NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 29 February 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 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. Information on the Group's structure and information on related parties is provided in relevant notes to the consolidated financial statements.

Statement of compliance

The summarised financial statements have been prepared in accordance with IFRS® Accounting Standards and its interpretations as issued by the International Accounting Standards Board in issue and effective for the Group at 29 February 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 consolidated financial statements were approved by the Board of Directors on 20 May 2024.

The summarised consolidated annual financial statements were prepared under the supervision of the Group Financial Director, Mrs Nelisiwe Shiluvana CA(SA), ACMA, CGMA.

Basis of preparation

The summarised consolidated financial statements do not include all the information required by IFRS® Accounting Standards for full financial statements and should be read in conjunction with the 29 February 2024 audited consolidated financial statements. The accounting policies applied in the preparation of the audited consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS® Accounting Standards and are consistent with those applied in the financial statements for the financial year ended 28 February 2023, except for the new standards that became effective for the Group's financial reporting beginning 1 March 2023 noted below.

The summarised 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 summarised 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 summarised 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:

IAS 1 and IFRS Practice Statement 2 (Amendments) – These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. This amendment did not have a material impact.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment) – The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. This amendment did not have a material impact.

IAS 12 Deferred tax related to assets and liabilities arising from single transaction (Amendment) – The amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences i.e., deferred tax on transactions such as leases and decommissioning obligations. 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 assessing the impact of the standard on the financial statements however no significant impact is expected.

Standard	Effective date (for financial years beginning on or after)
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.	1 January 2024
IFRS 18 Presentation and Disclosure in Financial Statements	
IFRS 18 replaces IAS 1 Presentation of Financial Statements 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
IAS 1 Presentation of Financial Statements Classification of liabilities as current or non-current (Amendment)	
Narrow scope amendment to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.	1 January 2024
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.	1 January 2024
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

	2024 R000	2023 R000
1. Capital expenditure and commitments		
Invested	**183 739**	162 282
Property, plant and equipment	**154 254**	142 612
Intangible assets	**29 485**	19 670
Authorised, not yet contracted	**496 248**	405 055
Property, plant and equipment*	**442 187**	346 992
Intangible assets	**54 061**	58 063

* *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.

	2024 R000	2023 R000
2. Property, plant and equipment		
Carrying amount at the beginning of the year	**904 148**	640 442
Additions	**231 863**	272 336
Owned	**154 254**	142 612
Right-of-use asset	**77 609**	129 724
Acquisition of subsidiaries*	**8 757**	180 676
Foreign currency translation	**214**	4 124
Disposals	**(23 327)**	(17 222)
Disposals of owned property, plant and equipment	**(13 634)**	(6 111)
Derecognition of right-of-use asset	**(9 693)**	(11 111)
Derecognition of related party lease**	**–**	(25 620)
Depreciation	**(191 191)**	(178 556)
Transfers	**(410)**	398
Remeasurements of right-of-use assets	**(6 057)**	27 570
Carrying amount at the end of the year	**923 997**	904 148

* *Refer to note 11 Cash flow information for details relating to the acquisition of subsidiaries.*
** *Derecognition of related party lease at group as the property is owner-occupied.*

The cost and net carrying amount of the land within land and buildings is R84 million (2023: R84 million).

On 15 May 2023, property in Steers Properties (Pty) Ltd with an estimated carrying value of R161.8 million (2023: R164.5 million) was pledged as security for borrowings of R181 million (refer note 6 Borrowings and 17 Other events).

3. Intangible assets

	2024 R000	2023 R000
Carrying amount at the beginning of the period	**850 458**	871 631
Additions	**29 485**	19 670
Foreign currency translation	**15 587**	12 294
Disposals	**(4 625)**	(4 212)
Acquisition of subsidiary	**7 435**	6 418
Transfers	**410**	(398)
Amortisation	**(17 090)**	(14 302)
Impairment	**(12 889)**	(40 643)
Carrying amount at the end of the year	**868 771**	850 458

The goodwill impairment loss of R35.3 million recognised in the prior financial year related to Venus Solutions Ltd as a result of the changes in key assumptions and cash flows achieved compared to the forecast. The current operating environment has since improved thus there is no impairment for 29 February 2024 .

The impairment loss of R7.7 million (2023: R5.4 million) on trademarks and brand name, and R5.2 million (2023: Rnil) on franchise incentives related to brands in Signature Brands, are mainly due to the conversion of Fego Caffé to Leading Brands portfolio. The present value of the estimated future royalty cash flows determined was R2.1 million (2023: R14.9 million).

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

4. Trade and other receivables

	2024 R000	2023 R000
Net trade receivables	**495 365**	442 550
Trade receivables	**504 451**	464 611
Impairment allowance	**(9 086)**	(22 061)
Other receivables	**42 276**	63 585
Prepayments	**41 269**	39 812
VAT receivable	**4 762**	4 676
	583 672	550 623

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 3% of the trade receivables balance amounting to R15.4 million (2023: R12.8 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

	2024 R000	2023 R000
Trade payables and accruals	**595 835**	568 975
Trade payables	**421 701**	377 968
Accruals	**174 134**	191 007
Employee benefits	**108 916**	95 711
Deferred income	**9 406**	9 843
VAT payable	**30 543**	22 736
Put option written over the equity of non-controlling interest	**61 539**	58 343
	806 239	755 608

Deferred income relates to income received in advance for services to franchise partners such as project management for a new build or restaurant revamp or call centre services or any ad hoc services from time to time. An amount of R9.8 million (2023: R15.1 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.

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. Current year movement relates to remeasurement.

6. Borrowings

	2024 R000	2023 R000
Unsecured		
Long-term borrowings	**1 075 688**	1 023 170
Short-term borrowings	**125 552**	116 693
Short-term portion of borrowings	**123 765**	115 126
Non-controlling shareholder loans	**1 787**	1 567
	1 201 240	1 139 863

6. Borrowings (continued)

	Currency	Maturity date	Interest rate Nature	Margin %	Rate	2024 %	2023 %	2024 R000	2023 R000
Terms of repayment									
Loan facility: Amortising loan	ZAR	Aug-27	variable	1.70	3-month JIBAR	**10.06**	8.90	**350 000**	450 000
Loan Facility: Revolving Credit Facility	ZAR	Aug-25	variable	1.75	3-month JIBAR	**10.11**	8.95	**300 000**	300 000
Loan Facility: Revolving Credit Facility (RCF)	BWP	Apr-25	variable	0.40	Prime	**6.91**	7.16	**9 209**	9 311
Loan facility: Bullet payment loan	ZAR	Aug-25	variable	1.70	3-month JIBAR	**10.06**	8.90	**150 000**	150 000
Loan facility: Bullet payment loan	ZAR	Aug-26	variable	1.85	3-month JIBAR	**10.21**	9.05	**200 000**	200 000
Loan Facility: Amortising loan	ZAR	Nov-26	variable	1.50	Prime	**13.25**	12.25	**9 415**	5 768
Loan Facility: Amortising loan	GBP	Sep-25	fixed	–	Fixed	**2.00**	2.00	**5 774**	8 651
Loan Facility: Amortising loan	ZAR	Aug-24	variable	1.75	Prime	**13.50**	12.50	**–**	1 450
Loan Facility: Amortising loan	ZAR	Jan-32	variable	–	Prime	**11.75**	10.75	**12 216**	13 116
Loan Facility: Amortising loan**	ZAR	Feb-27	variable	2.00	3-month JIBAR	**10.37**	–	**162 900**	–
Non-controlling shareholder loans*									
Dial and Dine (Pty)	ZAR							**236**	199
Marathon Holdings (Pty) Ltd	ZAR							**1 368**	1 368
Elegant Armor (Pty) Ltd	ZAR							**183**	–
								1 201 301	1 139 863
Interest accrued								**(61)**	–
								1 201 240	1 139 863

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

*****Pledged property***

As at 29 February 2024, the Group pledged property with a carrying amount of R161.8 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 R12 million (2023: R11 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 a total ZAR overdraft facility in place of R100 million (2023: R100 million). Unutilised portion at year-end is R100 million (2023: R22 million).
- The Group has a 3-year revolving credit facility of R428 million (2023: R428 million). Unutilised portion is R119 million (2023: R118 million) at year end.
- The Group has 5 to10-year amortising loans of R377 million (2023: R479 million), which are fully utilised.
- The Group has a 4.5-year amortising loan of R163 million (2023: R200 million). Unutilised portion is Rnil (2023: R200 million).
- The Group has 3-year and 4-year term bullet payment loans of R150 million (2023: R150 million) and R200 million (2023: 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.

	2024 R000	2023 R000
7. Revenue		
Sales-based royalties		
Franchise fees revenue	**1 151 604**	1 073 675
Leading brands	**1 099 733**	1 024 623
Signature brands	**51 871**	49 052
Marketing fees revenue*	**677 544**	612 166
Leading brands	**663 115**	598 700
Signature brands	**14 429**	13 466
Revenue at point in time		
Manufacturing revenue	**165 935**	174 402
Owned	**30 279**	29 119
Subsidiary	**135 656**	145 283
Logistics revenue	**5 021 308**	4 705 017
Retail revenue	**368 463**	273 140
Company-owned restaurants revenue	**596 367**	563 369
Leading brands	**440 851**	411 506
Signature brands	**155 516**	151 863
Joining fees	**13 402**	13 163
Revenue over time		
Service revenue	**29 170**	28 992
	8 023 793	7 443 924

* *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.

8. Profit before tax

	Notes	2024 R000	2023 R000
Profit before tax is arrived at after taking into account, among other items, those detailed below:			
Depreciation of property, plant and equipment	2	**191 191**	178 556
Amortisation of intangible assets	3	**17 090**	14 302
Expected credit loss		**(10 121)**	2 977
Directors' remuneration		**30 248**	23 281
Executive directors		**23 625**	18 677
Non-executive directors		**6 623**	4 604
Auditors' remuneration*		**12 184**	10 890
Facilities and property expenses		**281 721**	219 233
Employee expenses		**1 096 997**	995 219
Share-based payments – equity-settled		**40 146**	42 634
Foreign exchange differences		**(646)**	734
Net finance costs		**120 396**	81 920
Finance costs		**160 931**	122 498
Finance income		**(40 535)**	(40 578)
Remeasurement of non-controlling interest put option		**3 195**	(17 135)
Other Income		**(28 268)**	(126 386)
Profit on disposal of property, plant, equipment		**(6 772)**	(1 739)
Profit on disposal of right-of-use assets		**(1 073)**	(192)
Profit on derecognition of related party lease**		**–**	(4 041)
Loss on disposal of intangible assets		**1 013**	–
Sundry Income***		**(21 436)**	(120 414)
Impairment of intangible assets		**12 889**	40 643
Impairment – Trademarks	3	**7 734**	5 366
Impairment – Franchise incentives and similar	3	**5 155**	–
Impairment – Goodwill	3	**–**	35 277
Share of profit from associates		**(10 095)**	(8 685)
Devaluation of loan to associate****		**18 080**	–
Impairment of loan to associate*****		**–**	18 454

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

** *Profit on disposal of related party lease recognised in the prior year related to the net of the lease smoothing asset of R3.9 million recognised at acquisition.*

*** *Sundry income in the prior year included the GBK liquidation dividends of GBP 3.8 million (R74.7 million), and R14.4 million proceeds from an insurance claim for business interruptions experienced during the July 2021 civil unrest.*

**** *Devaluation of loan to associate related to the foreign currency loss recognised for the remeasurement of the Naira denominated loan to UACR. The loss was due to the devaluation of the Naira against the Rand.*

***** *The prior year impairment loss is related to recoverable amount of the loan determined less than its carrying amount.*

9. Net finance costs

	2024 R000	2023 R000
Finance costs		
Interest on borrowings	**(125 239)**	(89 162)
Interest on lease liabilities	**(30 642)**	(29 277)
Ineffective portion of cash flow hedge	**78**	139
Other finance costs	**(5 128)**	(4 198)
	(160 931)	(122 498)
Finance income		
Interest from lease receivables	**579**	1 246
Interest from bank deposits	**39 956**	27 132
Interest rate swap termination	**–**	12 200
	40 535	40 578
Net finance costs	**(120 396)**	(81 920)

10. Basic and headline earnings per share

	2024 Cents per share	2023 Cents per share
Attributable to owners of Famous Brands Limited		
Basic earnings per share	**457**	523
Headline earnings per share	**465**	488
Diluted earnings per share	**457**	523
Diluted headline earnings per share	**465**	488

	2024 Number of shares	2023 Number of shares
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	**7 690**	36 454
Diluted weighted average number of shares in issue	**100 209 974**	100 238 738

10. Basic and headline earnings per share (continued)

	2024 R000	2023 R000
Basic and headline earnings		
Basic earnings	**457 566**	524 109
Adjusted for:	**7 917**	(35 338)
Profit on disposal of property, plant and equipment	**(6 772)**	(1 739)
Tax on profit on disposal of property, plant and equipment	**1 836**	493
Loss on disposal of intangible assets	**1 013**	–
Tax on loss on disposal of intangible assets	**(279)**	–
Profit on disposal of right-of-use assets	**(1 073)**	–
Tax impact on disposal of right-of-use assets	**303**	–
GBK liquidation dividends	**–**	(74 735)
Impairment of intangible assets	**12 889**	40 643
Headline earnings	**465 483**	488 771

11. Cash flow information

	2024 R000	2023 R000
Summary of cash flows on acquisitions, disposals and changes in ownership interests		
Cash outflow on acquisition of interests in subsidiaries		
Famous Brands Restaurant Holdings Limited	**(6 396)**	–
Five Star Performance (Pty) Ltd	**–**	(3 315)
Steers Properties (Pty) Ltd	**–**	(166 000)
Halamandaris Props (Pty) Ltd	**–**	(15 000)
Cash outflow on acquisition of subsidiaries	**(6 396)**	(184 315)

Famous Brands Restaurant Holdings Limited

Effective 1 November 2023, a 51% interest was acquired in Famous Brands Restaurant Limited (Mauritius), for a consideration of R6.4 million.

11. Cash flow information (continued)

	2024 R000	2023 R000
Steers Properties (Pty) Ltd		
Effective 22 February 2023, the Group acquired shares and claims in Steers Properties (Pty) Ltd for R166 million.		
Property, plant and equipment	**–**	164 516
Other receivables	**–**	3 842
Current tax liabilities	**–**	(2 358)
Net assets acquired	**–**	166 000
Consideration	**–**	(166 000)
Cash outflow on acquisition of subsidiary	**–**	(166 000)
Halamandaris Props (Pty) Ltd		
Effective 22 February 2023, the Group acquired shares and claims in Halamandaris Props (Pty) Ltd for R15 million.		
Property, plant and equipment	**–**	15 000
Net assets acquired	**–**	15 000
Consideration	**–**	(15 000)
Cash outflow on acquisition of subsidiary	**–**	(15 000)
Liabilities from financing activities reconciliation		
Borrowings		
Balance at beginning of the year	**1 138 296**	1 137 296
Borrowings raised	**186 700**	1 280 548
Borrowings repaid	**(126 310)**	(1 278 279)
Other changes*	**767**	(1 269)
Balance at end of the year	**1 199 453**	1 138 296
Non-controlling shareholder loans		
Carrying value at beginning of the year	**1 567**	856
Loan received	**220**	711
Carrying value at end of the year	**1 787**	1 567

* *Other changes include movement in non-cash movements and interest payments included in finance costs.*

12. Related party transactions

The Group entered into various sales and purchase transactions with related parties, in the ordinary course of business on an arm's length basis. The nature of related party transactions is consistent with those reported previously.

13. Contingent liabilities

Refer to note 6 Borrowings for other guarantees and facilities in the Group.

The Group and its South African subsidiaries have issued R16.2 million (2023: 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.

	2024 Carrying amount R000	2023 Carrying amount R000
Financial assets		
Measured at amortised cost:		
Trade and other receivables	**537 641**	506 135
Lease receivables	**5 454**	9 162
Restricted cash	**71 832**	134 577
Cash and cash equivalents	**352 750**	310 934
Loans to associate	**10 663**	22 222
	978 340	983 030
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	**657 374**	627 319
Shareholders for dividends	**3 245**	2 802
Lease liabilities	**321 902**	338 937
Borrowings	**1 201 240**	1 139 863
Bank overdraft	**–**	78 197
	2 183 761	2 187 118

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	2024 Carrying amount R000	2023 Carrying amount R000
Derivative financial instruments			
Assets			
Fair value through profit or loss			
Foreign exchange contracts	2	**50**	253
Fair value through other comprehensive income			
Interest-rate swaps	2	**3 112**	3 717
		3 162	3 970
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	**9 031**	3 490
		9 031	3 490
Investment in preference shares			
Reconciliation to carrying amounts:			
Carrying amount at the beginning of the year		**3 490**	–
Additions during the year		**–**	3 500
Fair value adjustment		**5 541**	(10)
Carrying amount at the end of the year		**9 031**	3 490

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 consist 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
Feb-22	**2.50x^**	**3.00x^**
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**

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

	2024 R000	2023 R000

15. Capital management (continued)

	2024 R000	2023 R000
Net debt to Total equity (Gearing ratio)		
Borrowings	**1 201 240**	1 139 863
Lease liabilities	**321 902**	338 937
Cash and cash equivalents	**(352 750)**	(310 934)
Bank overdraft	**–**	78 197
Net debt	**1 170 392**	1 246 063
Equity	**1 078 771**	975 784
Net debt to Total equity	**1.08**	1.28
Net debt to EBITDA (Leverage ratio)		
Net debt	**1 170 392**	1 246 063
EBITDA	**1 033 096**	1 094 435
Net debt to EBITDA ratio	**1.13**	1.14
Net asset value per share		
Total equity	**1 078 771**	975 784
Issued shares	**100 202 284**	100 202 284
Net asset value per share (cents)	**1 077**	974

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 better disclosures.

	As previously R000	Re-classification R000	Notes	As currently R000
Operating Segment				
Revenue				
Southern African Development Community	–	394 759	(a)	394 759
Rest of Africa and Middle East	427 643	(394 759)	(a)	32 884
Operating Profit				
Southern African Development Community	–	49 995	(a)	49 995
Rest of Africa and Middle East	24 457	(49 995)	(a)	(25 538)
Geographic allocation of non-current assets				
Southern African Development Community	–	1 736	(a)	1 736
Rest of Africa and Middle East	15 872	(1 736)	(a)	14 136
Additions to non-current assets by segment				
Southern African Development Community	–	32 335	(a)	32 335
Rest of Africa and Middle East	33 332	(32 335)	(a)	997

(a) *The Group recently reorganised its management structure to reflect its profit pools and growth plans. AME will now be split and reported as SADC and AME. SADC, with more profitable markets, is managed out of South Africa while AME focuses on growing our brands and networks in selected 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 Saudi Arabia.*

17. Other events

In May 2023, Steers Properties (Pty) Ltd, serving as the mortgagor, lodged a mortgage bond to the value of R300 million for registration with the Deeds Office. The bond was registered over Portion 561 of Farm Waterval 5 and Erf 664 in Halfway House Extension 57 Township. The Group secured long-term financing for its head office campus in Midrand. The property was purchased in February 2023, initially using cash and credit facilities of R181 million.

In October 2023, the Group acquired a 45% strategic shareholding in 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. The partnership will enable the Group to achieve its plans to digitise the restaurant management technology ecosystem.

On 1 November 2023, the Group successfully completed the acquisition of a 51% majority shareholding in Famous Brands Restaurant Holdings Limited located in Mauritius. With a portfolio of 10 Company-owned restaurants spread across the island nation, this acquisition aligns with the Group's AME strategy.

18. Subsequent events

Change in Board of Directors

In March 2024, the Board announced the appointment of Chris Boulle, the current independent non-executive director, as the Group's Chairman effective from the Annual General Meeting (AGM) on 26 July 2024. Chris Boulle will succeed Santie Botha, who is retiring from her roles as an independent non-executive director and Chairman of the Board. 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.

Alex Maditse will assume the role of lead non-executive director starting from the AGM in July 2024. Norman Adami will retire at the upcoming AGM.

Dividend

The Board declared a final dividend of 164 cents per share, bringing the total dividend for the year to 302 cents per share. This was guided by the principle of prudent capital management, the lower than expected performance in the second half, and the uncertainty in the interest rate outlook. Total dividend of R302 million was paid out of current year profits.

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 difficult operating environment impacted by political uncertainty, ongoing water shortages, electricity crisis, supply chain disruptions, elevated food 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 growth in revenue, profit and cash flow, which is still 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 2024 financial year, including access to more appropriate debt finance structure in line with the Group's current funding requirements and strategy.

At 29 February 2024 the Group had access to unutilised facilities of R219 million (refer 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 financial statements on a going concern basis for the foreseeable future.