This growth can be attributed to its portfolio of compelling brands, continued investment in technology, and a return to sit-down Casual Dining. The marketplace remains competitive as competitors defend their market share. Home delivery remains a notable channel due to a long-term shift in consumer behaviour towards e-commerce.

Signature Brands portfolio

Signature Brands enjoyed a strong recovery as consumers returned to dining out and celebrating special occasions. As the year progressed, interest rate hikes and fuel price increases had a negative impact on disposable income and affected restaurant trade. Like-for-like sales were up 29%, while system-wide sales were up 28%. Operating margins improved to 4% (2022: (5.3%)).

AME

In 2023, several African economies encountered strong headwinds, including high inflation and weak economic growth. System-wide sales increased by 31%, while revenue increased by 24% to R428 million (2022: R346 million). Operating profit decreased to R24 million (2022: R34 million), and operating profit margin deteriorated to 5.7% (2022: 9.9%). The home delivery channel gained traction in several countries, with online ordering platforms launched and franchise partners investing in call centres and centralised kitchens.

Wimpy UK

2023 was challenging due to the impact of the Russia/Ukraine war with higher energy costs and a cost of living crisis. UK recorded revenue of R142 million (2022: R133 million), and operating profit increased 12% to R19 million (2022: R17 million) before impairment. Operating margin after impairment for the year was (11.4)% (2022: (6.1)%).

Supply Chain

Manufacturing

Manufacturing turnover improved by 8.5% to R3 billion (2022: R2.8 billion), driven by strong volumes and inflationary price increases. Operating profit increased by 0.8% to R302 million (2022: R299 million). The increase in operating profit can be attributed to increased volumes and pricing. Several plants have improved their yield by refining their production processes and reducing waste as part of our Manufacturing Way efficiency drive. Despite the significant inflationary pressures, our internal cost inflation increased by 1% to 6%.

Logistics

Logistics revenue increased 16% to R4.7 billion (2022: R4 billion), driven by increased volumes and prices, while operating profit increased 89% to R114 million (2022: R60 million). In 2023, we received a R14 million insurance recovery payment related to the civil unrest in July 2021. Operating margin increased to 2.4% (2022: 1.5%).

Case volumes grew 6.2% year-on-year and compare favourably with pre-pandemic levels. By year-end, poor trading conditions dampened volumes. The division was affected by high fuel, commodity prices and load shedding.

Retail

The Retail division grew revenue by 23% to R273 million (2022: R222 million). Operating profit decreased by 91% from R2 million in 2022 due to coffee product write-offs and a global shortage of coffee. Our well-known brands and attractive price points have allowed Retail to expand its retail footprint and sales. The Retail division launched 13 new products (2022: 16), including two variants of Wimpy frozen chips and hash browns, new variants of sauces and meat products.

Dividend

In August 2022, the Board declared an interim dividend of 130 cents per share. After considering the Group's good performance in 2023 and future outlook, the Board declared a final dividend of 233 cents per share. All dividends are being paid out of profits for the year ended 28 February 2023, to the total amount of R363 million.

Event dates	
Declaration date	22 May 2023
Last day to trade "cum dividend"	4 July 2023
Shares commence trading "ex-dividend"	5 July 2023
Record date	7 July 2023
Payment of dividend	10 July 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 5 July 2023 and 7 July 2023, both days inclusive.

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

- The local dividend tax rate is 20%.
- The net local dividend amount is 186.40 cents per share for shareholders liable to pay the dividends tax and 233 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.

Changes to the Board of Directors

- Further to the announcement released by the Company on 22 December 2022, shareholders are advised that Mr Deon Fredericks will retire as Group Financial Director and member of the Board on 31 July 2023. Ms Nelisiwe Shiluvana will assume the position of Group Financial Director and become a member of the Board with effect from 1 August 2023.
- Mr John Halamandres will retire as member of the Board with effect from the Annual General Meeting on 20 July 2023.

Prospects

Despite ongoing macro-economic challenges, we see opportunities for growth and innovation in trading formats, technology and product development.

In our Brands division, we will grow our footprint through franchising, master licences, strategic partnerships and Company-owned stores. Our diverse menu options, strong brands and resilient franchise partners will stand us in good stead, despite continuing economic headwinds.

In 2023, we opened three drive thru restaurants in South Africa and will focus on growing this format in 2024. The format meets consumers' growing requirements for convenience and security. We are investing in delivery technology to improve our last mile efficiency. Partnerships with third-party platforms will remain critical.

We are concerned about South Africa's weak economic prospects and high levels of load shedding. In March 2023, we implemented franchise partner financial relief in South Africa. These financial relief measures will include a lower royalty and marketing percentage on sales generated during load shedding hours.

In our Manufacturing division, we will continue to drive operational efficiencies, improve product quality and explore ways to reduce our environmental footprint.

Our Logistics strategy is progressing well with plans to relocate our Gauteng cold storage facilities to the Midrand Campus. Increasingly, technology enables our Logistics strategy, and we plan to grow our share of the overall basket of franchise partners through a targeted online strategy.

The Retail division will focus on expanding its distribution footprint, growing volumes and launching new product lines and extensions.

On behalf of the Board

SL Botha   DP Hele
Chairman   Chief Executive Officer

Midrand
22 May 2023

Full announcement and Forward looking statements disclaimer

The contents of this short form announcement are the responsibility of the Board and have not been reviewed or reported on by the Group's external auditors.
Shareholders are advised that this short form announcement represents a summary of the information contained in the full announcement, published on https://senspdf.jse.co.za/documents/2023/jse/isse/fbr/FY_23.pdf and on Famous Brands' website at www.famousbrands.co.za on 22 May 2023, and does not contain full or complete details of the financial results. Any investment decisions by investors and/or shareholders should be based on consideration of the full

announcement as a whole and shareholder are encouraged to review the full announcement. The full announcement is also available for inspection at the
registered office of the Company and at the offices of Famous Brands' sponsor, The Standard Bank of South Africa Limited. Inspection of the full
announcement is available to investors and/or shareholders at no charge during normal business hours.

Administration

Directors

Norman Adami, Santie Botha (Independent Chairman), Chris Boulle, Deon Fredericks (Group Financial Director)*, Nik Halamandaris, John Halamandres, Darren
Hele (CEO)*, Alex Maditse, Busisiwe Mathe, Thabo Mosololi, Fagmeedah Petersen-Cook.
* Executive

Group Company Secretary

Celeste 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: http://www.famousbrands.co.za

Transfer Secretaries

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

Sponsor

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

Auditors

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

Contact information

Tel: +27 11 315 3000
investorrelations@famousbrands.co.za | companysecretary@famousbrands.co.za
478 James Crescent Halfway House, South Africa, 1685