AVI

RESULTS FOR THE YEAR ENDED 30 JUNE 2022

GROWING GREAT BRANDS

AVI LIMITED

ISIN: ZAE000049433 Share Code: AVI
Registration Number: 1944/017201/06
("AVI" or "the Group" or "the Company")

For more information please visit our website:
www.avi.co.za

AVI

AVI Limited presentation to shareholders & analysts
for the year ended 30 June 2022

GROWING GREAT BRANDS

notes

AGENDA

- Key features and results history
- Group financial results
- Performance
- Prospects
- Questions and answers

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notes

KEY FEATURES

- Constrained macro and consumer environment
- Material global and local supply chain disruptions
- July 2021 unrest
  - Direct costs of R38,1 million in Spitz and Snackworks
  - SASRIA insurance recovery of R69,7 million
- Group revenue increased by 4,3%
- Gross margins protected by pricing and hedging disciplines
- Effective containment of selling and administrative costs
- Operating profit increased by 5,4%
- Operating profit excluding I&J increased by 8,0%

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notes

KEY FEATURES

- I&J impacted by stronger Rand exchange rate and fuel price increases
- Strong post COVID-19 recovery in I&J's Abalone business
- R15,3 million benefit from lower tax rate
- Headline earnings per share up 6,1% to 530,6 cents
- Strong cash generation despite challenges
- Acquisition of Exclamation and Gravity brands from Coty for R150 million
- Final dividend of 292 cents per share, up 6,2%

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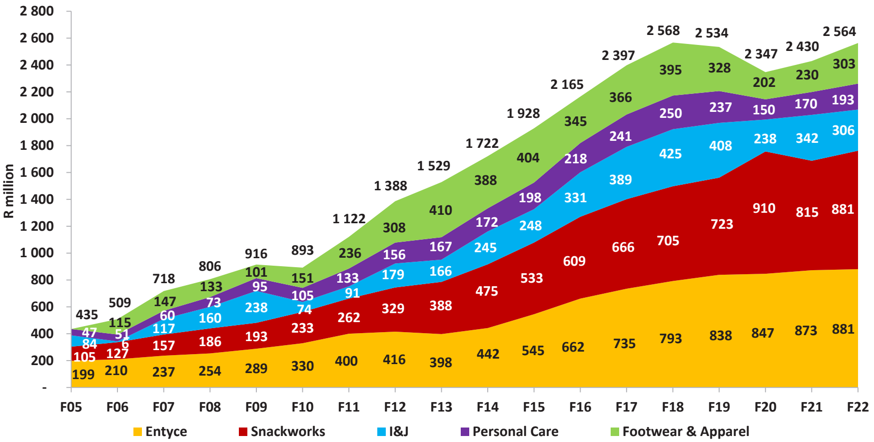
notes

RESULTS HISTORY

Operating profit history



- Return to pre-COVID-19 operating profit with ongoing recovery from impacted businesses
- Compound annual growth of 10,9% from F05 with operating profit margins increasing

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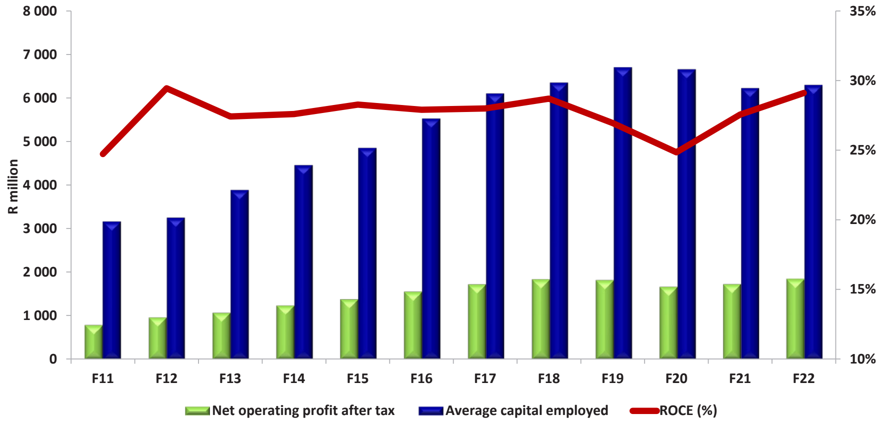
RESULTS HISTORY

Return on capital employed



- Improving return despite difficult environment

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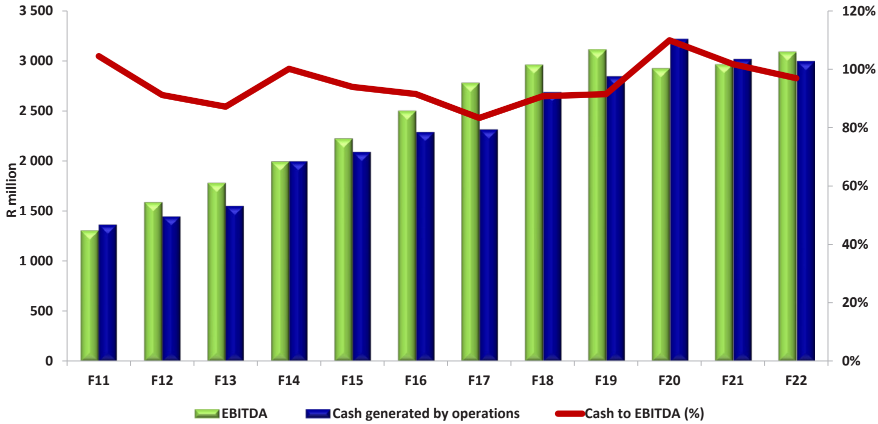
RESULTS HISTORY

Cash conversion



- Sustained strong conversion of earnings to cash

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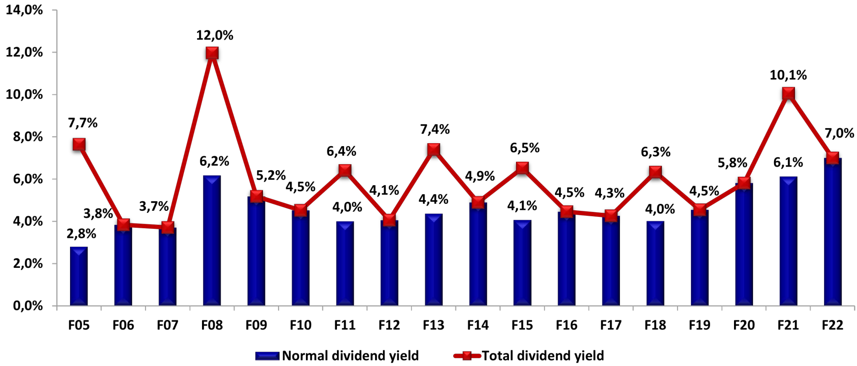
RESULTS HISTORY

Dividend yield



- Based on share price at end of each year (R65,72 at end June 2022)
- Total dividend yield includes payments out of share premium and special dividends
- Special dividend of 280 cents per share paid in April 2021
- Excludes share buy-backs

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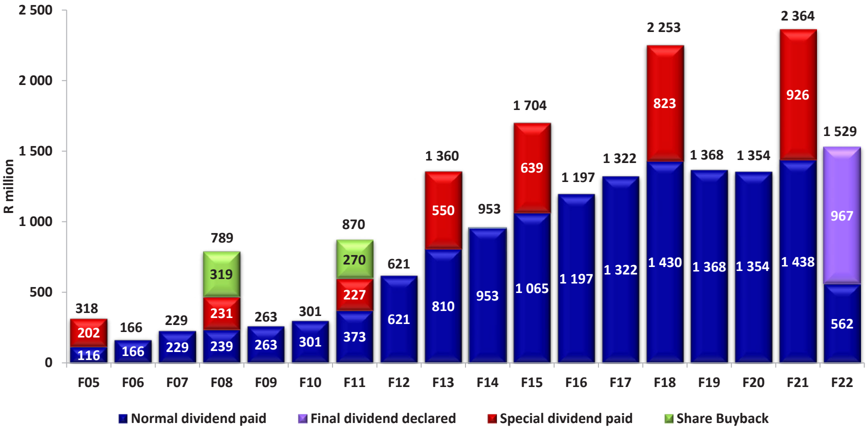
RESULTS HISTORY

Returns to shareholders



- Effective pay out ratio from F05 = 95,9% of headline earnings

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Group Financial Results

notes

GROUP FINANCIAL RESULTS

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	13 845,3	13 269,2	4,3
Cost of sales	(8 506,7)	(8 101,2)	5,0
Gross profit	5 338,6	5 168,0	3,3
Gross profit margin %	*38,6*	*39,0*	*(1,0)*
Selling and administrative expenses	(2 798,5)	(2 758,7)	1,4
Operating profit	2 540,1	2 409,3	5,4
Operating profit margin %	*18,3*	*18,2*	*0,5*
Net finance costs	(110,9)	(99,3)	11,7
Share of joint ventures	(0,8)	3,6	
Capital items before tax	(2,2)	(4,2)	(47,6)
Effective tax rate %	*27,8*	*28,7*	*(3,1)*
Headline earnings	1 752,8	1 648,8	6,3
HEPS (cps)	*530,6*	*499,9*	*6,1*

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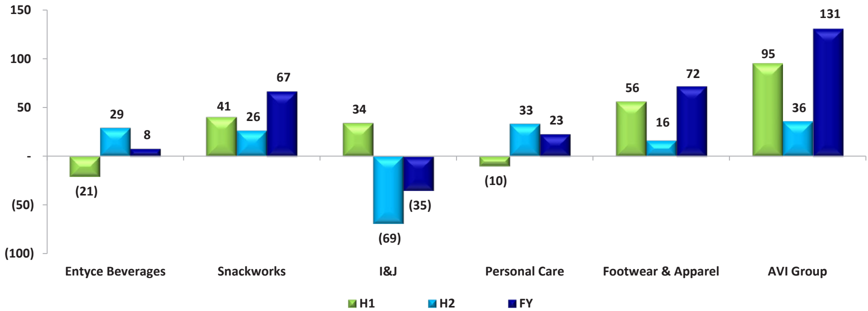
GROUP FINANCIAL RESULTS

Change in operating profit F22 vs F21



- H1 disrupted by civil unrest and supply chain challenges
- Resilient H2 performance despite sharp rise in cost of fossil fuel and other commodities
- I&J H2 decline due to weaker fishing performance and stronger Rand offset by sustained abalone improvement
- Footwear and Apparel, Personal Care and Ciro recovering but remain below F19 profit levels

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notes

GROUP FINANCIAL RESULTS

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F22 Rm	F21 Rm	Δ%	F22 Rm	F21 Rm	Δ%	F22 %	F21 %
Food & Beverage brands	**11 157,8**	**10 650,3**	**4,8**	**2 068,2**	**2 029,0**	**1,9**	**18,5**	**19,1**
Entyce Beverages	3 981,6	3 777,1	5,4	880,6	872,8	0,9	22,1	23,1
Snackworks	4 702,4	4 267,8	10,2	881,4	814,6	8,2	18,7	19,1
I&J	2 473,8	2 605,4	(5,1)	306,2	341,6	(10,4)	12,4	13,1
Fashion brands	**2 687,5**	**2 618,9**	**2,6**	**495,9**	**400,8**	**23,7**	**18,5**	**15,3**
Personal Care	1 176,5	1 152,9	2,0	193,4	170,4	13,5	16,4	14,8
Footwear & Apparel	1 511,0	1 466,0	3,1	302,5	230,4	31,3	20,0	15,7
Corporate				**(24,0)**	**(20,5)**			
Group	**13 845,3**	**13 269,2**	**4,3**	**2 540,1**	**2 409,3**	**5,4**	**18,3**	**18,2**

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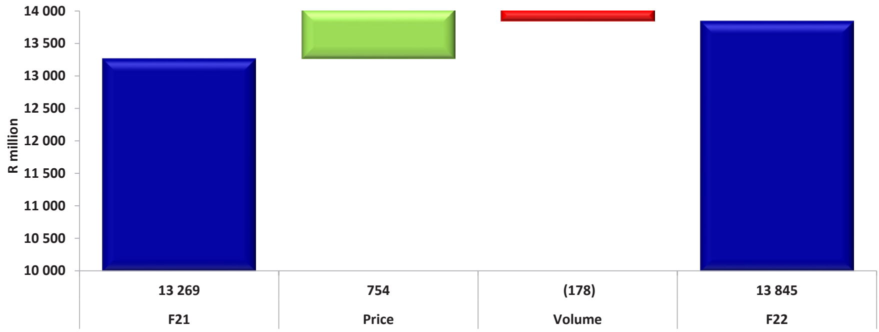
GROUP FINANCIAL RESULTS

Movement in group revenue



- Price increases across the Group to recover significant input cost inflation
- Abalone recovery with improved pricing and demand in key Asian markets
- Volumes in Snackworks and Entyce resilient despite price increases
- Careful management of price / volume across portfolio

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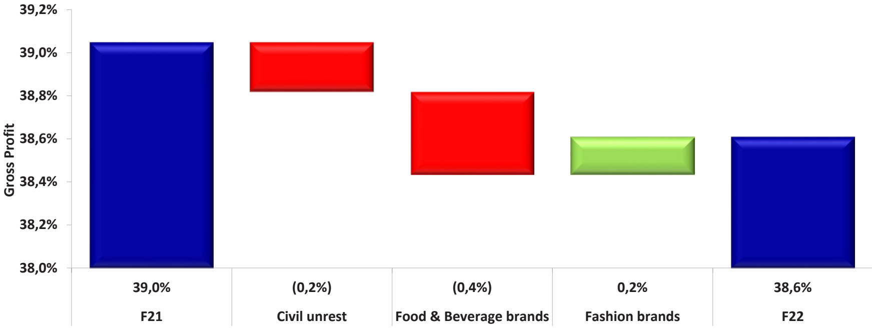
GROUP FINANCIAL RESULTS

Gross profit margin



- Stock write-off costs of R31,6 million associated with July's unrest
- Significant pressure from higher input costs not fully recovered
- Higher raw material costs partly offset by benefit of stronger Rand

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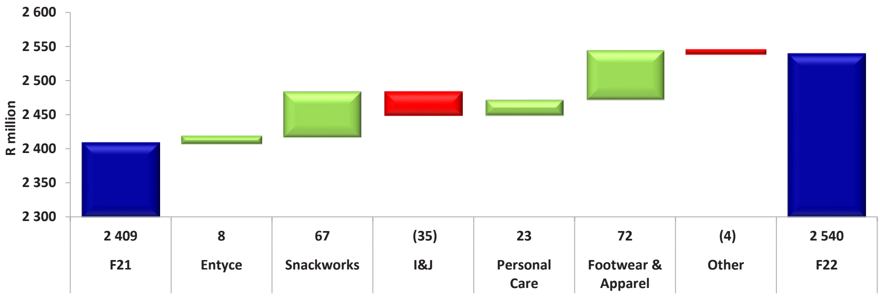
RESULTS for the year ended 30 June 2022

GROUP FINANCIAL RESULTS

Operating profit 5,4% up



- Entyce: Recovery in Ciro and good creamer performance partly offset by lower volumes in coffee
- Snackworks: Higher realised selling prices supported by resilient demand
- I&J: Weaker fishing performance partly offset by sustained abalone recovery
- Personal Care: Improving demand supported by cost savings from restructuring initiatives
- Footwear and Apparel: Higher realised prices, SASRIA insurance proceeds and effective cost control

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notes

GROUP FINANCIAL RESULTS

Cash flow, gearing and return on capital

	F22 Rm	F21 Rm	%Δ
Cash generated by operations	2 999,4	3 021,0	(0,7)
Cash / EBITDA %	*96,9*	*101,8*	*(4,8)*
Working capital to revenue %	*23,5*	*23,1*	1,7
Capital expenditure	(240,8)	(315,7)	(23,7)
Acquisition of intangibles	(165,3)	(8,5)	
Special dividend	-	(925,7)	
Net debt	1 676,4	1 724,6	(2,8)
Net debt / capital employed %	*25,9*	*28,1*	*(7,8)*
Return on average capital employed %	*29,1*	*27,6*	*5,4*

- Strong conversion of earnings to cash
- Working capital well managed with deliberate investment in raw materials to mitigate short-term supply risk
- Capital expenditure carefully managed in constrained environment
- Lower net debt due to healthy cash generated by operations
- ROCE improved with earnings growth outweighing increased average capital employed

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GROUP FINANCIAL RESULTS

Dividends

	F22 Rm	F21 Rm	%∆
Interim dividend – cps	170,0	160,0	6,3
Final dividend - cps	292,0	275,0	6,2
Ordinary dividend – cps	**462,0**	**435,0**	**6,2**
*Dividend yield - %**	*7,0*	*6,1*	
Special dividend – cps	-	*280,0*	
Total dividend - cps	**462,0**	**715,0**	**(35,4)**
*Total dividend yield - %**	*7,0*	*10,1*	
Ordinary dividend cover ratio	1,15	1,15	
Closing share price - cps	6 572	7 105	

* Calculated using the closing share price at 30 June

- Ordinary dividend increase in line with earnings growth
- Special dividend paid in April 2021
- Attractive yield

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notes

ENTYCE BEVERAGES

A DIVISION OF NATIONAL BRANDS LIMITED

Performance

notes

ENTYCE BEVERAGES

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	3 981,6	3 777,1	5,4
Operating profit	880,6	872,8	0,9
Operating profit margin %	*22,1*	*23,1*	*(4,3)*

- Tea profit slightly lower
  - Rooibos volume growth from lower selling prices supported by reduced raw material costs
  - Black tea growth from higher selling prices and volumes with strong demand in the last quarter
  - Black tea raw material prices supported by stronger Rand with international black tea prices higher
  - Gross profit margin remains healthy

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ENTYCE BEVERAGES

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	3 981,6	3 777,1	5,4
Operating profit	880,6	872,8	0,9
Operating profit margin %	*22,1*	*23,1*	*(4,3)*

- Coffee profit growth due to Ciro out-of-home recovery
  - Selling price increases in response to commodity input cost pressures
  - Pressure on mixed instant volumes from competitor discounting
  - Improved Ciro demand in hospitality, leisure and corporate as lockdown restrictions eased
  - Benefit from restructuring initiatives in Ciro last year

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ENTYCE BEVERAGES

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	3 981,6	3 777,1	5,4
Operating profit	880,6	872,8	0,9
Operating profit margin %	*22,1*	*23,1*	*(4,3)*

- Creamer profit improvement due to increased selling prices supported by higher volumes
  - Effective upgrade of packaging and formats
  - Volume growth supported by strong H1
  - Gross profit margin pressure due to significantly higher raw material costs not fully recovered by material selling price increases.

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ENTYCE BEVERAGES

Sales volume and selling prices

	% Δ F22 vs F21	Comments
Tea revenue decline	***(0,4)***	
Volume	*2,3*	*Growth in both black tea and Rooibos volumes*
Ave. selling price	*(2,6)*	*Lower Rooibos pricing in line with cheaper raw materials offset by higher black tea selling prices*
Coffee revenue decline	***(2,4)***	
Volume	*(13,2)*	*Decline in mixed instant due to continued aggressive discounting by competitors*
Ave. selling price	*12,5*	*Price increases across all categories to recover impact of rising raw material costs*
Creamer revenue growth	***15,4***	
Volume	*3,2*	*Continued support from key customers with demand tempered in H2 as selling prices increased*
Ave. selling price	*11,8*	*Price inflation to ameliorate input cost pressure*

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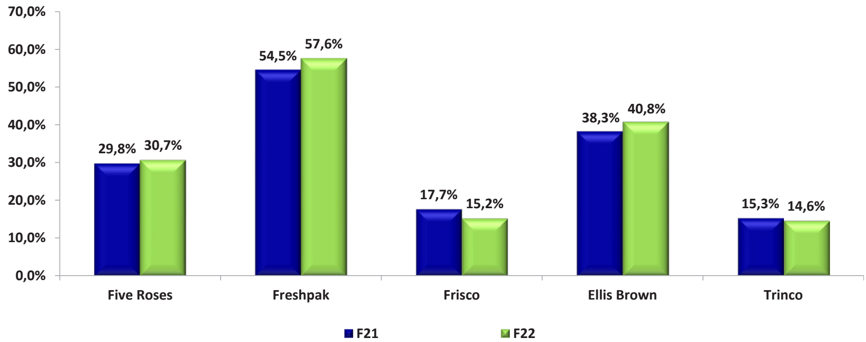
notes

ENTYCE BEVERAGES

Market shares – 12 months value



- Short term market shares reflect targeted price / volume balance
- Market share reflects formal retail only

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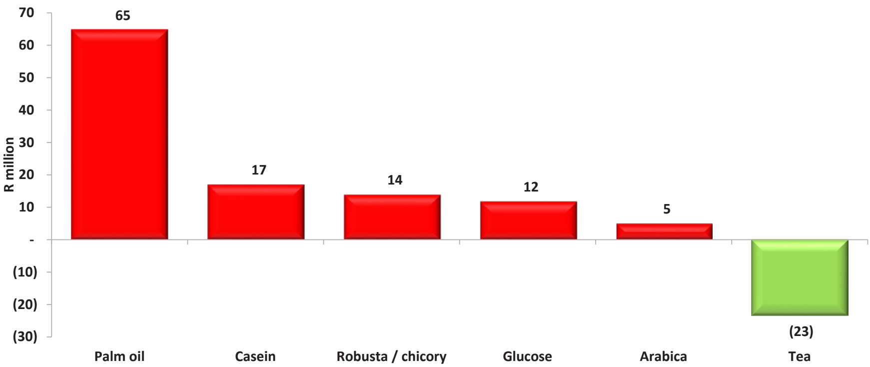
notes

Raw material costs

Cost impact of raw materials and commodities consumed in the period (F22 vs F21):



Impact net of hedging

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notes

Snackworks

That's Good Times!

Performance

notes

Snackworks
That's Good Times!

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	4 702,4	4 267,8	10,2
Operating profit	881,4	814,6	8,2
Operating profit margin %	*18,7*	*19,1*	*(2,1)*

- Growth in biscuit profit due to increased volumes and higher selling prices
  - Resilient demand supported by strong festive season, improved lunchbox and on-the-go volumes and growth from lower priced formats
  - Selling price increases to offset input cost pressures and protect margins
  - Selling and administrative costs well contained

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notes

Snackworks
That's Good Times!

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	4 702,4	4 267,8	10,2
Operating profit	881,4	814,6	8,2
Operating profit margin %	*18,7*	*19,1*	*(2,1)*

- Snacks profit impacted by input cost pressures not fully recovered by price increases
  - Materially higher distribution inflation caused by higher fuel prices
  - Potato supply challenges in first semester
  - Crinkle Cut innovation in H2 supporting improved volumes
  - Annual price increases and reduced discounting in response to input cost pressures
  - Careful management of volume / value and trade discounts in competitive environment

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notes

Snackworks
That's Good Times!

Sales volume and selling prices

	% Δ F22 vs F21	Comments
Biscuits revenue growth	*9,9*	
Volume	*3,0*	*Strong festive season, improved lunchbox and on-the-go volumes and demand for lower priced formats*
Ave. selling prices	*6,7*	*Price increases in April 2021 and March 2022*
Snacks revenue growth	*11,1*	
Volume	*2,7*	*Crinkle Cut innovation supporting potato chip volume growth notwithstanding first semester supply challenges*
Ave. selling prices	*8,2*	*Price increases in April 2021 and March 2022*

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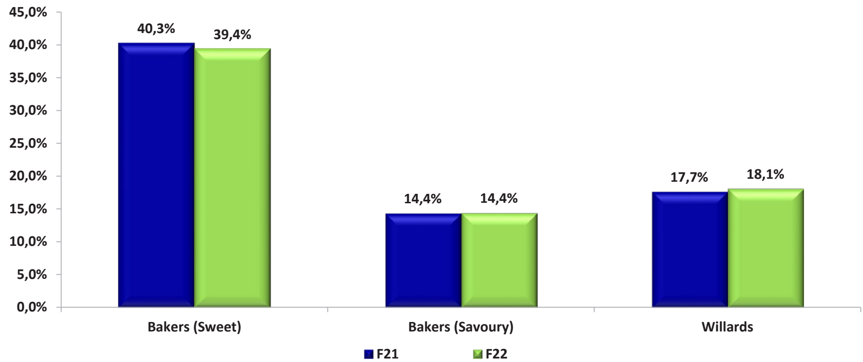
Snackworks
That's Good Times!

Market shares – 12 months value



- Balanced price / volume
- Market share reflects formal retail only
- Good growth of affordable formats in wholesale
- Growth in Willards due to innovation

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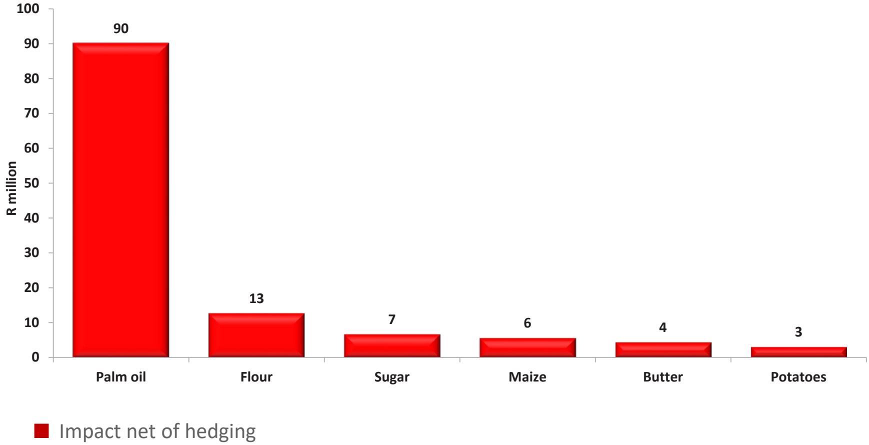
Snackworks
That's Good Times!

Raw material costs

Cost impact of raw materials and commodities consumed in the period (F22 vs F21):



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notes

SINCE 1910

I&J

Performance

notes

I&J

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	2 473,8	2 605,4	(5,1)
Operating profit	306,2	341,6	(10,4)
Operating profit margin %	*12,4*	*13,1*	*(5,3)*

- Profit decline driven by lower fishing performance offset by abalone recovery
  - Fishing performance
    - Reduction in FRAP quota and total allowable catch
    - Revenue negatively impacted by stronger Rand and lower fish sales volumes
    - Price increases across domestic and export markets did not fully absorb rising fuel prices
  - Abalone
    - Sound operational performance post COVID-19 disruptions
    - Improved selling prices, a favourable product mix and demand in key markets
    - Development of new markets to support demand
    - Benefit from restructuring initiatives

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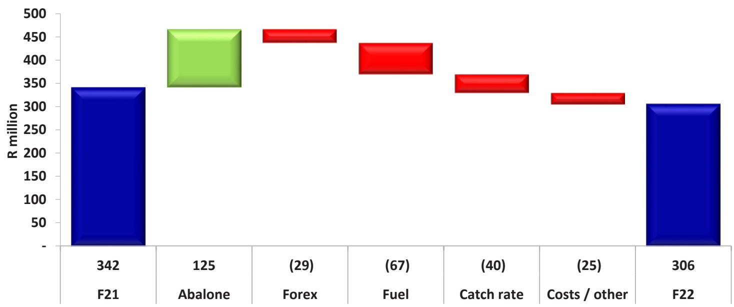
notes

Operating profit



- Abalone growth primarily supported by selling prices and improved mix
- Stronger Rand negatively impacted export revenue despite hedges
- Fishing costs significantly impacted by higher fuel prices (net of fuel hedges)
- Catch rates lower notwithstanding better utilisation of fleet and favourable catch size mix

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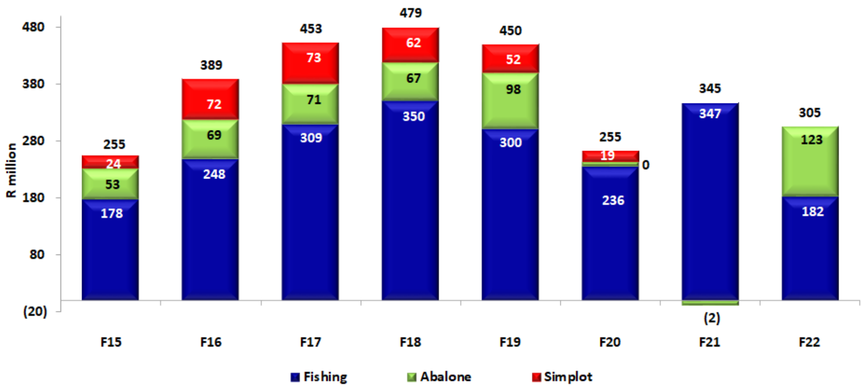
Profit history



- Robust recovery of abalone post COVID-19 impact in the prior two years
- F22 fishing performance lower than F21 with sharp increase in fuel prices and stronger Rand

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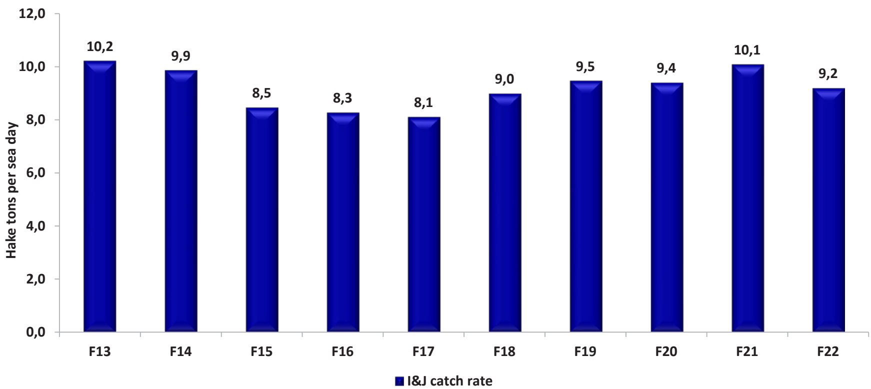
RESULTS for the year ended 30 June 2022

Fishing performance



- Decline due to wet and freezer vessel catch rates partially offset by better utilisation of fleet

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notes

Sales volume and selling prices (Hake)

	% Δ F22 vs F21	Comments
I&J Domestic revenue growth	***4,8***	
Volume	*(1,9)*	*Reduced TAC and quota; decrease in whole fish volumes with lower 3rd party landings*
Ave. selling prices	*6,9*	*Favourable mix and price increases to mitigate cost pressure*
I&J Export revenue decline	***(5,3)***	
Volume	*(8,2)*	*Reduced TAC and quota; reduction in retail demand and constrained volumes*
Ave. selling prices	*3,2*	*Selling price increases offset by stronger Rand*

- I&J's domestic market share improved from 47,5% to 49,5%

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notes

indigo brands

YARDLEY LONDON · LENTHÉRIC LONDON · PARIS · COTY PARIS · NEW YORK · RIMMEL LONDON · adidas · nailene. · Sally Hansen

Performance

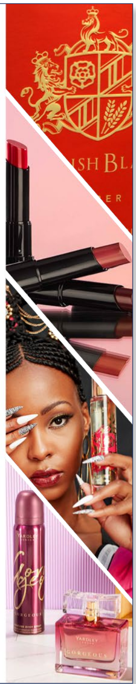
notes

indigo brands

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	1 176,5	1 152,9	2,0
Operating profit	193,4	170,4	13,5
Operating profit margin %	*16,4*	*14,8*	*10,8*

- Indigo profit growth driven by improved revenue and cost savings
  - Improved demand through second semester as lockdown restrictions eased
  - Colour cosmetics and fragrance volumes recovering but remain below pre-COVID-19 levels
  - Margin expansion driven by higher selling prices and benefit from restructuring initiatives



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notes

indigo brands

Sales volume and selling prices

	% Δ F22 vs F21	Comments
Personal Care revenue growth*	***3,1***	
Volume	*(3,9)*	*Improved demand in H2, better colour cosmetic and fragrance volumes, lower aerosol in constrained and competitive environment*
Ave. selling price	*7,0*	*Price increases in response to cost pressure*

* Excludes Coty

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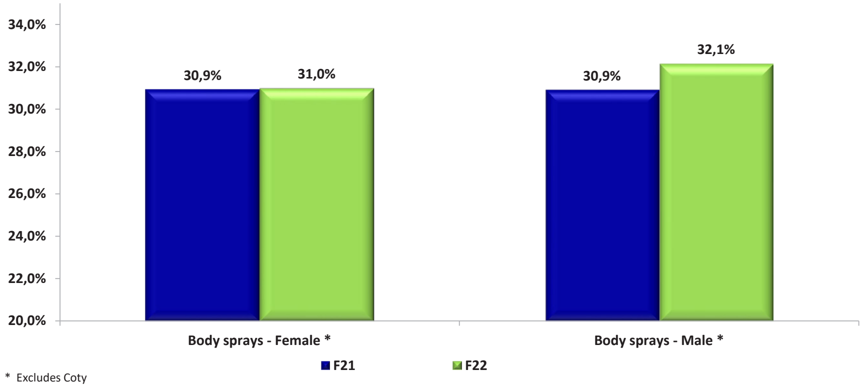
indigo brands

Market shares – 12 months value



* Excludes Coty

- Balanced price / volume in constrained environment
- Good performance from Yardley and Lentheric male brands

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notes

FOOTWEAR AND APPAREL

SPITZ KURT GEIGER GANT GREEN CROSS GX

Performance

notes

FOOTWEAR AND APPAREL

Income statement

	F22 Rm	F21 Rm	%Δ
Revenue	1 511,0	1 466,0	3,1
Operating profit	302,5	230,4	31,3
Operating profit margin %	*20,0*	*15,7*	*27,4*

- Operating profit growth with higher selling prices, effective cost management and insurance recoveries notwithstanding disruptions
  - Footwear and clothing volume declines
    - Constrained environment, July unrest, stock availability challenges and load-shedding
    - H2 performance buoyed by easing lockdown restrictions, improved stock availability and well-received summer and winter ranges
  - Gross margins improved by sales mix and price increases to ameliorate cost pressures
  - Lower selling and administrative expenses
    - Benefit from restructuring initiatives last year
    - Insurance proceeds

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notes

FOOTWEAR AND APPAREL

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F22 Rm	F21 Rm	Δ %	F22 Rm	F21 Rm	Δ %	F22 %	F21 %
Footwear & Apparel	**1 511,0**	**1 466,0**	**3,1**	**302,5**	**230,4**	**31,3**	**20,0**	**15,7**
Spitz, Kurt Geiger and Gant	1 359,8	1 308,8	3,9	300,3	253,8	18,3	22,1	19,4
Green Cross	151,2	157,2	(3,8)	2,2	(23,4)		1,5	(14,9)

- Spitz trading density and profitability improving in challenging environment
- Green Cross return to profit with improved trading density from closure of underperforming stores

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notes

FOOTWEAR AND APPAREL

Sales volume and selling prices

	% Δ F22 vs F21	Comments
Spitz and Kurt Geiger Footwear revenue growth	***2,2***	
Volume	*(7,8)*	*Volume decline due to July unrest, constrained consumer environment and supply challenges*
Ave. selling price	*10,9*	*Price increases and improved sales mix*
Green Cross Footwear revenue decline	***(4,9)***	
Volume	*(11,5)*	*Volume decline due to closure of underperforming stores (like-for-like volume up 14,6%)*
Ave. selling price	*7,4*	*Price increases offset by lower retail sales contribution*
KG Clothing revenue growth	***8,9***	*Recovery from COVID-19 affected prior year base*

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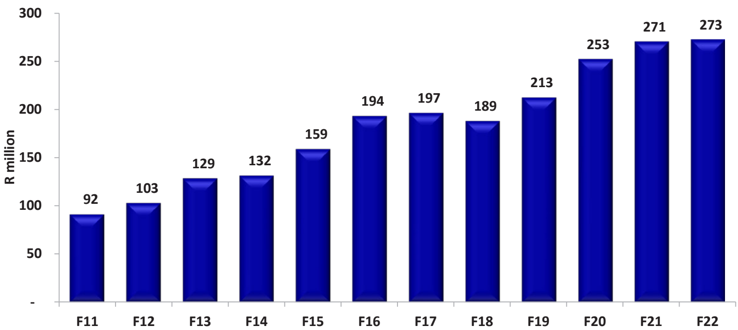
International

Performance

notes

AVI INTERNATIONAL

Operating profit history



- Profit growth from main subsidiary markets
- Shipping delays and supply chain constraints negatively impacted distributor markets
- Price increases in line with domestic businesses in response to cost pressure
- Zambia positively impacted by the appreciation of the Kwacha

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notes

AVI INTERNATIONAL

Entyce, Snackworks and Indigo – Non RSA sales

	F22 Rm	F21 Rm	%Δ
International Revenue	1 219,7	1 185,4	2,9
% of Grocery and Personal Care brands	*12,4*	*12,9*	*(3,9)*
International Operating Profit	273,0	271,1	0,7
% of Grocery and Personal Care brands	*14,0*	*14,6*	*(4,1)*
	%	%	
International Operating Profit Margin	22,4	22,9	(2,2)
Grocery and Personal Care brands Operating Margin	*19,8*	*20,2*	*(2,0)*

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F23 Prospects

notes

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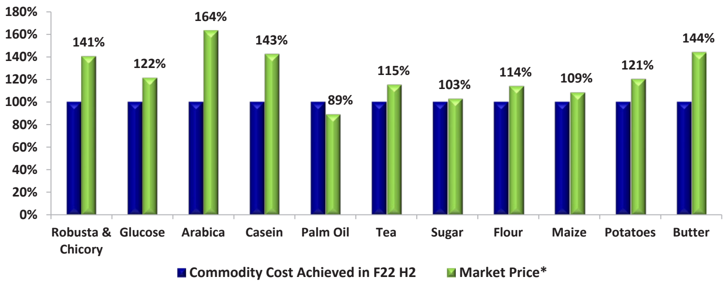
Prospects for F23

- Protect Entyce and Snackworks margins in a tough environment
  - ❑ Demand pressure from constrained consumers exacerbated by high inflation
  - ❑ Tactile price / volume management essential to protect market shares and long-term profitability
  - ❑ Cost / margin pressure if commodity prices and Rand weakness persists

Commodity cost achievement relative to current market prices



**market prices as at 19 August 2022 and translated at USDZAR 16,67*

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Prospects for F23

- Protect Entyce and Snackworks margins in a tough environment
  - Raw material and exchange rates secured provide protection and certainty for H1
  - Ongoing innovation to support constrained demand environment
  - Continued project activity to improve efficiency and capacity
  - Steady building of branded positions in export markets
  - Continued gradual recovery of Ciro out-of-home volumes
  - Ongoing focus on cost savings and structure
- Improvement in Indigo profit
  - Continued recovery in beauty and fragrance category volumes
  - Benefit from acquired trademarks
  - Coty license agreement review and renewal
  - Careful price and volume management

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Prospects for F23

- I&J performance dependent on exchange rates, catch rates and fuel prices
  - Price optimisation in domestic and international markets
  - Quota volume loss of 4,4% following conclusion of long-term fishing rights application
  - Exchange rates hedged at better levels than F22, plus benefit of recent Rand weakness
  - Profile of fuel hedges favour H2
  - Focus on fishing effectiveness using latest technology
- Abalone result dependent on sustained pricing and demand in key markets
  - Ongoing effort to optimise and diversify market risk

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Prospects for F23

- Footwear and Apparel
  - ❑ Risk of cost / margin pressure if recent Rand weakness persists
    - Hedge position provides a degree of certainty for H1
  - ❑ Earlier buy-in to alleviate supply chain risks and improve stock availability for December trading
  - ❑ Improved seasonal availability of Lacoste brand
  - ❑ Continued development of owned brands
  - ❑ Focus on Green Cross profitability improvement
  - ❑ Ongoing focus on cost control and improving operating metrics
    - Retail densities
    - Staff costs

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Prospects for F23

- Capital investment projects to improve capability, product quality and customer service levels

	Approved & Planned Projects Rm
Creamer capacity increase – packaging automation	78
Biscuit line capacity and process improvements	44
Snack line replacements and upgrades	43
I&J vessel dry-docks and upgrades	50
Retail store additions and refurbishments	30
	245

- Global supply chain delays have extended lead times with spend and implementation up to F24
- Finalisation of investment to increase production capacity of Bakers "Toppers" format

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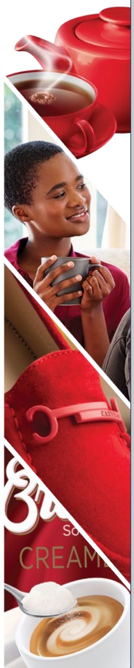
Investor proposition

- Ongoing review and simplification of business model to accommodate a challenging macro environment
- Focus on relevant innovation for constrained consumers
- Group initiatives – margin management, procurement, cost savings and production efficiency
- Manage our unique brand portfolio to its long-term potential
- Target real earnings growth in weak economic environment
- Maintain high dividend yield
- Sustain high return on capital employed
    - Effective capital projects
    - Leverage domestic manufacturing capability to grow export markets
    - Return excess cash to shareholders efficiently
- Replicate our category market leadership in selected regional markets
- Acquisition of high-quality brand opportunities if available



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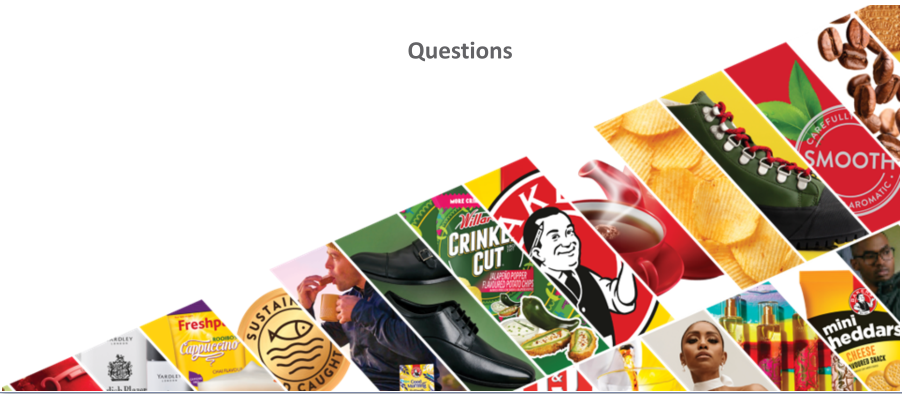
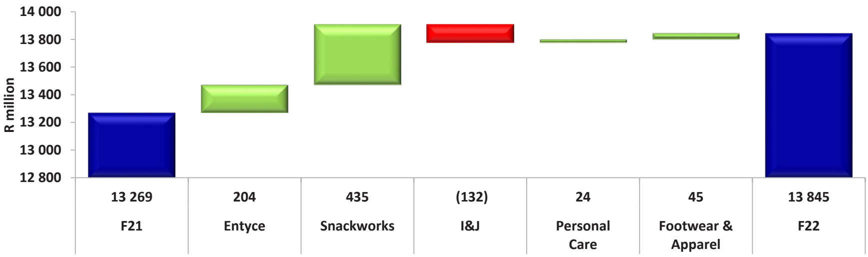
Questions



notes

INFORMATION SLIDES

Revenue 4,3% up



- Entyce: Growth due to creamer and Ciro, offset by declines in coffee and tea
- Snackworks: Selling price inflation in response to cost pressure, supported by volume growth in biscuits and snacks
- I&J: Weaker fishing performance partly offset by abalone recovery
- Personal Care: Price increases offset by lower volumes notwithstanding improvements in colour cosmetics and fragrance
- Footwear and Apparel: Higher selling prices and improved clothing sales partly offset by lower volumes, store closures and constrained environment

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INFORMATION SLIDES

Gross profit 3,3% up

- Entyce: Revenue growth partly offset by margin pressure with higher commodity input costs not fully recovered
- Snackworks: Price increases and volume growth offset by cost pressure from rising raw material prices and raw material write-off costs associated with July's unrest
- I&J: Weaker fishing performance with stronger Rand and higher fuel prices partly offset by abalone recovery
- Personal Care: Price increases partly offset by lower volumes
- Footwear and Apparel: Higher realised selling prices partly offset by lower volumes and write-off costs relating to July unrest

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INFORMATION SLIDES

Key restructuring projects

	F21 Net Savings Rm	F22 Realised Net Savings Rm
Ciro	5,3	28,1
Abalone	5,8	13,2
Personal Care	-	6,6
Footwear & Apparel	-	19,0
	11,1	66,9

- Year-on-year impact of restructuring activities undertaken last year
- Abalone benefit from improved efficiency and relocation of processing to consolidate into single site
- Personal Care: Improved efficiency delivered headcount savings
- Footwear and Apparel: Integration of Green Cross business, revised store staffing model and closure of underperforming stores

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INFORMATION SLIDES

Civil unrest – direct costs incurred and insurance proceeds recognised

	F22 Rm
Cost of sales - stock written off	(31,6)
Gross profit	**(31,6)**
Selling and administrative expenses including other income	
SASRIA insurance proceeds	66,7
Store restoration and other costs	(4,6)
Operating profit before capital items	**30,5**
Capital items	1,1
Disposal of capital items	(1,9)
SASRIA insurance proceeds	3,0
Profit before taxation	**31,6**
Taxation	(8,9)
Net impact on profit for the period	**22,7**

- Insurance cover ensured direct costs were recovered
  - Spitz: Stolen stock, damage to fixed assets and theft of cash
  - NBL: Butter destroyed at third party storage facility
- Proceeds received at the end of January 2022

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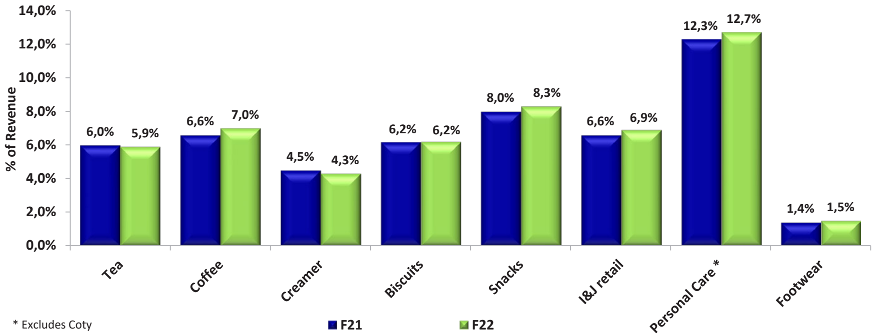
INFORMATION SLIDES

Marketing expenditure



- Total expenditure for F22 of R732,3 million compared to R677,9 million in F21
  - Increased spend to support key seasons in biscuits and innovations in snacks
  - Increase in personal care spend in support of new product launches
- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs

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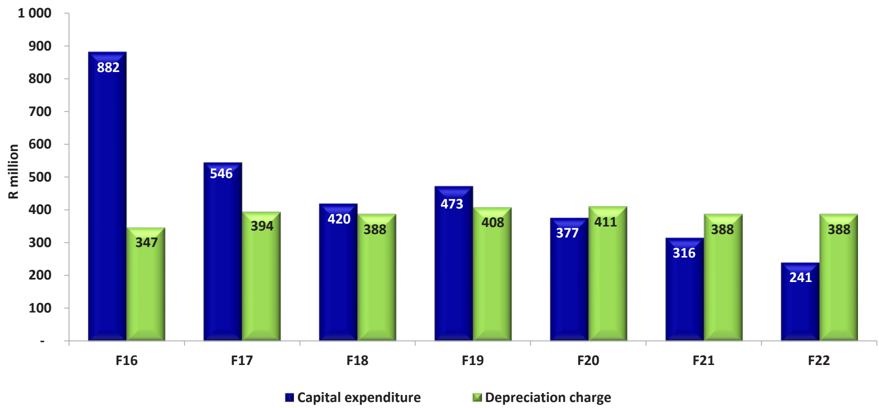
INFORMATION SLIDES

Capital expenditure and depreciation (excluding depreciation on right-of-use assets)



- Focused investment in manufacturing capacity, efficiency and retail stores

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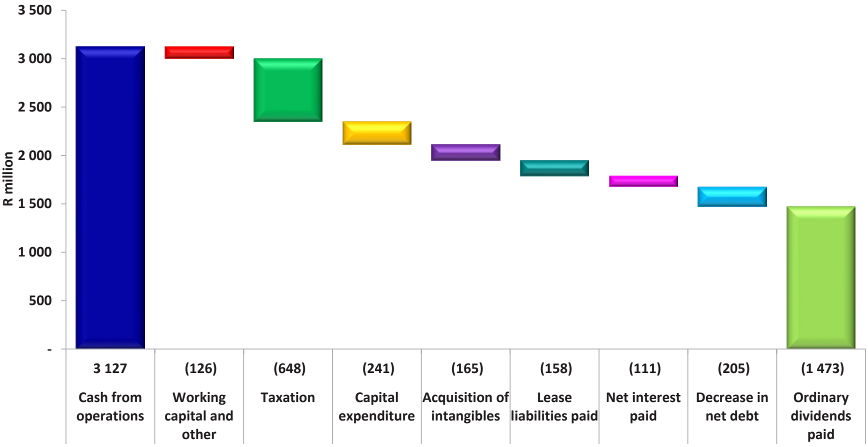
INFORMATION SLIDES

Cash flows



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INFORMATION SLIDES

Foreign exchange hedges

	September 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023
	% Cover	% Cover	% Cover
USD imports	68%	11%	0%
EUR imports	77%	27%	0%
USD exports	56%	65%	37%
EUR exports	63%	50%	28%

- Consistent hedging philosophy provides stability to manage gross profit margins

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INFORMATION SLIDES

I&J period end fair value adjustments

	F22 Actual Rm	F21 Actual Rm	Δ Rm
Fuel hedge unrealised loss / (gain)	5,2	(15,6)	20,8
Opening mark-to-market asset / (liability)	5,0	(10,6)	
Closing mark-to-market (liability) / asset	(0,2)	5,0	
Abalone – increase in unrealised profit in stock	(24,0)	(7,1)	(16,9)

- Fuel mark-to-market determined by oil price and exchange rate at reporting date
- Abalone fair value determined by market prices and exchange rate at reporting date
- Abalone fair value at reporting date impacted by sustained improvement in selling prices and closing USD exchange rate offset by lower biomass

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INFORMATION SLIDES

I&J fishing quota

Quota (tons)	CY16	CY17	CY18	CY19	CY20	CY21	CY22
South African Total Allowable Catch (TAC)	147 500	140 216	133 120	146 430	146 430	139 119	132 163
% change in TAC	-	(5,0)	(5,0)	10,0	-	(5,0)	(5,0)
I&J	41 245	37 901	36 013	39 517	39 517	37 543	34 143
%	28,0	27,1	27,1	27,0	27,0	27,0	25,8

- 5% reduction in TAC for 2022

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INFORMATION SLIDES

Trading space and trading density

Spitz	F22	F21
Number of stores	69	72
Turnover (Rm)	1 102,4	1 079,4
Average m²	18 681	19 034
Trading Density (R /m²)	59 013	56 711
Closing m²	18 394	18 956

Like-for-like metrics*	F22	F21
Number of stores	67	67
Turnover (Rm)	1 067,4	1 033,9
Average and closing m²	17 839	17 839
Trading Density (R /m²)	59 839	57 961

* Based on stores trading for the entire current and prior periods

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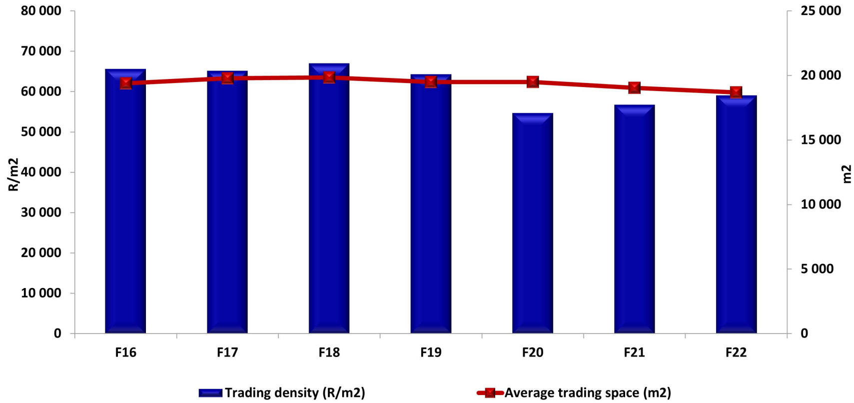
INFORMATION SLIDES

Trading density – Spitz stores



- Closed four Spitz stores and opened one new store

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INFORMATION SLIDES

Trading space and trading density

Kurt Geiger	**F22**	**F21**
Number of stores	31	34
Turnover (Rm)	187,0	174,3
Average m^2	4 222	4 219
Trading Density (R /m^2)	44 295	41 321
Closing m^2	3 934	4 287

Like-for-like metrics*	**F22**	**F21**
Number of stores	30	30
Turnover (Rm)	172,9	160,8
Average and closing m^2	3 825	3 825
Trading Density (R /m^2)	45 198	42 027

* Based on stores trading for the entire current and prior periods.

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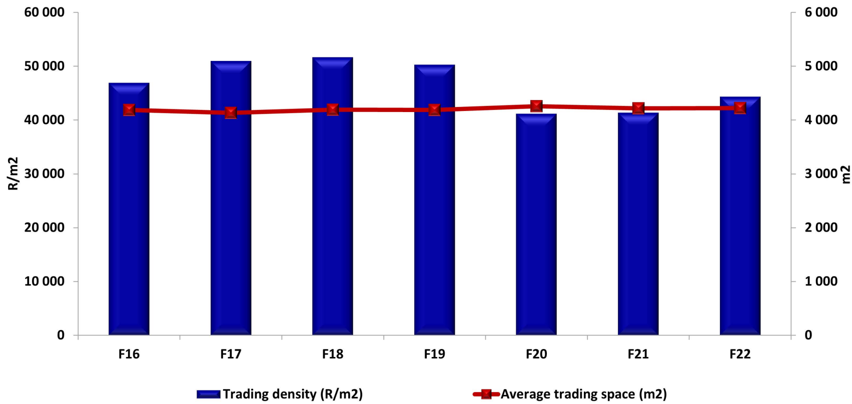
INFORMATION SLIDES

Trading density – Kurt Geiger stores



- Closed three Kurt Geiger stores

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INFORMATION SLIDES

Trading space and trading density

Green Cross	F22	F21
Number of stores #	18	22
Turnover (Rm)	102,7	103,5
Average m²	2 494	3 450
Trading Density (R /m²)	41 196	30 000
Closing m²	2 326	2 745

Like-for-like metrics*	F22	F21
Number of stores #	18	18
Turnover (Rm)	98,4	76,3
Average and closing m²	2 326	2 326
Trading Density (R /m²)	42 231	32 784

including value stores

* Based on stores trading for the entire current and prior periods

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INFORMATION SLIDES

Closing number of stores and trading space at the end of each period

Period End	Spitz		Kurt Geiger		Green Cross	
	# of stores	Closing m²	# of stores	Closing m²	# of stores	Closing m²
December 2009	56	15 220	3	346		
June 2010	56	15 012	3	346		
December 2010	57	15 124	7	1 047		
June 2011	57	14 991	15	1 910		
December 2011	59	15 240	22	2 922	29	3 304
June 2012	61	15 662	26	3 507	30	3 382
December 2012	64	16 586	31	4 113	30	3 382
June 2013	64	16 586	30	3 751	30	3 382
December 2013	67	17 156	32	3 960	30	3 382
June 2014	70	17 813	32	3 880	31	3 517
December 2014	72	18 342	33	3 978	30	3 423
June 2015	74	19 144	29	3 677	30	3 529
December 2015	75	19 376	33	4 156	34	4 097
June 2016	76	19 726	34	4 266	38	4 697
December 2016	75	19 544	33	4 087	39	4 896
June 2017	77	20 037	33	4 115	42	5 218
December 2017	77	20 243	33	4 194	45	5 536
June 2018	75	19 460	33	4 194	45	5 536
December 2018	76	19 745	33	4 194	44	5 410
June 2019	74	19 363	33	4 191	41	4 936
December 2019	75	19 645	34	4 289	41	4 896
June 2020	74	19 384	34	4 289	37	4 471
December 2020	72	18 865	33	4 178	29	3 482
June 2021	72	18 956	34	4 287	22	2 745
December 2021	72	18 941	34	4 287	18	2 326
June 2022	69	18 394	31	3 934	18	2 326

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RESULTS FOR THE YEAR ENDED 30 JUNE 2022

GROWING GREAT BRANDS

AVI LIMITED

ISIN: ZAE000049433 Share Code: AVI
Registration Number: 1944/017201/06
("AVI" or "the Group" or "the Company")

For more information please visit our website:
www.avi.co.za

key features

Constrained macro and consumer environment

Material global and local supply chain disruptions

July 2021 unrest
– Direct cost of R38,1 million in Spitz and Snackworks
– SASRIA insurance recovery of R69,7 million

Group revenue increased by 4,3%

Gross margins protected by pricing and hedging disciplines

Effective containment of selling and administrative costs

Operating profit increased by 5,4%

Operating profit excluding I&J increased by 8,0%

I&J impacted by stronger Rand exchange rate and fuel price increases

Strong post COVID-19 recovery in I&J's Abalone business

R15,3 million benefit from lower tax rate

Headline earnings per share up 6,1% to 530,6 cents

Strong cash generation despite challenges

Acquisition of Exclamation and Gravity brands from Coty for R150 million

Final dividend of 292 cents per share, ordinary dividend up 6,2%

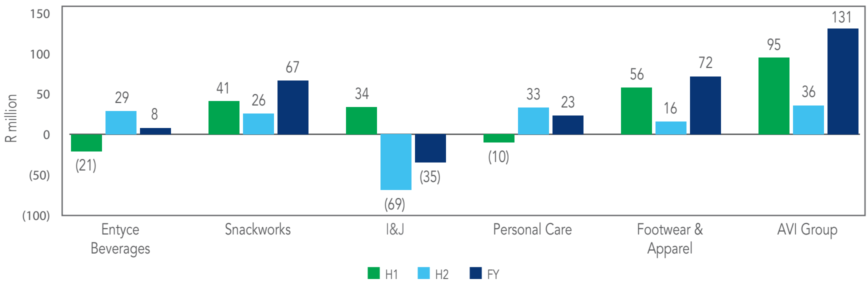
GROUP OVERVIEW

The financial year was characterised by a tough macro environment for our consumers, the July riots, substantial challenges in supply chains globally and domestically, the operational disruptions caused by load-shedding, and material input cost inflation.

Our strong brand portfolio allowed us to protect gross profit margins; and effective management of our supply chain underpinned sound service levels to our retail partners. The Group's performance in the first semester was disrupted by the civil unrest in July 2021 with all of our facilities and retail stores closed to safeguard our staff. Direct losses amounted to R38,1 million; asset and trading losses were insured and R69,7 million was received and recognised in the year.

The impact of rising commodity prices and the sharp increase in the cost of fossil fuel and other commodities intensified in the second semester. Despite the benefit of our hedge positions cost pressures were unprecedented and selling price increases were implemented across categories to protect gross margins. I&J's second semester was significantly impacted by a rapid increase in fishing costs as a result of substantially higher fuel costs.

Change in operating profit F21 versus F22 – H1, H2 and full year (R'mil)



Group revenue increased by 4,3% and was supported by a combination of improved sales volumes in key categories and price increases to ameliorate significant cost pressures. Apart from I&J, revenue growth was achieved in all categories with demand in Snackworks and Entyce generally resilient despite the price increases needed to protect gross margins. Personal Care grew revenue with a strong second half performance supported by improved sales volumes following the easing of lockdown restrictions which had affected segments of the beauty portfolio, although total revenue was still below pre-COVID-19 levels. Revenue in the Footwear & Apparel businesses grew 3,1% despite lower volumes, the impact of the unrest in July and supply chain constraints, benefitting from higher selling prices, an improved sales mix and the ongoing improvement in like-for-like sales in the Green Cross retail stores. I&J's revenue declined, with lower fish sales volumes and the impact of a stronger Rand on export revenues, partially offset by a sustained post COVID-19 recovery in the abalone category, with improved pricing and demand in key Asian markets.

The consolidated gross profit increased 3,3%, materially in line with the improved revenue performance offset by the impact of stock and raw material write-off costs associated with the July unrest. Gross profit margins were largely protected by hedging disciplines and price increases. Input cost pressures were acute in both the Entyce and Snackworks businesses and selling price increases were managed effectively but did not fully recover the impact of higher input costs, marginally reducing the gross margin for the full year.

Selling and administrative costs increased by 1,4% with the insurance proceeds recognised in the first semester supported by tight cost management across the Group. Operating profit increased 5,4% and the operating profit margin increased from 18,2% to 18,3%. The Group's branded consumer businesses, net of I&J, improved year on year operating profit by 8,0%.

Net finance costs for the year were higher than last year in line with higher average debt levels and interest rates. This was offset by a R15,3 million benefit on the application of the lower tax rate of 27% to the Group's deferred tax assets and liabilities. Headline earnings grew 6,3% and headline earnings per share increased by 6,1% from 499,9 to 530,6 cents per share, with a 0,1% increase in the weighted average number of shares in issue, due to the vesting of employee share schemes.

Cash generated by operations decreased by 0,7% due to lower adjustments for non-cash items in operating profit, mainly fair value adjustments to I&J's abalone stock, the payment of R103,0 million on settlement of I&J's Black Staff Scheme, as well as an increase in working capital due to a deliberate investment in raw materials to secure supply, given the disrupted supply chain environment. Lower interest paid was offset by an increase in taxation paid, resulting in a 1,1% decrease in cash from operating activities. Other material cash flows during the period were capital expenditure of R240,8 million, the Coty trademark acquisition of R150,0 million and ordinary dividends paid of R1,47 billion. Net debt at the end of June 2022 was R1,68 billion compared to R1,72 billion at the end of June 2021.

I&J's Black Staff Scheme matured in December 2021 resulting in a payment of R103,0 million to eligible employees. A new scheme, replacing the maturing scheme, was implemented in December 2021.

DIVIDEND

Overall cash generation remains healthy and debt levels are within our targeted gearing range. The Board has declared a final ordinary dividend of 292 cents per share, resulting in a full year ordinary dividend of 462 cents, which is 6,2% higher than last year, and in line with the growth in headline earnings.

SEGMENTAL REVIEW

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2022 Rm	2021 Rm	% change	**2022 Rm**	2021 Rm	% change
Food & Beverage brands	**11 157,8**	10 650,3	4,8	**2 68,2**	2 029,0	1,9
Entyce Beverages	**3 981,6**	3 777,1	5,4	**880,6**	872,8	0,9
Snackworks	**4 702,4**	4 267,8	10,2	**881,4**	814,6	8,2
I&J	**2 473,8**	2 605,4	(5,1)	**306,2**	341,6	(10,4)
Fashion brands	**2 687,5**	2 618,9	2,6	**495,9**	400,8	23,7
Personal Care	**1 176,5**	1 152,9	2,0	**193,4**	170,4	13,5
Footwear & Apparel	**1 511,0**	1 466,0	3,1	**302,5**	230,4	31,3
Corporate				**(24,0)**	(20,5)	
Group	**13 845,3**	13 269,2	4,3	**2 540,1**	2 409,3	5,4

Entyce Beverages

Revenue increased by 5,4% to R3,98 billion while operating profit increased 0,9% to R880,6 million, with the operating profit margin at 22,1% compared to 23,1% in the prior year.

Tea revenue decreased 0,4% due to lower rooibos revenue partially offset by a better black tea performance. Rooibos revenue was lower than last year with reduced selling prices, underpinned by lower raw material input costs, not fully recovered through improved volumes. Black tea revenue improved due to selling price increases taken last year and tight management of discounts, as well as better volumes with the first half shortfall supported by strong demand in the last quarter. From a brand perspective, our premium brand, Five Roses, delivered good volume growth, extending its market leadership position, whilst Trinco, the value brand, declined off a strong prior year base, which included lockdown demand in the first quarter. Gross profit margins were materially the same with input costs lower due to improved rooibos raw material prices and a stronger Rand partially offsetting higher international black tea prices. Lower revenue and increased selling and administrative costs resulted in a small decline in operating profit.

Coffee revenue was 5,0% higher than last year mainly due to higher sales in the Ciro out-of-home coffee business with improved demand from hospitality, leisure and corporate customers as lockdown restrictions were eased during the year. Revenue for the retail brands was lower than last year with continued pressure on mixed instant volumes from aggressive competitor activity partly offset by price increases on premium, affordable and mixed instant coffee in response to commodity input cost pressures. Selling and administrative costs were marginally higher than last year with the savings from the restructuring at Ciro offsetting inflationary cost pressures. Overall the coffee category delivered a higher gross profit and an increase in operating profit for the year.

Creamer revenue grew 15,4% due to higher selling price increases in response to inflationary cost pressures, and higher sales volumes. Volume growth was supported by a strong performance through the first semester with slowing demand in the second half as higher selling price increases, in response to significant input cost pressures, tempered demand. Gross profit increased, gross margins were negatively impacted by under-recovered costs, selling and administrative costs were well managed, and the strong revenue growth supported an improved operating profit for the year.

Snackworks

Revenue of R4,70 billion was 10,2% higher than last year while operating profit increased 8,2% from R814,6 million to R881,4 million. The operating profit margin decreased from 19,1% to 18,7%.

Biscuit revenue increased by 9,9% due to volume growth and higher selling prices as a result of the price increases taken in April 2021 and March 2022 to ameliorate input cost pressures and protect margins. Demand was resilient and was supported by a strong festive season, improved lunchbox and on-the-go volumes, and solid growth in the lower priced formats. Gross profit improved and margins were well managed in a challenging environment with the slight shortfall against last year primarily attributable to raw material write-off costs of R11,7 million associated with the unrest in July. Selling and administrative costs were well contained, supporting strong growth in operating profit and an improvement in the operating profit margin.

Snacks' revenue increased by 11,1% mainly due to higher selling prices and tighter control of discounts. Sales volumes improved through the second semester with the potato supply challenges in the first half abating and potato chip product innovation supporting strong volume growth. Gross profit improved but gross margins declined slightly with higher raw material costs not fully recovered in a competitive environment. Selling and administrative costs were well managed but materially higher distribution inflation, caused by higher fuel prices, offset the higher gross profit and resulted in a small decline in operating profit.

I&J

Revenue of R2,47 billion was 5,1% lower than last year while operating profit decreased from R341,6 million to R306,2 million. The operating profit margin declined from 13,1% to 12,4%.

The overall result was negatively impacted by lower fishing profits with declines relative to last year in the first and second semesters. This was a function of the impact of a strong Rand on export sales, lower fish sale volumes, due to lower catch rates which were partly offset by a better utilisation of the fleet and a favourable catch size mix, and substantially higher fuel costs for the fishing fleet, despite the benefit of fuel hedges. Price increases were taken in both our domestic and export markets but these did not fully absorb the impact of higher fuel costs.

Abalone delivered strong profit growth with a sustained post COVID-19 recovery due to improved pricing, a favourable product mix and increased demand in key Asian markets. Overall demand benefitted from the development of new markets with volumes in some formats impacted by Chinese lockdowns during parts of the year. Restructuring at the farm and effective cost management added further support to the expansion in operating profit margins.

Personal Care

Indigo's revenue of R1,18 billion was 2,0% higher than last year primarily due to selling price increases taken in response to rising input costs, partly offset by the impact of lower volumes. Operating profit increased from R170,4 million to R193,4 million, with the operating profit margin increasing from 14,8% to 16,4%.

Constrained consumers and a competitive environment affected demand, with global shipping and supplier delays negatively impacting service levels. Improved demand, albeit still below pre-COVID-19 levels, was evident through the second semester with good growth in aerosol, colour cosmetics and fragrance as lockdown restrictions eased. The gross profit margin improved and selling and administrative costs were 2,2% lower due to savings from restructuring initiatives undertaken last year.

Footwear & Apparel (including Spitz, Green Cross and Gant)

Revenue increased by 3,1% to R1,51 billion mainly due to higher selling prices and an improved sales mix, partially offset by lower sales volumes. Operating profit improved from R230,4 million to R302,5 million, with the operating profit margin increasing from 15,7% to 20,0%.

Footwear sales volumes declined 8,7% with the trading performance negatively impacted by the July unrest, stock availability challenges through the first semester and unplanned power outages that affected some trading. Demand in the second semester was buoyed by the easing of lockdown restrictions, improved stock availability and well-received summer and winter ranges. The ongoing review of the Green Cross retail footprint led to the closure of several under-performing Green Cross stores and impacted total revenue for the period. Like-for-like sales in Green Cross improved by 28,9%, supported by growth of 14,6% in footwear volumes and higher selling prices.

Gross profit margins improved despite stock write-offs of R19,5 million in the first semester due to the July unrest. Selling and administrative costs were 5,1% lower than last year, reflecting the recognition of insurance proceeds and the benefit of ongoing restructuring initiatives.

OUTLOOK

The financial prospects for the Group depend on how the domestic economy performs in the next year. Ongoing disruptions to global supply chains, domestic and international inflationary pressures and the prevalence of load shedding are likely to persist and, while the Group is operationally geared to manage the challenges, there are costs to doing so. Of equal importance is the impact these factors may have on our consumers. Real incomes continue to decline and unemployment remains high especially for younger South Africans. Growth in many of our categories is challenging with profit growth dependent on our ability to increase volumes and realise price increases to ameliorate input cost inflation and protect margins.

Our consistent hedging of currency and commodities will provide some certainty for the first semester of the new financial year. We have secured exchange rates at better than current levels but not at levels as favourable as the hedged levels last year.

Our focus on cost management is expected to deliver benefits and together with factory efficiencies and procurement savings, should support profit margins in the year ahead.

Capital projects that underpin our manufacturing capabilities, product quality and customer service levels will continue to be supported and include investments to expand the Marie Biscuit line, a new potato chip frying line and additional packing capacity in creamer. Further investment to increase the production capacity of the Bakers "Toppers" format will be finalised shortly and will extend the Bakers' range of affordable biscuits.

The hake long-term rights allocation process was concluded on 28 February 2022 with the allocations published for review and appeal by applicants. I&J's adjudicated scorecard was the highest in the sector and I&J was awarded 25,8% (previously 27,0%) of the total hake quota. This outcome, although subject to appeal, will allow AVI to fine tune I&J's long-term strategy and capital investment plans.

AVI International, supported by our South African manufacturing capabilities, remains focused on building our brands' shares in export markets whilst sustaining strong profit margins.

The Board remains confident that AVI is well equipped to continue adapting to a changing economic environment. Acquisition opportunities with the potential to meet the Board's criteria continue to be evaluated.

The above outlook statements have not been reviewed or reported on by AVI's external auditors.

Gavin Tipper
Chairman

Simon Crutchley
CEO

5 September 2022

summarised consolidated balance sheet

	Audited at 30 June 2022 Rm	2021 Rm
Assets		
Non-current assets		
Property, plant and equipment	**3 105,0**	3 265,8
Right-of-use assets	**424,9**	251,7
Intangible assets and goodwill	**937,0**	789,8
Investments and other long-term assets	**29,1**	32,0
Deferred taxation	**37,8**	43,3
	4 533,8	4 382,6
Current assets		
Inventories and biological assets	**2 820,7**	2 474,2
Trade and other receivables including derivatives	**1 798,6**	1 795,4
Cash and cash equivalents	**191,4**	194,1
	4 810,7	4 463,7
Total assets	**9 344,5**	8 846,3
Equity and liabilities		
Capital and reserves		
Total equity	**4 793,7**	4 401,9
Non-current liabilities		
Cash-settled share-based payment liability	**–**	41,6
Lease liabilities	**354,1**	165,8
Employee benefit liabilities	**282,3**	320,1
Deferred taxation	**441,9**	426,8
	1 078,3	954,3
Current liabilities		
Cash-settled share-based payment liability	**34,8**	–
Current borrowings including short-term portion of lease liabilities	**1 513,7**	1 752,9
Trade and other payables including derivatives	**1 853,5**	1 688,9
Current tax liabilities	**70,5**	48,3
	3 472,5	3 490,1
Total equity and liabilities	**9 344,5**	8 846,3
Movement in net debt		
Opening balance	**1 415,0**	926,4
Short-term funding repaid	**(213,4)**	(159,7)
Decrease in cash and cash equivalents	**8,4**	637,9
Translation of cash equivalents of foreign subsidiaries	**(5,7)**	10,4
Net debt excluding IFRS 16 lease liability movements	**1 204,3**	1 415,0
IFRS 16 lease liabilities	**472,1**	309,6
Net debt*	**1 676,4**	1 724,6

* *Comprises current borrowings plus long-term lease liabilities, less cash and cash equivalents.*

summarised consolidated statement of comprehensive income

	Audited year ended 30 June		
	2022 Rm	2021 Rm	% change
Revenue	**13 845,3**	13 269,2	4,3
Cost of sales	**(8 506,7)**	(8 101,2)	5,0
Gross profit	**5 338,6**	5 168,0	3,3
Selling and administrative expenses, including other income	**(2 798,5)**	(2 758,7)	1,4
Operating profit before capital items	**2 540,1**	2 409,3	5,4
Interest received	**4,6**	21,9	(79,0)
Finance costs	**(115,5)**	(121,2)	(4,7)
Share of equity-accounted (losses)/earnings of joint ventures	**(0,8)**	3,6	(122,2)
Capital items	**(2,2)**	(4,2)	(47,6)
Profit before taxation	**2 426,2**	2 309,4	5,1
Taxation	**(675,0)**	(663,7)	1,7
Profit for the year	**1 751,2**	1 645,7	6,4
Profit attributable to:			
Owners of AVI	**1 751,2**	1 645,7	6,4
Other comprehensive income/(loss), net of tax	**75,7**	(27,2)	
Items that are or may be subsequently reclassified to profit or loss			
Foreign currency translation differences	**17,2**	(28,0)	
Cash flow hedging reserve	**33,4**	1,7	
Taxation on items that are or may be subsequently reclassified to profit or loss	**(9,0)**	(0,5)	
Items that will never be reclassified to profit or loss			
Actuarial gain/(loss) recognised	**46,6**	(0,5)	
Taxation on items that will never be reclassified to profit or loss	**(12,5)**	0,1	
Total comprehensive income for the year	**1 826,9**	1 618,5	12,9
Total comprehensive income attributable to:			
Owners of AVI	**1 826,9**	1 618,5	12,9
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights, trademarks and computer software included in operating profit	**554,0**	559,1	(0,9)
Earnings per share			
Basic earnings per share (cents)#	**530,1**	498,9	6,3
Diluted basic earnings per share (cents)##	**528,8**	497,4	6,3
Headline earnings per share (cents)#	**530,6**	499,9	6,1
Diluted headline earnings per share (cents)##	**529,2**	498,4	6,2

Basic earnings and headline earnings per share are calculated on a weighted average of 330 321 721 (30 June 2021: 329 850 528) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 331 185 837 (30 June 2021: 330 845 156) ordinary shares in issue.

summarised consolidated statement of cash flows

	Audited year ended 30 June 2022 Rm	2021 Rm	% change
Operating activities			
Cash generated by operations	**2 999,4**	3 021,0	(0,7)
Interest paid	**(115,5)**	(121,2)	(4,7)
Taxation paid	**(648,4)**	(640,4)	1,2
Net cash available from operating activities	**2 235,5**	2 259,4	(1,1)
Investing activities			
Interest received	**4,6**	21,9	(79,0)
Property, plant and equipment acquired	**(240,8)**	(315,7)	(23,7)
Additions to intangible assets	**(165,3)**	(8,5)	1 844,7
Insurance proceeds on property, plant and equipment – civil unrest	**3,0**	–	
Proceeds from disposals of property, plant and equipment	**9,1**	17,6	(48,3)
Other cash flows from investments	**1,2**	4,3	(72,1)
Net cash utilised in investing activities	**(388,2)**	(280,4)	38,4
Financing activities			
Short-term funding repaid	**(213,4)**	(159,7)	33,6
Lease liabilities repaid	**(158,1)**	(174,0)	(9,1)
Payment to I&J BBBEE shareholders	**(11,0)**	(2,0)	450,0
Ordinary dividends paid	**(1 473,2)**	(1 355,5)	8,7
Special dividend paid	**–**	(925,7)	(100,0)
Net cash utilised in financing activities	**(1 855,7)**	(2 616,9)	(29,1)
Decrease in cash and cash equivalents	**(8,4)**	(637,9)	(98,7)
Cash and cash equivalents at beginning of year	**194,1**	842,4	
	185,7	204,5	
Translation of cash equivalents of foreign subsidiaries	**5,7**	(10,4)	
Cash and cash equivalents at end of year	**191,4**	194,1	

summarised consolidated statement of changes in equity

	Share capital and premium Rm	Treasury shares Rm	Reserves Rm	Retained earnings Rm	I&J BBBEE shareholders Rm	Total equity Rm
Year ended 30 June 2022						
Balance at 1 July 2021	279,4	(150,9)	170,4	4 209,6	(106,6)	4 401,9
Profit for the year	–	–	–	1 751,2	–	1 751,2
Other comprehensive income						
Foreign currency translation differences	–	–	17,2	–	–	17,2
Actuarial gains recognised, net of tax	–	–	34,1	–	–	34,1
Cash flow hedging reserve, net of tax	–	–	24,4	–	–	24,4
Total other comprehensive income	–	–	75,7	–	–	75,7
Total comprehensive income for the year	–	–	75,7	1 751,2	–	1 826,9
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	37,2	–	–	37,2
Deferred taxation on Group share scheme recharge	–	–	0,9	–	–	0,9
Dividends paid	–	–	–	(1 473,2)	–	(1 473,2)
Delisting and cancellation of treasury shares (Note 9)	–	75,1	(75,1)	–	–	–
Total contributions by and distributions to owners	–	75,1	(37,0)	(1 473,2)	–	(1 435,1)
Balance at 30 June 2022	**279,4**	**(75,8)**	**209,1**	**4 487,6**	**(106,6)**	**4 793,7**
Year ended 30 June 2021						
Balance at 1 July 2020	279,4	(150,9)	151,4	4 845,1	(106,6)	5 018,4
Profit for the year	–	–	–	1 645,7	–	1 645,7
Other comprehensive loss						
Foreign currency translation differences	–	–	(28,0)	–	–	(28,0)
Actuarial losses recognised, net of tax	–	–	(0,4)	–	–	(0,4)
Cash flow hedging reserve, net of tax	–	–	1,2	–	–	1,2
Total other comprehensive loss	–	–	(27,2)	–	–	(27,2)
Total comprehensive income for the year	–	–	(27,2)	1 645,7	–	1 618,5
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	43,1	–	–	43,1
Deferred taxation on Group share scheme recharge	–	–	3,1	–	–	3,1
Dividends paid	–	–	–	(2 281,2)	–	(2 281,2)
Total contributions by and distributions to owners	–	–	46,2	(2 281,2)	–	(2 235,0)
Balance at 30 June 2021	**279,4**	**(150,9)**	**170,4**	**4 209,6**	**(106,6)**	**4 401,9**

notes to the summarised consolidated annual financial statements

For the year ended 30 June 2022

AVI Limited ("AVI" or "the Company") is a South African registered company. These summarised consolidated annual financial statements comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in joint ventures.

1. Basis of preparation

The summarised consolidated annual financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for summarised reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 – *Interim Financial Reporting*.

The accounting policies used in the preparation of the summarised consolidated annual financial statements were derived from and are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summarised consolidated annual financial statements are prepared in millions of South African Rands ("Rm") on the historical cost basis, except for derivative financial instruments, biological assets and liabilities for cash-settled share-based payment arrangements, which are measured at fair value.

There are no new, revised or amended accounting standards, effective from 1 July 2021, applicable to the Group.

New standards and interpretations in issue not yet effective

Standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the Group. Management has concluded that they are either not applicable, or do not have a material impact to the business of the Group, and will therefore have no impact on future financial statements.

2. Impact of COVID-19 and civil unrest

While COVID-19 has had a limited impact on our business in the current year with restrictions lifted in April 2022, operational disruptions to supply chains have been notable but well managed. All business units have been able to operate throughout the year, with recoveries seen in some categories where consumers have trended back to normal spending patterns. Trading in our Ciro out-of-home and Indigo personal care, particularly cosmetic and fragrance, businesses continue to fall short of historical levels, however, both have achieved sound profit in a constrained environment with the benefits of effective cost management.

The civil unrest, which primarily impacted KwaZulu-Natal and Gauteng in July 2021, disrupted trading with all of AVI's facilities and retail stores closed for several days to safeguard our staff. While operations were able to return to normal this was at lower demand levels due to extensive damage to many malls, lower consumer footfall and compromised logistics networks. The Group suffered physical damage and loss to its inventories, fixed assets and cash on hand at stores. The Group had adequate South African Special Risk Insurance ("SASRIA") and general insurance cover for material damage to assets, inventory and business interruption. The effects of the asset losses as well as the proceeds on the insurance claims have been recognised in these results, with all claims paid by SASRIA.

2. Impact of COVID-19 and civil unrest continued

The table below summarises the Group impact of direct costs incurred and insurance proceeds recognised in respect of the civil unrest for the year ended 30 June 2022:

	Rm
Cost of sales – stock written off	(31,6)
Gross profit	(31,6)
Selling and administrative expenses, including other income	
– SASRIA insurance proceeds	66,7
– Store restoration and other costs	(4,6)
Operating profit before capital items	30,5
Capital items	1,1
– Disposal of capital items	(1,9)
– SASRIA insurance proceeds	3,0
Profit before taxation	31,6
Taxation	(8,9)
Net impact on profit for the period	22,7

The Group remains cash generative, with sufficient borrowing facilities to manage disruptions to operational cash flows and to continue to support its business units.

The Group has taken into account the JSE COVID-19 related guidance notes, as well as the related educational documents prepared by SAICA regarding the impact of COVID-19 on the application of IFRS, in the preparation of these condensed consolidated annual financial statements. Inventory and debtor provisions have been reviewed without any material movements in income statement adjustments compared to last year.

3. Segmental results

	Year ended 30 June 2022 Rm	2021 Rm	Change %
Segmental revenue			
Food & Beverage brands	**11 157,8**	10 650,3	4,8
Entyce Beverages	**3 981,6**	3 777,1	5,4
Snackworks	**4 702,4**	4 267,8	10,2
I&J	**2 473,8**	2 605,4	(5,1)
Fashion brands	**2 687,5**	2 618,9	2,6
Personal Care	**1 176,5**	1 152,9	2,0
Footwear & Apparel	**1 511,0**	1 466,0	3,1
Group	**13 845,3**	13 269,2	4,3
Segmental operating profit			
Food & Beverage brands	**2 068,2**	2 029,0	1,9
Entyce Beverages	**880,6**	872,8	0,9
Snackworks	**881,4**	814,6	8,2
I&J	**306,2**	341,6	(10,4)
Fashion brands	**495,9**	400,8	23,7
Personal Care	**193,4**	170,4	13,5
Footwear & Apparel	**302,5**	230,4	31,3
Corporate	**(24,0)**	(20,5)	
Group	**2 540,1**	2 409,3	5,4

4. Revenue

Disaggregation of revenue from contracts with customers ("revenue") into categories that depict the nature, amount, timing and uncertainty of revenue.

The following table sets out revenue by geographical market:

Geographical market	Audited year ended 30 June 2022 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
South Africa	3 480,5	4 074,8	970,2	1 085,5	1 495,7	11 106,7
Other African countries	492,2	599,5	36,5	91,0	15,3	1 234,5
Rest of the world	8,9	28,1	1 467,1	–	–	1 504,1
Total revenue	3 981,6	4 702,4	2 473,8	1 176,5	1 511,0	13 845,3

Geographical market	Audited year ended 30 June 2021 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
South Africa	3 262,3	3 688,9	893,4	1 061,1	1 450,8	10 356,5
Other African countries	503,8	548,5	48,3	91,8	15,2	1 207,6
Rest of the world	11,0	30,4	1 663,7	–	–	1 705,1
Total revenue	3 777,1	4 267,8	2 605,4	1 152,9	1 466,0	13 269,2

The majority of revenue comprises revenue from the sale of goods. Less than 2% (2021: less than 2%) of total revenue comprises income arising from service agreements, rental agreements and trademark license agreements.

notes to the summarised consolidated annual financial statements continued

5. Determination of headline earnings

	Audited year ended 30 June 2022 Rm	2021 Rm	% change
Profit for the year attributable to owners of AVI	**1 751,2**	1 645,7	6,4
Total capital items after taxation	**1,6**	3,1	(48,4)
Net loss/(gain) on disposal of property, plant and equipment	**3,3**	(4,2)	(178,6)
Impairment of property, plant and equipment	**–**	8,4	(100,0)
Disposal of property, plant and equipment – civil unrest	**1,9**	–	
Insurance proceeds on property, plant and equipment – civil unrest	**(3,0)**	–	
Taxation attributable to capital items	**(0,6)**	(1,1)	(45,5)
Headline earnings	**1 752,8**	1 648,8	6,3
Headline earnings per ordinary share (cents)	**530,6**	499,9	6,1
Diluted headline earnings per ordinary share (cents)	**529,2**	498,4	6,2

	Number of shares	Number of shares	% change
Weighted average number of ordinary shares	**330 321 721**	329 850 528	0,1
Weighted average diluted number of ordinary shares	**331 185 837**	330 845 156	0,1

6. Cash generated by operations

	Audited year ended 30 June 2022 Rm	2021 Rm	% change
Cash generated by operations before working capital changes	**3 126,8**	3 011,4	3,8
Changes in working capital	**(127,4)**	9,6	(1 427,1)
Cash generated by operations	**2 999,4**	3 021,0	(0,7)

7. Commitments

	Year ended 30 June Audited	
	2022 Rm	2021 Rm
Capital expenditure commitments for property, plant and equipment	**263,2**	112,7
Contracted for	**174,0**	81,2
Authorised but not contracted for	**89,2**	31,5

It is anticipated that this expenditure will be financed by cash resources, cash generated from operating activities and existing borrowing facilities. Other contractual commitments have been entered into in the normal course of business.

8. Acquisition of trademarks

In June 2022, the Group concluded the purchase of various trademarks from Coty International B.V. for a total purchase price of R150,0 million. The majority of the consideration related to the acquisition of the Exclamation and Gravity brands, with the remainder related to other smaller trademarks.

9. Delisting and cancellation of treasury shares

The Company's wholly owned subsidiary, AVI Financial Services Proprietary Limited ("AVI Financial Services"), held 969 501 ordinary shares in the Company at 30 June 2021.

On 15 December 2021, AVI Financial Services effected a distribution in specie of these shares to the Company, in its capacity as the holding company of AVI Financial Services. The subsequent delisting and cancellation of the 969 501 ordinary shares, as approved by the JSE, was effected on 22 December 2021.

The shares cancelled represented 0,29% of the issued share capital of the Company immediately prior to the cancellation. Post the cancellation, the issued share capital of the Company was 336 001 990 ordinary shares.

The delisting and cancellation of shares resulted in a R75,1 million reduction in the treasury shares balance of which R75,1 million was allocated to the share buy-back reserve and the balance to share capital, with no impact on earnings or earnings per share.

10. Fair value classification and measurement

The Group measures derivative foreign exchange contracts, fuel swaps and biological assets at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of foreign exchange contracts and fuel swaps is determined using a forward pricing model with reference to quotes from financial institutions. Significant inputs into the Level 2 fair value measurement include yield curves as well as market interest rates and foreign exchange rates. The estimated fair values of recognised financial instruments approximate their carrying amounts based on the nature or maturity period of the financial instruments.

Biological assets comprise abalone which is farmed by I&J. The fair value of these assets is disclosed as Level 3 per the fair value hierarchy, with the fair value determined using a combination of the market comparison and cost technique as prescribed by IAS 41.

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy for the year ended 30 June 2022.

Further information about the assumptions made in measuring fair values is included in the consolidated annual financial statements available on the Company's website www.avi.co.za.

11. Post-reporting date events

No material events that meet the requirements of IAS 10 have occurred since the reporting date.

12. Dividend declaration

Notice is hereby given that a gross final ordinary dividend No. 100 of 292 cents per share for the year ended 30 June 2022 has been declared payable to shareholders of ordinary shares. The dividend has been declared out of income reserves and will be subject to dividend withholding tax at a rate of 20%. Consequently a net final dividend of 233,6 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Services by a nominee company, stockbroker or Central Securities Depository Participant ("CSDP") (collectively "regulated intermediary") on behalf of shareholders. However, all shareholders should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption. AVI's issued share capital at the declaration date is 336 001 990 ordinary shares. AVI's tax reference number is 9500/046/71/0. The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Tuesday, 18 October 2022
First trading day ex dividend on the JSE	Wednesday, 19 October 2022
Record date	Friday, 21 October 2022
Payment date	Monday, 24 October 2022

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 19 October 2022, and Friday, 21 October 2022, both days inclusive.

Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. Following the discontinuation of cheque payments by most South African banks, AVI will no longer issue cheques and all future payments will only be made into a nominated bank account by electronic funds transfer. Shareholders who have not yet provided their bank account details to Computershare Investor Services Proprietary Limited are reminded to contact Computershare on 0861 100 950 with their bank account details into which the dividends can be paid electronically. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 24 October 2022.

notes to the summarised consolidated annual financial statements continued

13. Reports of the independent auditor and annual financial statements

The summarised consolidated annual financial statements for the year ended 30 June 2022 have been audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these summarised consolidated annual financial statements were derived. The auditor's report on the summarised consolidated annual financial statements does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report on the summarised consolidated annual financial statements and of the auditor's report on the consolidated annual financial statements which are available for inspection at the Company's registered office. The consolidated annual financial statements and auditor's report are also available on the Company's website www.avi.co.za.

14. Preparer of financial statements

These summarised consolidated annual financial statements have been prepared under the supervision of Justin O'Meara CA (SA), the AVI Group Chief Financial Officer.

15. Annual report

The annual report for the year ended 30 June 2022 will be posted to shareholders on or about Wednesday, 5 October 2022. The annual report will include the notice of the annual general meeting of shareholders to be convened on Wednesday, 9 November 2022.

Administration and principal subsidiaries

ADMINISTRATION

Company registration
AVI Limited ("AVI")
Reg no: 1944/017201/06
Share code: AVI
ISIN: ZAE000049433

Company Secretary
Sureya Scheepers

Business address and registered office
2 Harries Road
Illovo
Johannesburg 2196
South Africa

Postal address
PO Box 1897
Saxonwold 2132
South Africa

Telephone: +27 (0)11 502 1300
Telefax: +27 (0)11 502 1301
E-mail: info@avi.co.za
Website: www.avi.co.za

Auditors
Ernst & Young Inc.

Sponsor
The Standard Bank of South Africa Limited

Commercial bankers
Standard Bank
Nedbank

Transfer secretaries
Computershare Investor Services Proprietary Limited
Business address
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196

Postal address
Private bag X9000
Saxonwold 2132
South Africa
Telephone: +27 (0)11 370 5000
Telefax: +27 (0)11 370 5271

PRINCIPAL SUBSIDIARIES

Food & Beverage brands
National Brands Limited
Reg no: 1948/029389/06
(incorporating Entyce Beverages and Snackworks)

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

Managing director
Gaynor Poretti
Telephone: +27 (0)11 707 7200
Telefax: +27 (0)11 707 7799

I&J
Irvin & Johnson Holding Company Proprietary Limited
Reg no: 2004/013127/07

1 Davidson Street
Woodstock
Cape Town 7925

PO Box 1628
Cape Town 8000

Managing director
Jonty Jankovich
Telephone: +27 (0)21 440 7800
Telefax: +27 (0)21 440 7270

Fashion brands
Personal Care
Indigo Brands Proprietary Limited
Reg no: 2003/009934/07

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

Acting managing director
Roger Coppin
Telephone: +27 (0)21 507 8500
Telefax: +27 (0)21 507 8501

Footwear & Apparel
A&D Spitz Proprietary Limited
Reg no: 1999/025520/07

30 Sloane Street
Bryanston 2021

PO Box 782916
Sandton 2145

Acting managing director
Simon Crutchley
Telephone: +27 (0)11 707 7300
Telefax: +27 (0)11 707 7763

directors

Executive

Simon Crutchley[3]
(Chief Executive Officer)

Owen Cressey[3, 4]
Justin O'Meara[3, 5]
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Gavin Tipper[1]
(Chairman)

James Hersov

Mike Bosman[2]

Abe Thebyane[1]

Alexandra Muller[2, 3]

Busisiwe Silwanyana[2]

[1] *Member of the Remuneration, Nomination and Appointments Committee*
[2] *Member of the Audit and Risk Committee*
[3] *Member of the Social and Ethics Committee*
[4] *Resigned from the Board and Social and Ethics Committee on 31 December 2021*
[5] *Appointed to the Board and Social and Ethics Committee with effect 1 January 2022*

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Freshpak
ROOIBOS
Cappuccino
CHAI FLAVOUR
YARDLEY
LONDON
ENGLISH BLAZER
ACTIVE
HIGH TOLERANCE
ANTI-PERSPIRANT
Good Morning
RUSKS
FIVE ROSES
BAKERS
cla·ma't!on