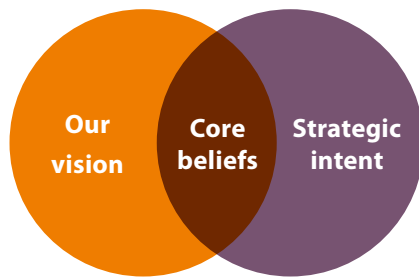


# VALUE CREATION PROCESS BUSINESS MODEL

Our innovative branded food services solutions and unique customer experiences drive sustainable like-for-like growth and value creation. Our ability to create aspirational and market-leading brands that delight our customers is key to our success. Through the appropriate use of our inputs in efficient business processes, we maintain our capacity to create sustainable long-term value outcomes for all stakeholders.

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



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

[Read more on page 46](#)

## Key factors that impact on our ability to deliver value

### Within our control

- Operational efficiencies
- Brand offering (appeal, service, value)
- Product quality
- Cost management
- Stakeholder relationships

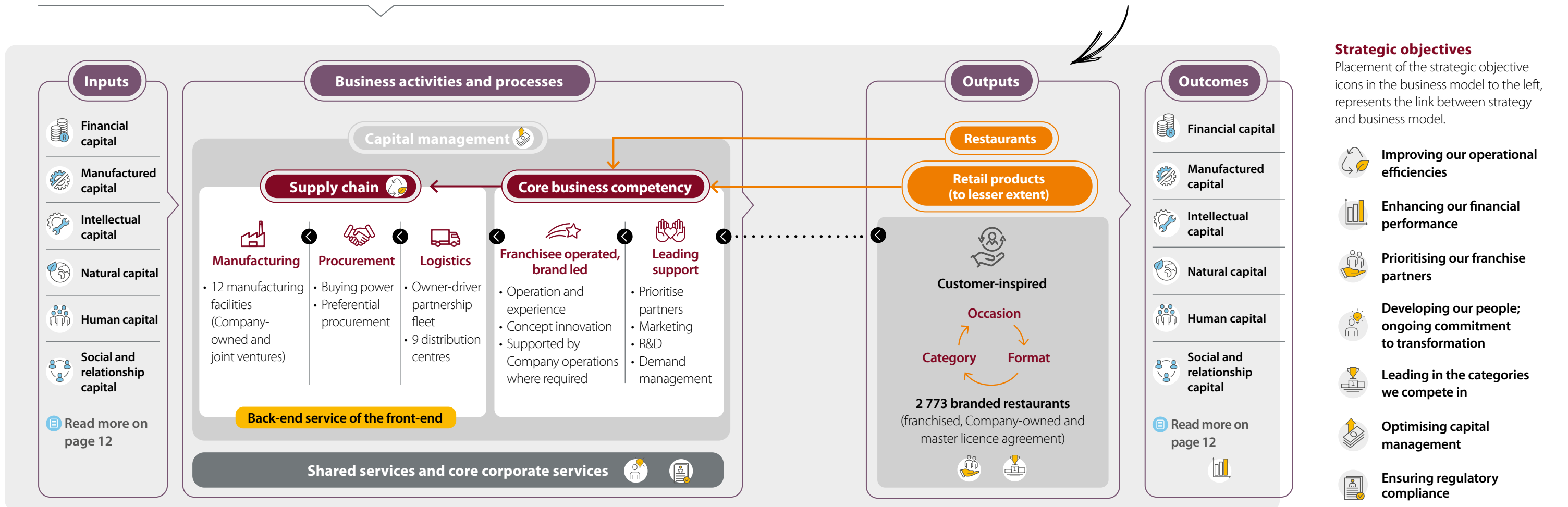
### Beyond our control

- Commodity prices (food inflation)
- Macro-economic factors (consumer spend)
- Demand for products
- Market and demographic dynamics affecting site viability
- Country-specific risks (load shedding, socio-political instability)

[Operating context page 19](#)

How we are governed, our values, vision and strategic intent impacts on the way we do business and the structure of our business model

*Customer inspired, brand led and supported by the backend value chain*



## BUSINESS MODEL continued

## Creating value using our capitals

(excludes our associate companies)

### Financial capital



The key to creating long-term value for our stakeholders is the best possible capital management and allocation. We invest in other capital in a deliberate fashion to grow and sustain our business.

Input	2021	2020
Total equity (R million)	391	1 800
Gross interest-bearing debt (excluding lease liabilities) (R billion)	1.5	1.7
Cash and cash equivalent (R million)	444	486

Outcome (value for stakeholders)	2021	2020
Revenue (R billion)	5.0	7.8
Operating profit before non-operational items (R million)	193	912
Net finance costs (R million)	214	219
Cash generated from operations (R million)	574	1 340
HEPS (cents)	(86)	417
Return on equity (ROE) (%)	(7.9)	25.1
Return on capital employed (ROCE) (%)	(50.9)	20.0
Gearing (%)*	351	143
Wealth created (R billion)	1.4	2.8
Net asset value per share (cents)	390	1 797
Closing share price at year-end (cents)	4 603	5 360

\* Includes IFRS 16 lease liabilities.

### Manufactured capital



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

Input	2021	2020
Total restaurants* (units)	2 773	2 898
– Opened*	92	127
– Revamped*	90	295
Total manufacturing plants (units)**	12	12
– Capital investment (R million)	20	37
– % of plants certified Food Safety System Certification (FSSC) 22000 or Food Standards Agency	100	92
Total logistics centres (units)**	9	10
– Capital investment (R million)	4	26
– Logistics fleet (trucks)**	109	104
IT infrastructure capital investment (R million)	2	8

\* Pertains to total restaurant network.

\*\* Pertains to SA.

Outcome (value for stakeholders)	2021	2020
Restaurants which are conveniently sited and appealing for our customers and provide optimal returns for our franchise partners and investors		
Customers served/ transactions concluded (million units)	66.3	136.9
Efficient manufacturing, logistics and distribution operations that provide a good, competitive service to our franchise partners		
• Product lines warehoused (units)	1 338	1 703
• Product procured (million tons)	32.8	44.6
• Product processed (million tons)	47.2	67.1
Distribution of product		
• Distance travelled (million km)	5.3	6.9
• Cases delivered (million units)	9.6	13.5

### Intellectual capital



It is essential that we 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 to 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	2020
Franchise workshops	531	9 674
Brand product training	1 240	5 179
Fundamental restaurant management training	488	871
Other ad hoc training	1 690	5 580
Marketing fund contribution by franchise partners (R million)	313	583
Leading brands' total media investment (decrease)/increase (%)	(46)	1
Digital media spend (decrease)/increase (%)	(30)	18
Research and development spend (R million)	10	17

Outcome (value for stakeholders)	2021	2020
Trademarks and brand names (R million)	353	1 602
Average years business relationship with franchisee	7.90	8.41



Rehana and Mohamed, Debonairs Pizza, KZN

## BUSINESS MODEL continued

## Human capital



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	2020
Total employees trained	201	226
Total training spend (R million)	6.7	12.8
African, coloured and Indian (ACI) employees trained	122	174
Black women trained	53	101
Managers Challenge		
• Candidates	18	20
• Graduates	N/A*	18
Junior Management Programme (New internal learnership)		
• Candidates	25	–
• Graduates	N/A*	N/A
Supervisory Programme (New internal learnership)		
• Candidates	12	–
• Graduates	N/A*	N/A
Executive Development Programme**		
• Candidates	–	4
• Graduates	–	4
International Executive Development Programme**		
• Candidates	–	2
• Graduates	–	2
Number of new interns**	30	57
People with Disabilities Learnership		
• Candidates	69	80
• Graduates	N/A*	59
Ethics Programme		
• Candidates	53	37
• Graduates	42	35
<b>Outcome (value for stakeholders)</b>	<b>2021</b>	<b>2020</b>
Internships completed**	–	49
Interns employed by the Group	–	32
Employee engagement score %	75	72
Bargaining unit (BU) employee engagement score %	60	60
Employee turnover %	2.8	6.5
Internal promotions (number)	51	115
BBBEE score – Board presentation against 6-point target	5.27	5.27
BBBEE score – Employment equity against 13-point target	9.11	8.98
BBBEE score – Skills development against 20-point target	19.76	19.69
Lost time injuries	1	16
Fatalities	–	–

\* The course is still to be completed.

\*\* Cancelled due to COVID-19.

## Natural capital



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 aimed at reducing our carbon footprint. We are committed to contributing to a more sustainable environment for the benefit of all.

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

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

These numbers are for the SA supply chain operations and numbers for the UK or AME are not reflected here.

Input	2021	2020
Number of certified manufacturing plants	12	12
Proteins (tons)	10 398	14 258
Dairy (tons)	51 645	58 002
Grains (tons)	1 495	1 759
Vegetables (tons)	13 604	17 559
Fruit concentrates (kl)	210	468
Coffee beans (tons)	631	1 097
Water (kl)	287 201	368 371
Number of distribution centres	9	10
Electricity (MWh)	25 914	30 734
Electricity generated by solar (MWh)	548	442
Diesel (kl)	1 461	2 073
Petrol (kl)	452	731
Paraffin (kl)	54	182
Liquefied petroleum gas (LPG) (tons)	32	48
Natural gas (Gigajoules)	29 257	35 696
Coal (tons)	2 121	4 667
Steam	6 617*	–
Cardboard boxes (m)	3.4	4.9
Plastic bottles (m)	10.9	12.4
Paper serviettes (tons)	525	634
<b>Outcome (value for stakeholders)</b>	<b>2021</b>	<b>2020</b>
Consistently safe, high-quality processed, branded food products for menu and brand-specific baskets for our franchise partners and customers		
Proteins (tons)	13 234	16 231
Cheese (tons)	7 887	8 738
Ice cream (tons)	5 738	7 220
Bread products (tons)	3 107	3 182
Vegetable products (tons)	5 313	8 166
Juice (tons)	1 861	1 778
Coffee (tons)	789	857
Sauces and spices (tons)	16 539	16 842
Distance travelled (km)	5 297 719	6 871 100
Product delivered (cases)	9 631 707	13 474 228
Greenhouse gas emissions (metric tons CO <sub>2</sub> e)		
• Scope 1	12 467	21 688
• Scope 2	28 464	31 963
• Scope 3	988	605
Cardboard and paper recycled (tons)	636	761
Plastic recycled (tons)	128	110
Metal recycled (tons)	78	62
General waste to landfill (tons)	1 249	1 685
Number of Black Eastern Cape beef farms supported	220	188
Number of livestock under care by Black and/or land reform farmers	14 500	16 000

\* Supplied from a third party coal user.

## BUSINESS MODEL continued

## Social and Relationship capital



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	2020
Total sports sponsorship (R million)	8.0	20.1
Total funds raised for charities and donation of products	15.7	14.2
Percentage of FSSC 22000 or FSA certificated sites	100	92
Number of CSI initiatives	5	5
Total CSI spend (R million)	15	12
Disabled training and development spend (100% ACI) (R million)	4.6	3.6
Invested in bursaries (R million)	0.1	0.1
Qualifying BBBEE supplier spend (R billion)	2.3	2.2
Preferential procurement spend on small, medium and micro-enterprises (SMMEs) (R million)	511.0	653.3
Spend on >51% Black-owned suppliers (R billion)	1.2	1.1
Spend on Black women-owned suppliers (R billion)	1.0	0.9
Investment into community Beef initiative per year (R million)	5	5
Value of purchases through Beef initiative	279	240
Manhours invested into Beef initiative	120	96
Investment in owner-driver initiative to support supply chain (since inception; R million)	12.7	10.0
Outcome (value for stakeholders)	2021	2020
Total number of awards	7	18
% decrease in customers	(38.2)	(13.8)
% increase in loyalty members	173	97
% increase in social media followers:		
• Facebook	4.8	10.4
• Twitter	16.9	58.8
• Instagram	55.1	198.0
BBBEE contributor status level	4	4
BBBEE score against target of 111 points	81.97	83.07
BBBEE ESD score against 40 point target	31.32	33.97
ESD suppliers supported	2 866	1 800
SMME suppliers supported	1 454	450
BBBEE socio-economic development (SED) score against target of 5	5	5
Beef initiative		
• Jobs created since inception	850	800
• Beneficiaries (direct and indirect)	3 500	3 500
Owner driver initiative		
• Number of drivers	28	37
• Jobs created	110	100
Number of varsity sports beneficiaries	170	400

\* Not measured in 2020.