

# OUR BUSINESS MODEL

Spur Corporation operates a franchise-based business model, with individual restaurants owned and managed by independent, entrepreneurial franchisees.

The group builds meaningful partnerships with its franchise restaurants that involve the sharing of intellectual property, experience, skills, support services and infrastructure.

Franchisees fund the development costs of new restaurants, as well as relocations and refurbishments, a requirement of their franchise agreements at pre-determined timeframes.

Activities	Franchised restaurants			Company-owned restaurants	Central procurement	Manufacturing	Group services	
	Franchise activities		Marketing					
Countries	South Africa	International	All regions	South Africa	South Africa	South Africa	South Africa Netherlands	
Main brands							Support services to all brands in all regions	
Virtual Kitchen brands								
Nature of revenue generated by the group	Franchise fee income Licence fee income	Franchise fee income Licence fee income	Marketing contributions for the use and benefit of franchisees	Restaurant sales	Distribution income	Revenue from the sale of manufactured sauces and décor to franchised restaurants Revenue from the sale of sauces sold to the retail market		
Basis of revenue generated by the group	5% of monthly restaurant turnover paid by franchisees on main brands	5% of monthly restaurant turnover paid by franchisees	4% of restaurant turnover for Spur, Panarottis and John Dory's 2% of restaurant turnover for RocoMamas, Casa Bella, The Hussar Grill and Nikos		Procurement fee based on the volume of products sold through the group's outsourced distribution network	Sales from brand-specific sauces sold to franchisees and to retail restaurants Sales from décor provided to franchise restaurants		
Services provided	<p>The group supports franchisees through:</p> <ul style="list-style-type: none"> <li>Managing the new franchisee process, including break-even and feasibility studies and site selection and project management</li> <li>Providing required product and standards on décor</li> <li>Induction and training</li> <li>Financial model guidance in line with best brand standards</li> <li>Advice on business management and compliance</li> <li>Lease negotiation and renewal</li> <li>Regular audits to ensure the maintenance of standards</li> <li>Training franchisee employees to ensure consistent food quality and health and safety standards</li> </ul> <p>International restaurants are provided with additional support, such as the management of logistics and freight forwarding.</p>			<p>In South Africa, tailored marketing plans are implemented for each restaurant.</p> <p>Where local marketing spend is required internationally, the group provides guidance and direction on spend.</p>	Speciality and fast casual dining in mainly the Western Cape, with one restaurant in Gauteng.	<p>In South Africa, procurement is centralised, which enables the group to negotiate more competitive prices.</p> <p>Centralised procurement also supports food safety, consistent quality, competitive pricing and stable supply.</p> <p>The group manages the relationship between the outsourced distributor, suppliers and franchisees.</p>	<p>The group's sauce manufacturing facility supplies franchises with certain sauces.</p> <p>The offering also includes specialised brand-specific sauces for in-home use.</p> <p>The décor manufacturing facility designs and produces fixtures and fittings for the group's restaurants.</p>	<p>Centralised corporate services, such as finance, information technology, business intelligence, research and development, legal and governance, human resources and the customer contact centre.</p> <p>The Netherlands provides operational and support services to the group's international outlets.</p>