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
("Famous Brands" or "the Company")

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2023

FAMOUS BRANDS PROFILE

Famous Brands owns a portfolio of world-class brands operated by a dynamic network of franchise partners.

Famous Brands is Africa's largest restaurant franchisor known for its world-class brands, product innovation, and long, mutually beneficial relationships with franchise partners.

Our restaurant network
- South Africa (SA): 2 522 restaurants
- The rest of Africa and the Middle East (AME): 311 in 17 countries
- The United Kingdom (UK): 65 restaurants

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

The Supply Chain comprising the Manufacturing, Logistics and Retail divisions supports our Brands' pillar in South Africa and selected African countries. These divisions are managed and measured independently.

FINANCIAL PERFORMANCE OVERVIEW AND COMMENTARY

Industry overview

The South African restaurant industry is under strain due to rising costs, alternative power costs and reduced consumer spending.

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

While the supply chain challenges and inflationary pressures related to the Russia/Ukraine war have eased, food inflation remains elevated due to load shedding costs. Imported products such as hake and coffee were more expensive due to the weak rand. High price increases were recorded for the key products of chicken, eggs, pork, and vegetables. Due to unusual weather patterns and loadshedding, SA has experienced poor harvests of potatoes from April to October. This has led to the significant increase of input costs in our production of frozen chips.

Consumers are enticed through value deals, discounts, smaller meals with lower price points, competitions, menu innovation and loyalty programmes. Shopping centres, which tend to have alternative power, have recovered from their pandemic slump, with foot counts returning. Hospital foot counts are up, which supports restaurants in those locations. While consumers enjoy the convenience of delivery, collect and drive thru channels, these options will never replace the restaurant experience.

Socio-economic difficulties and service delivery failures result in growing social unrest. In August 2023, the Western Cape experienced an eight-day taxi strike, resulting in restaurant closures and cancelled restaurant deliveries due to transport unavailability.

Supporting franchise partners through load shedding

Load shedding has increased significantly during the six months ended 31 August 2023 compared to the same period in the prior year. Unlike the comparative period, load shedding runs throughout the week, including weekends, affecting prime trading hours. At the close of the review period, 91.3% of the Leading Brands portfolio had alternative power solutions and experienced an increase in sales during load shedding.

From March 2023, we have assisted franchise partners with a 1% point reduction (0.5% royalty and 0.5% marketing) on their franchise fees for sales generated

while trading during load shedding. At the end of August 2023, the total financial relief provided to franchise partners was just over R11.6 million. Around
18% of our sales occurred during load shedding. This relief is important to ensure the sustainability of our franchise network.

Insurance cost increases

The 2023/2024 insurance renewal cycle fell within the review period and was challenging. The Group property damages and business interruption (PDBI) premium
escalated at over 470% to R22 million (2023: R3,9 million excluding the aggregate deductible). These increases are related to higher reinsurance costs and
increased risk perceptions around food facilities. We are executing a plan to secure and protect our operating sites and assets and we have set up an
insurance cell captive to reduce our insurance costs.

Group financial performance

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

Total revenue for the review period increased by 10% to R3 940 million (2022: R3 579 million). The operating profit decreased 6% to R371 million (2022:
R393 million), and headline earnings per share decreased 7% to 199 cents (2022: 215 cents). In the review period, Famous Brands continued to drive organic
growth while optimising the business for efficiencies and cash savings. However, the earnings are lower than the prior period predominantly due to the
Gourmet Burger Kitchen liquidation dividends of R75 million received in the first half of 2023. Excluding the liquidation dividends, basic earnings per
share (BEPS) is 8% up on the prior period.

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

Salient features

Revenue
UP 10%
R3.9 bn

Dividends per share
UP 6%
138 cents

Operating profit
DOWN 6%
R371 mn

Headlines earnings per share (HEPS)
DOWN 7%
199 cents

Salient features	Unit	Six months ended 31 August 2023	Six months ended 31 August 2022	% change (August 2023 versus August 2022)
Statement of profit or loss and other comprehensive income				
Revenue	R'million	3 940	3 579	10
Operating profit	R'million	371	393	(6)
Operating margin	%	9.4	11	(1.6)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	R'million	472	515	(8)
Basic earnings per share (BEPS)	Cents	199	259	(23)
Headline earnings per share (HEPS)	Cents	199	215	(7)
Statement of cash flows				
Cash generated from operations	R'million	537	552	

(3)
Net cash outflow utilised in investing activities R'million (58) (71)
19
Net cash inflow/(outflow) from financing activities R'million 46 (165)
128
Cash realisation rate* % 114 107
4
Statement of financial position
Cash and cash equivalents** R'million 344 317
9
Net asset value per share R'million 941 783
20
Net debt*** R'million 1 254 1 020
(23)
Net debt/equity (gearing) Times 1.33 1.30
(2)
Total equity R'million 943 785
20

* Cash generated by operations as a percentage of EBITDA.
** Excludes restricted cash related to marketing funds.
*** Total interest-bearing borrowings (including lease liabilities) less cash and cash equivalents.

Gearing

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

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

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

NOTICE OF DIVIDEND DECLARATION NUMBER 49 AND SALIENT FEATURES

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

Event dates

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

Those shareholders of the Group who are recorded in the Company's register as at the record date will be entitled to the dividend. Share certificates may not be dematerialised or rematerialised between Wednesday, 13 December 2023 and Friday, 15 December 2023, both days inclusive.

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

- The South African dividend tax rate is 20%
- The net local dividend amount is 110.40 cents per share for shareholders liable to pay the dividends tax and 138 cents per share for shareholders exempt from paying the dividends tax
- The issued share capital of Famous Brands is 100 202 284 ordinary shares
- Famous Brands' tax reference number is 9208085846

OPERATIONAL REVIEW

Brands

Total revenue for the review period grew by 7% to R570 million (2022: R534 million) due to solid sales and inflationary increases. The operating profit improved by 7% to R220 million (2022: R206 million), while the operating margin remains stable at 38.5% (2022: 38.6%). Leading Brands' revenue was up 8%

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

SA

The South African consumer was more resilient than anticipated despite lower disposable income. Load shedding hampered performance, resulting in lost revenue. Casual Dining Restaurants, which tend to be less affected by load shedding, generally delivered stronger performances than Quick Service Restaurants.

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

Important definitions

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

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

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

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

Leading Brands portfolio

The portfolio delivered solid results as a result of its well-established brands, value offerings, careful menu price increases and access to alternative power solutions. We focussed on encouraging franchise partners to implement alternative power solutions. However, we have lost sales where alternate power solutions are unavailable. Consumers have lower discretionary spending, as seen in the slowdown in transaction size growth.

Signature Brands portfolio

The Signature Brands portfolio had a mixed performance due to increased load shedding, closing of non-performing restaurants and consumers with low disposable incomes. Evening trade has not recovered to pre-pandemic levels. The captive market segment recovered strongly as hospital environments attracted increased footfall.

AME

System-wide sales increased by 15.3% while revenue increased 11% to R227 million. The operating profit was marginally higher at R13 million (2022: R11 million), and the operating profit margin improved to 5.7% (2022: 5.3%). Several African markets contend with high inflation due to political instability, poor economic policies and external shocks. The outbreak of war in Sudan has forced the temporary closure of all restaurants in that country. The home delivery channel gained momentum in several countries with several new consumer-facing technology projects implemented.

UK

Operating conditions in the UK continue to be difficult due to economic pressures, inflation and low consumer confidence. Revenue in rand terms increased by 18% to R83 million (2022: R71 million). The operating profit improved to R10 million (2022: (R20 million)). The operating profit margin improved to 12% (2022: (28.1%)1).

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

Vertical integration

Manufacturing

Manufacturing turnover increased by 12% to R1.6 billion (2022: R1.4 billion) due to good volumes and some inflationary increases. Operating profit declined by 5% to R135 million (2022: R143 million), with increased costs related to increased generator usage, higher food prices and insurance premium increases.
The operating margin declined to 8.4% (2022: 9.9%).

Logistics

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

Retail

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

OUTLOOK

We have a strong position due to our world-class brands and the buying power and agility offered by our integrated Supply Chain.

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

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

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

countries where we need to build our brands and networks.

In our Manufacturing division, we will drive operational efficiencies, manage our cost base, improve product quality and reduce our environmental footprint.
We will develop our procurement capability to provide competitive value for our manufacturing plants and franchise partners.

We will execute our strategy to optimise our Logistics footprint. This includes investing in new cold storage facilities to allow us to relocate our
Gauteng Cold Storage Centre to Midrand.

While the retail trading environment is competitive, our strong brand names and quality products will allow this division to expand. We plan to introduce 12
new product lines in the 2024 financial year.

Subsequent events

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

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

On behalf of the Board

SL Botha   DP Hele
Chairman   Chief Executive Officer

Midrand
24 October 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/hy_24.pdf and on Famous Brands' website at www.famousbrands.co.za on 24 October 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 shareholders 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

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Norman Adami, Santie Botha (Independent Chairman), Chris Boulle, Nik Halamandaris, Darren Hele (CEO)*, Alex Maditse, Busisiwe Mathe, Thabo Mosololi, William
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