Creating value aligned with our vision and values

Our innovative branded food services solutions and unique customer experiences drive sustainable growth and value creation. Our ability to create aspirational and market-leading brands that delight our customers is key to our success. We maintain our capacity to create sustainable long-term value outcomes for our stakeholders through the appropriate use of our inputs in efficient business processes. Our inputs and outcomes aligned with the six capitals are provided in more detail in the following pages and should be read in the context of our strategic objectives (page 60).

Inputs

- Financial capital
- Manufactured capital
- Intellectual capital
- Natural capital
- Human capital
- Social and relationship capital

Business activities and processes

Capital management

Supply Chain

Manufacturing
- 43% of revenue
- 47% gross margin
- Including Retail

Procurement
- Buying power
- Professional procurement

Logistics
- 62% of revenue
- 9% gross margin

Core business competency

Franchisee operated, brand led
- Operation & Experience
- Concept Innovation
- Supported by company operations where required

Leading support
- Brand management
- Prioritise Partners
- Marketing
- R&D
- Demand Mgmt. Bridge

Back-end service of the front-end

Shared services and core corporate services

V

To be the leading, innovative branded franchised and food services business in South Africa and selected markets

Our vision

Core beliefs

Strategic intent

S

Grow capability and capacity to deliver unique customer experiences in the branded franchised and food services space

Core Beliefs

Growth ***Humility*** ***Speed*** ***Agility*** ***Quality*** ***Integrity*** ***Innovation***

Outputs

Restaurants

Retail products (to lesser extent)

Customer-inspired

Occasion

Category **Format**

2 824 branded restaurants
(franchised, Company-owned and master licence agreement)

Outcomes

Financial capital

Manufactured capital

Intellectual capital

Natural capital

Human capital

Social and relationship capital

Strategic objectives

Placement of the strategic objective icons in the business model to the left, represents the link between strategy and business model.

Improving our operational efficiencies

Enhancing our financial performance

Prioritising our franchise partners

Developing our people; ongoing commitment to transformation

Leading in the categories we compete in

Optimising capital management

Ensuring regulatory compliance

Famous Brands applies and transforms the six capital inputs to create and preserve value for stakeholders.[1]

Financial capital

Financial capital refers to our financial resources, including financial reserves and debt funding for continuing operations.

Read more in the Group Financial Director's report on page 22 and the Summarised Consolidated Financial Statements on page 152.

We manage and allocate our capital appropriately to create long-term value for our shareholders. We invest our capital in a deliberate manner to grow and sustain our business.

Input	2021	2022
Total equity (R million)	391	**712**
Gross interest-bearing debt (excluding lease liabilities) (R billion)	1.5	**1.1**
Cash and cash equivalent (R million)	352	**333**
Restricted cash	92	**123**

Outcome	2021	2022
Revenue (R billion)	4.7	**6.5**
Operating profit (R million)	119	**630**
Net finance costs (R million)	176	**108**
Cash generated from operations (R million)	521	**871**
Headline earnings per share (HEPS) (cents)	53	**356**
Return on equity (ROE) (%)*	5	**64**
Return on capital employed (ROCE) (%)^	5	**29**
Gearing times**	3.75	**1.56**
Leverage times	3.04	**1.32**
Wealth created (R billion)	1.4	**1.8**
Net asset value per share (cents)	390	**719**
Closing share price at year-end (cents)	4 603	**7 153**

* *Headline earnings as a percentage of average total equity*
** *Includes IFRS 16 Lease Liabilities.*
^ *Operating profit divided by capital employed*

Manufactured capital

This refers to the Group's physical footprint, equipment, fleet and IT systems that support business activities.

Read more in the operational review on page 90.

Ongoing investment in Company-owned restaurants, facilities, equipment, fleet and IT infrastructure allows us to remain relevant to customers and support our franchise partners. Over time, we will continue to reduce our environmental impact. Through our business activities, we create social and economic value and minimise the negative impact we have on the environment.

Restaurants which are conveniently sited and appealing to our customers provide optimal returns for our franchise partners and investors. Efficient Manufacturing and Logistics ensure we provide a high-quality, competitive Supply Chain service to our franchisees.

Input	2021	2022
Total restaurants* (units)	2 773	**2 824**
– Opened*	92	**118**
– Revamped*	90	**149**
Total manufacturing plants (units)**	12	**10**
– Capital investment (R million)	20	**57**
– % of plants certified Food Safety System Certification (FSSC) 22000 or Food Standards Agency	100	**100**
Total logistics centres (units)**	9	**9**
– Capital investment (R million)	4	**3**
– Logistics fleet (trucks)**	109	**104**
IT infrastructure capital investment (R million)	2	**5.8**

* *Pertains to total restaurant network.*
** *Pertains to SA.*

[1] *Excludes our associate companies.*

Manufactured capital *(continued)*

Output	2021	2022
Customers served/transactions concluded (million units)	66.3	**102**
Product lines warehoused (units)	1 338	**1 529**
Product procured (million tonnes)	32.8	**44.8**
Product processed (million tonnes)	47.2	**60.0**
Distance travelled to deliver products (million km)	5.3	**6.5**
Cases delivered (million units)	9.6	**15.0**

Intellectual capital

This refers to the intangible assets that give Famous Brands a competitive edge and support its brand and reputation.

The Group's brands are listed on page 8.

We must stay informed of fast-changing consumer trends affecting menu design, food choices and dining experiences. We rely on our franchise partners to re-invest responsibly in their businesses and manage their operations efficiently to create value. It is a business imperative that our brands instil confidence among our stakeholders and that we protect those brands with the appropriate legal framework.

Input	2021	2022
Franchise workshops (number of attendees)	531	**11 253**
Brand product training (number of attendees)	1 240	**2 891**
Fundamental restaurant management training (number of attendees)	488	**126**
Other ad hoc training (number of attendees)	1 690	**8 236**
Marketing fund contribution by franchise partners (R million)	313	**506**
Leading Brands' total media investment increase/(decrease) (%)	(46)	**85**
Digital media spend increase/(decrease) (%)	(30)	**47.9**
Research and development spend (R million)	10	**19**

Outcome	2021	2022
Trademarks, patents and registered designs	353	**382**
Average years business relationship with franchisee	7.90	**12.32**

CREATING VALUE ALIGNED WITH OUR VISION AND VALUES continued

Human capital

Human capital refers to the economic value of our workforce, including employees' experience and skills.

Read more about the Group's transformation journey on page 78.

Our business model relies on having the right people with the right skills in the right jobs to create value. We invest in upfront and ongoing training for franchise partners and their employees to ensure that all stores deliver on their brand promise.

Input	2021	**2022**
SA Operations		
Total employees trained	201	**167**
Total training spend (R million)	6.7	**13.3**
African, Coloured and Indian (ACI) employees trained	122	**135**
Black women trained	53	**47**
Number of new interns	N/A**	**40***
People with Disabilities Learnerships	70	**71**
Ethics Programme graduates	42	**46**
Botswana		
Total employees trained	162	**191**
Black females trained	105	**124**
Kenya		
Total employees trained	39	**46**
Black females trained	24	**28**

* *This course is still to be completed.*
** *Cancelled due to COVID-19.*

Outcome	2021	**2022**
Internships completed	–*	**–***
Interns employed by the Group	–	**–**
Employee engagement score %	75	**77**
Bargaining unit (BU) employee engagement score %	60	**53**
Employee turnover %	2.8	**0.84**
Internal promotions (number)	51	**80**
BBBEE score – Board presentation against 6-point target	5.27	**5.27**
BBBEE score – Employment equity against 13-point target	9.11	**9.74**
BBBEE score – Skills development against 20-point target	19.76	**20**
Lost-time injuries	31	**51**
Fatalities	–	**–**

* *Cancelled due to COVID-19.*

Natural capital

Natural capital refers to the elements of the natural environment that provide valuable goods/inputs to Famous Brands and that we might impact through our products and services.

Read more about the Group's sustainability initiatives on page 66 and its report on environmental activities on page 74.

Our business model uses natural resources in the Supply Chain process with unavoidable environmental impacts. Our Environmental and Climate Change Policy outlines our responsible practices with targets to reduce our carbon footprint.

Eliminating food waste is a priority issue for our industry. We actively promote portion control and practices across our stores. Our franchise partners voluntarily participate in responsible food redistribution by donating excess food.

We have committed to eliminating all single-use plastic across our restaurant network by 2025. This will be replaced by fully recyclable or biodegradable alternatives.

The numbers below are for the SA Supply Chain operations only.

Input	2021	**2022**
Proteins (tonnes)	10 398	**12 148**
Dairy (tonnes)	51 645	**62 622**
Grains (tonnes)	1 495	**1 887**
Vegetables (tonnes)	13 604	**17 617**
Fruit concentrates (Kl)	210	**306**
Coffee beans (tonnes)	631	**794**
Water (Kl)	287 201	**363 906**
Electricity (MWh)	25 914	**29 301**
Electricity generated by solar (MWh)	548	**650**
Diesel (Kl)	1 461	**2 011**
Petrol (Kl)	452	**635**
Paraffin (Kl)	54	**67**
Liquefied petroleum gas (LPG) (tonnes)	32	**37**
Natural gas (Gigajoules)	29 257	**34 886**
Coal (tonnes)	2 121	**2 827**
Steam (tonnes)	6 617*	**4 047**
Cardboard boxes (million)	3.4	**4.08**
Plastic bottles (million)	10.9	**9.9**
Paper serviettes (tonnes)	525	**598**

* *Steam produced by a third-party provider with its own electricity inputs.*

Output	2021	**2022**
Proteins (tonnes)	13 234	**15 925**
Cheese (tonnes)	7 887	**9 087**
Ice cream (tonnes)	5 738	**7 784**
Bread products (tonnes)	3 107	**2 655**
Vegetable products (tonnes)	5 313	**10 084**
Juice (tonnes)	1 861	**1 139**
Coffee (tonnes)	789	**992**
Sauces and spices (tonnes)	16 539	**19 598**
Greenhouse gas emissions (metric tonnes CO_2e)		
– Scope 1	12 467	**17 054**
– Scope 2	28 464	**34 107**
– Scope 3	988	**1 441**
Cardboard and paper recycled (tonnes)	636	**444**
Plastic recycled (tonnes)	128	**99**
Metal recycled (tonnes)	78	**68**
General waste to landfill (tonnes)	1 249	**1 556**

Social and relationship capital

This refers to the value of social relationships and networks that support our growth and sustainability.

Read more about the Group's transformation journey on page 78 and its CSI activities on page 87.

Our business model is highly dependent on strong, mutually beneficial relationships with stakeholders. These relationships secure our reputation and enable us to meet our growth objectives. We are committed to community upliftment through our CSI initiatives.

Input	2021	**2022**
Total sports sponsorship (R million)	8.0	**12.4**
Total funds raised for charities and donation of products	15.7	**4.8**
Total CSI spend (R million)	15	**3.7**
Disabled training and development spend (100% ACI) (R million)	4.6	**4.7**
Qualifying BBBEE supplier spend (R billion)	2.3	**2.5**
Preferential procurement spend on small, medium and micro-enterprises (SMMEs) (R million)	511	**361**
Spend on >51% Black-owned suppliers (R billion)	1.2	**1**
Spend on Black women-owned suppliers (R million)	1 000	**897**
Investment into community Berlin Beef initiative per year (R million)	5	**5**
Value of purchases through Berlin Beef initiative (R million)	279	**384**
Manhours invested into Berlin Beef initiative	120	**70**
Investment in owner-driver initiative to support Supply Chain (since inception; R million)	12.7	**13.4**

Outcome	2021	**2022**
Total number of awards	7	**7**
% increase/(decrease) in customers	(38.2)	**82**
% increase in loyalty members	173	**64**
BBBEE contributor status level	4	**4**
BBBEE score against target of 111 points	81.97	**84.43**
BBBEE enterprise and supplier development score against 40-point target	31.32	**34.61**
SMME suppliers supported	1 454	**777**
BBBEE socio-economic development score against target of 5	5	**5**
Number of university sports beneficiaries	170	**823**
Berlin Beef initiative		
Number of Black Eastern Cape beef farms supported	220	**220**
Number of livestock under care by Black and/or land reform farmers	14 500	**16 500**
Jobs created since inception	850	**900**
Beneficiaries (direct and indirect)	3 500	**3 500**
Owner-driver initiative		
Number of drivers	28	**24**
Number of vehicles	29	**30**
Number of jobs created	110	**115**