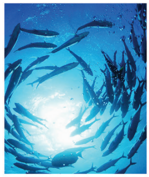
GROWING GREAT BRANDS



AVI

RESULTS FOR THE YEAR ENDED 30 JUNE 2023

AVI

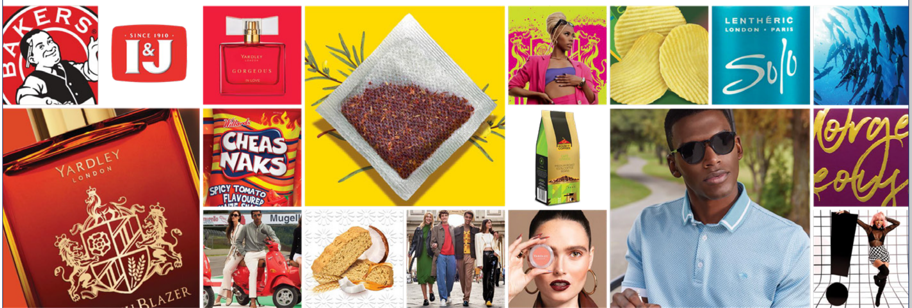
AVI LIMITED

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 2023



GROWING GREAT BRANDS

notes

AGENDA

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

AVI | GROWING GREAT BRANDS

notes

KEY FEATURES

- Challenging macroeconomic environment
- Increased levels of load-shedding disrupted operations
  - Direct operating cost of R58,5 million
  - Significant indirect costs
- I&J's profitability impacted by higher fuel prices, poor catch-rates, load-shedding costs and lockdown affected abalone sales mix in the first semester
- Group revenue increased by 7,8%
- Price increases in all categories to offset the weaker Rand and rising raw material costs

AVI | GROWING GREAT BRANDS

notes

KEY FEATURES

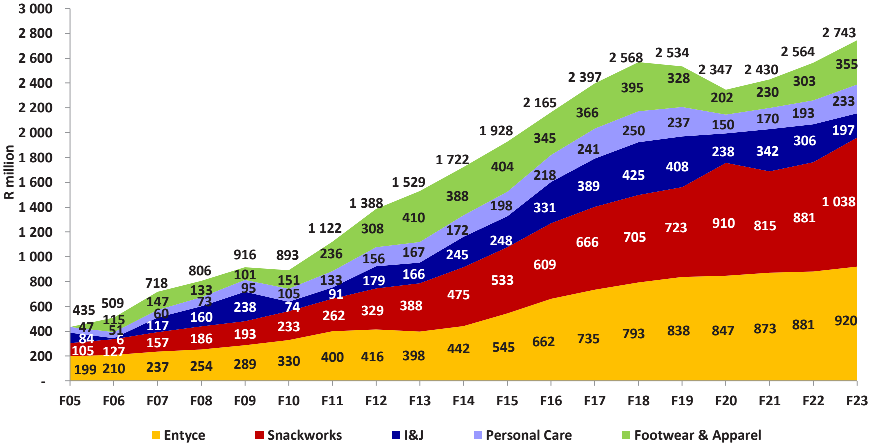
- Stable gross margins despite cost pressures
- Operating profit in the second semester improved by 14,5%
- Operating profit for the year increased by 6,9%
- Operating profit for the year, excluding I&J, increased by 12,7%
- R9,4 million benefit from lower corporate tax rate
- Headline earnings per share up 4,3% to 553,6 cents
- Strong cash generation supported by reduction in working capital through second half
- Final dividend of 310 cents per share, ordinary dividend up 4,3%

AVI | GROWING GREAT BRANDS

notes

RESULTS HISTORY

Operating profit history



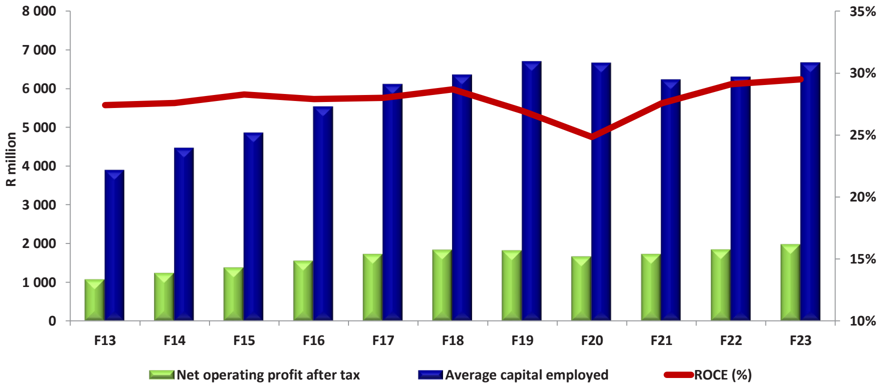
- Sustained post-COVID-19 recovery despite lower I&J earnings
- Compound annual growth of 10,7% from F05

AVI | GROWING GREAT BRANDS

notes

RESULTS HISTORY

Return on capital employed



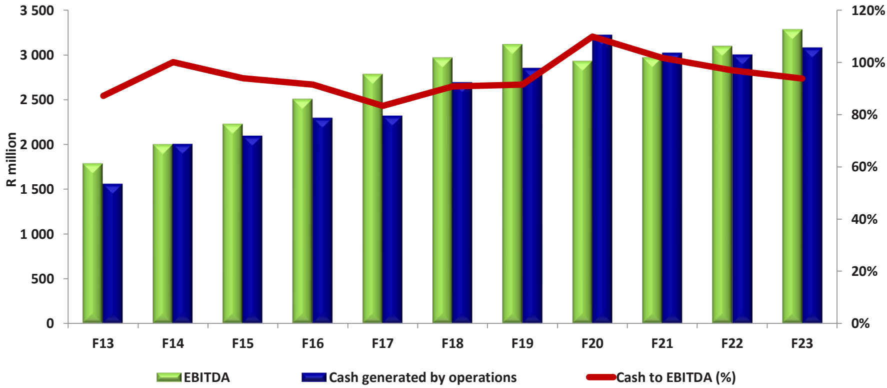
- High return maintained in a difficult environment

AVI | GROWING GREAT BRANDS

notes

RESULTS HISTORY

Cash conversion



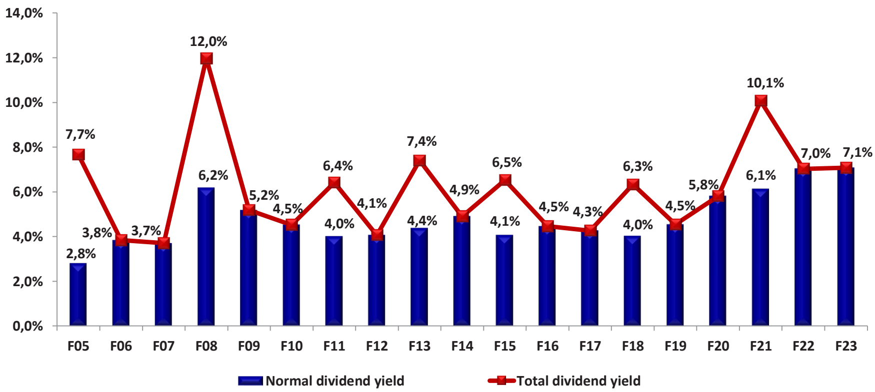
- Strong cash generation including increased working capital

AVI | GROWING GREAT BRANDS

notes

RESULTS HISTORY

Dividend yield



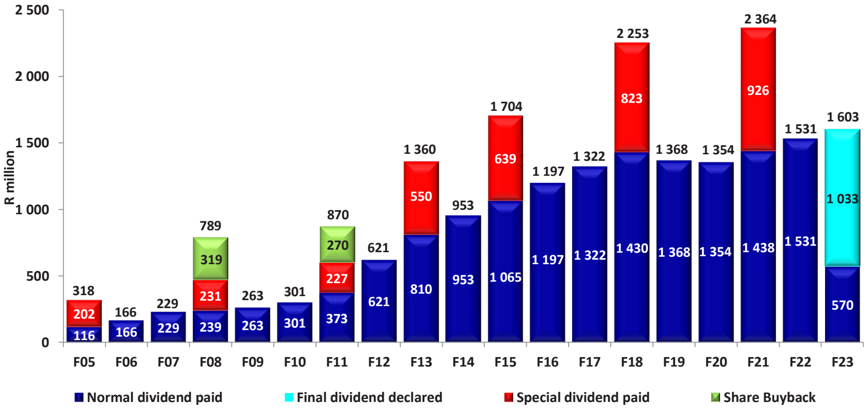
- Based on share price at end of each year (R68,09 at end June 2023)
- Total dividend yield includes payments out of share premium and special dividends
- Excludes share buy-backs

AVI | GROWING GREAT BRANDS

notes

RESULTS HISTORY

Returns to shareholders



- Effective payout ratio from F05 = 95,2% of headline earnings
- Normal dividend cover reduced from 2,00x in F11 to current 1,15x of diluted headline earnings resulting in 87% payout

AVI | GROWING GREAT BRANDS

notes


AVI
Group Financial Results
BAKERS
SINCE 1910
I&J
CHEAS NAKS
SPICY TOMATO FLAVOURED
LENTHÉRIC
LONDON · PARIS
Solo
YARDLEY
LONDON
GROWING GREAT BRANDS

notes

GROUP FINANCIAL RESULTS

Income statement

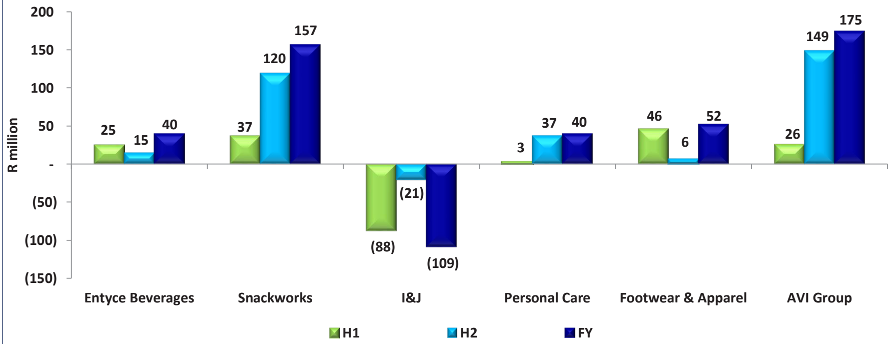
	F23 Rm	F22 Rm	%Δ
Revenue	14 919,6	13 845,3	7,8
Cost of sales	(9 095,1)	(8 506,7)	6,9
Gross profit	5 824,5	5 338,6	9,1
Gross profit margin %	*39,0*	*38,6*	*1,0*
Selling and administrative expenses	(3 109,7)	(2 798,5)	11,1
Operating profit	2 714,8	2 540,1	6,9
Operating profit margin %	*18,2*	*18,3*	*(0,5)*
Net financing cost	(190,9)	(110,9)	72,1
Share of joint ventures	2,1	(0,8)	
Capital items before tax	9,1	(2,2)	
Effective tax rate %	*27,5*	*27,8*	*(1,1)*
Headline earnings	1 830,2	1 752,8	4,4
HEPS (cps)	*553,6*	*530,6*	*4,3*

AVI | GROWING GREAT BRANDS

notes

GROUP FINANCIAL RESULTS

Change in operating profit F23 vs F22



- Strong growth in H2 supported by Snackworks and Personal Care due to increased prices with volume declines lower
- H1 performance in Footwear and Apparel driven by price increases, strong peak season demand, improved stock availability and non-repeat of last year's unrest
- I&J impacted by higher fuel prices, poor catch rates, load-shedding costs and lockdown affected abalone sales mix in H1

AVI | GROWING GREAT BRANDS

notes

GROUP FINANCIAL RESULTS

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F23 Rm	F22 Rm	Δ %	F23 Rm	F22 Rm	Δ %	F23 %	F22 %
Food & Beverage brands	**11 999,4**	**11 157,8**	**7,5**	**2 155,4**	**2 068,2**	**4,2**	**18,0**	**18,5**
Entyce Beverages	4 251,6	3 981,6	6,8	920,2	880,6	4,5	21,6	22,1
Snackworks	5 261,2	4 702,4	11,9	1 038,4	881,4	17,8	19,7	18,7
I&J	2 486,6	2 473,8	0,5	196,8	306,2	(35,7)	7,9	12,4
Fashion brands	**2 920,2**	**2 687,5**	**8,7**	**587,9**	**495,9**	**18,6**	**20,1**	**18,5**
Personal Care	1 223,3	1 176,5	4,0	233,1	193,4	20,5	19,1	16,4
Footwear & Apparel	1 696,9	1 511,0	12,3	354,8	302,5	17,3	20,9	20,0
Corporate				**(28,5)**	**(24,0)**			
Group	**14 919,6**	**13 845,3**	**7,8**	**2 714,8**	**2 540,1**	**6,9**	**18,2**	**18,3**

AVI | GROWING GREAT BRANDS

notes

GROUP FINANCIAL RESULTS

Movement in Group revenue

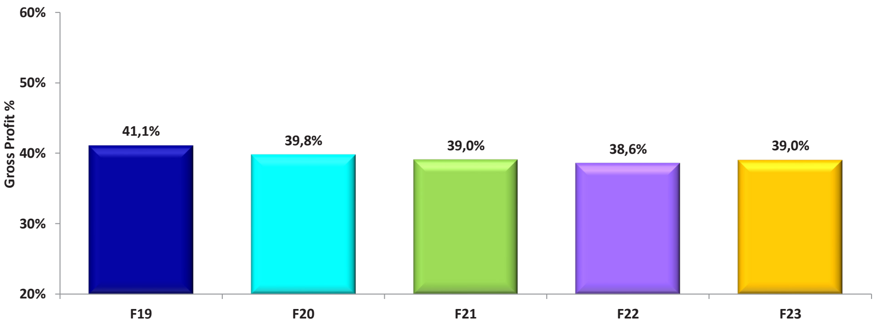
- Price increases across the Group required to recover significant input cost inflation
- I&J selling price increases, supported by weaker Rand, offset by lower fish sales volumes and unfavourable abalone sales mix
- Management of price / volume across portfolio challenged by constrained and competitive environment
    - Business more susceptible to loss of value than volume

AVI | GROWING GREAT BRANDS

notes

GROUP FINANCIAL RESULTS

Gross profit margin



- Gross profit margins largely protected in difficult environment
- Decrease relative to historical levels mainly due to lower I&J profit

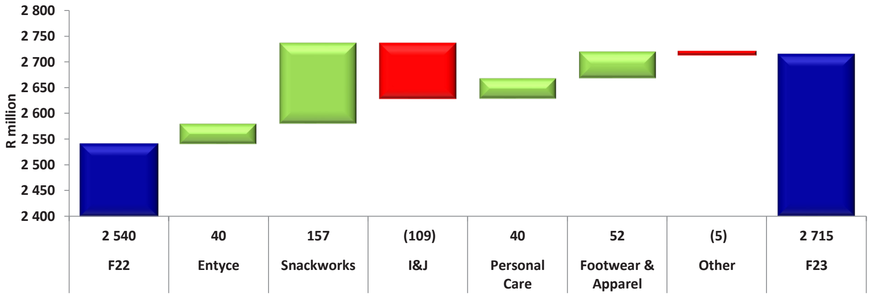
AVI | GROWING GREAT BRANDS

notes

RESULTS for the year ended 30 June 2023

GROUP FINANCIAL RESULTS

Operating profit 6,9% up



- Entyce: Sustained Ciro recovery and improved performance in coffee partly offset by lower profits in tea and creamer
- Snackworks: Strong biscuit performance supported by higher realised selling prices, partly offset by volume pressure in snacks
- I&J: Weaker fishing performance with cost pressures not fully recovered and unfavourable abalone mix
- Personal Care: Improved aerosol and fragrance performance, and margin growth from acquired Coty trademarks
- Footwear and Apparel: Higher realised selling prices and strong peak season demand supported by improved stock availability

AVI | GROWING GREAT BRANDS

notes

GROUP FINANCIAL RESULTS

Cash flow, gearing and return on capital

	F23 Rm	F22 Rm	%Δ
Cash generated by operations	3 079,7	2 999,4	2,7
Cash / EBITDA %	*93,6*	*96,9*	*(3,4)*
Working capital to revenue %	*23,7*	*23,5*	0,9
Capital expenditure	(482,2)	(240,8)	
Acquisition of intangibles	(8,0)	(165,3)	
Net debt	1 749,8	1 676,4	4,4
Net debt / capital employed %	*25,5*	*25,9*	*(1,5)*
Return on average capital employed %	*29,5*	*29,1*	*1,4*

- Strong conversion of earnings into cash
- Working capital well managed with increase due to inventory inflation and strong Q4 sales
- Capital investment carefully managed in constrained environment with post-COVID-19 catch-up
- Net debt levels remain within our target range
- Strong ROCE underpinned by earnings growth

AVI | GROWING GREAT BRANDS

notes

GROUP FINANCIAL RESULTS

Dividends

	F23 Rm	F22 Rm	%Δ
Interim dividend – cps	172,0	170,0	1,2
Final dividend - cps	310,0	292,0	6,2
Ordinary dividend – cps	**482,0**	**462,0**	**4,3**
*Dividend yield - %**	*7,1*	*7,0*	
Ordinary dividend cover ratio	1,15	1,15	
Closing share price - cps	6 809	6 572	

* Calculated using the closing share price at 30 June

- Ordinary dividend increase in line with earnings growth
- Attractive yield

AVI | GROWING GREAT BRANDS

notes


ENTYCE
BEVERAGES
A DIVISION OF NATIONAL BRANDS LIMITED
Performance

notes

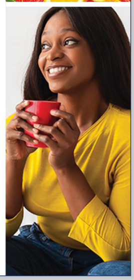
ENTYCE BEVERAGES

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	4 251,6	3 981,6	6,8
Operating profit	920,2	880,6	4,5
Operating profit margin %	21,6	22,1	(2,3)

- Tea profit decline
  - Price increases across both black tea and rooibos to ameliorate inflationary cost pressures
  - Tea revenue constrained by lower volume from higher selling prices and competitor promotions
  - Value brands delivered revenue growth
  - Black tea raw material prices higher due to weaker Rand
  - Gross profit margin remains healthy
  - Load-shedding impact on hot beverage consumption occasions

AVI | GROWING GREAT BRANDS



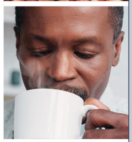
notes

ENTYCE BEVERAGES

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	4 251,6	3 981,6	6,8
Operating profit	920,2	880,6	4,5
Operating profit margin %	21,6	22,1	(2,3)

- Coffee growth due to sustained Ciro out-of-home recovery and better mixed instant profit
  - Significant selling price increases in response to commodity input cost pressures
  - Demand limited by consumers' ability to digest higher selling prices with volumes in all categories lower
  - Mixed instant further supported by factory restructuring initiatives
  - Improved Ciro demand in hospitality, leisure and corporate
  - Ciro restructuring during COVID-19 supported efficiency with improved profits ahead of pre-COVID-19 levels



AVI | GROWING GREAT BRANDS

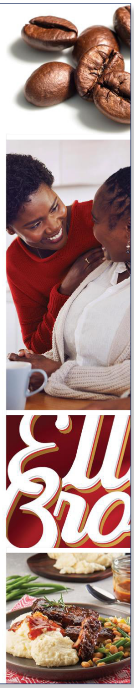
notes

ENTYCE BEVERAGES

Income statement

	F23 Rm	F22 Rm	%∆
Revenue	4 251,6	3 981,6	6,8
Operating profit	920,2	880,6	4,5
Operating profit margin %	21,6	22,1	(2,3)

- Creamer profit slightly lower
  - Material selling price increases in response to significantly higher raw material costs
  - Volume pressure due to aggressive competitor pricing with increased promotional activity in H2 to support volumes
  - Balancing volume and value was challenging with gross profit margins reduced by under recovered costs
  - Load-shedding impact on home baking impacting creamer volumes



AVI | GROWING GREAT BRANDS

notes

ENTYCE BEVERAGES

Sales volume and selling prices

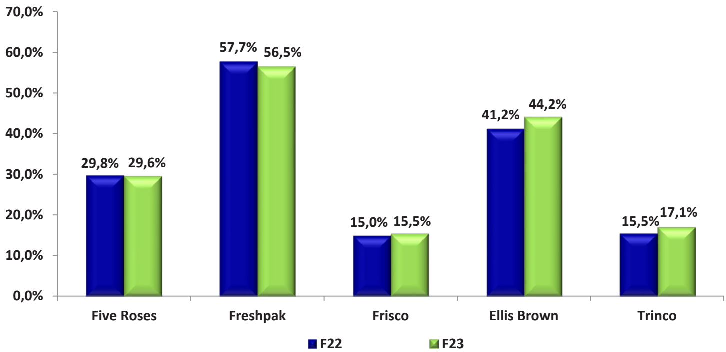
	% Δ F23 vs F22	% Δ F23 H2 vs F22 H2	Comments
Tea revenue flat	***(0,0)***	***6,1***	
Volume	*(8,3)*	*(1,9)*	*Declines in both black tea and rooibos volumes with declines slowing in the second semester*
Ave. selling price	*9,0*	*8,2*	*Prices increases in July 2022 on both black tea and rooibos*
Coffee revenue growth	***6,6***	***4,8***	
Volume	*(6,3)*	*(5,5)*	*Declines in premium, affordable and mixed instant*
Ave. selling price	*13,8*	*10,8*	*Significant price increases across all categories to recover impact of rising raw material costs*
Creamer revenue growth	***7,9***	***10,7***	
Volume	*(8,7)*	*(2,5)*	*Volume declines as a result of aggressive competitor pricing*
Ave. selling price	*18,2*	*13,5*	*Price inflation to recover material cost pressure partly offset by increased promotions in H2 to support volumes*

AVI | GROWING GREAT BRANDS

notes

ENTYCE BEVERAGES

Market shares – 12 months value



- Short term market shares reflect targeted price / volume balance
- Trinco brand well positioned to address consumer need for affordability
- Market share reflects formal retail only

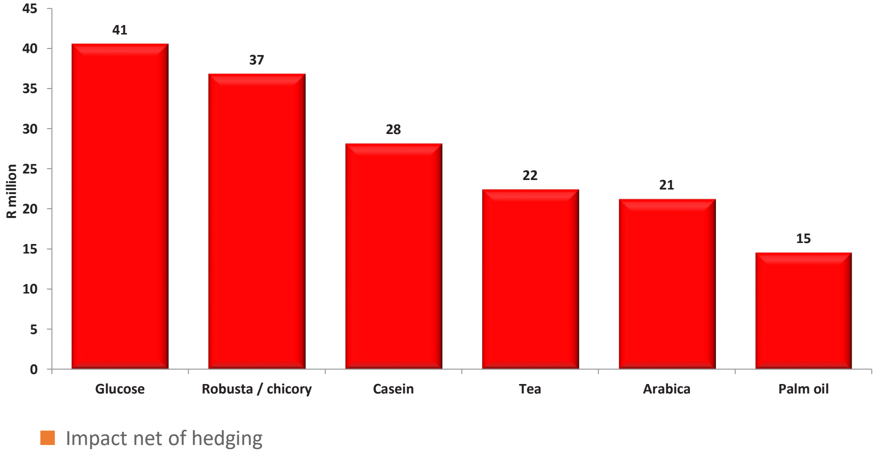
AVI | GROWING GREAT BRANDS

notes

ENTYCE BEVERAGES

Raw material costs

Cost impact of raw materials and commodities consumed in the period (F23 vs F22):



AVI | GROWING GREAT BRANDS

notes

Snackworks

That's Good Times!

Performance

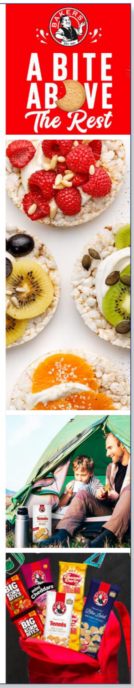
notes

Snackworks
That's Good Times!

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	5 261,2	4 702,4	11,9
Operating profit	1 038,4	881,4	17,8
Operating profit margin %	19,7	18,7	5,3

- Increase in biscuit profit supported by top-line growth
  - Selling price increases to recover material input cost pressures and protect margins
  - Volumes down but supported by lower priced formats, festive season demand for Bakers Choice Assorted and rusk innovation
  - Improved factory performance at both Isando and Westmead
  - Selling and administrative costs well managed but impacted by fuel prices and non-repeat of insurance proceeds last year



AVI | GROWING GREAT BRANDS

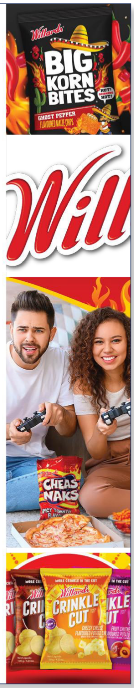
notes

Snackworks
That's Good Times!

Income statement

	F23 Rm	F22 Rm	%∆
Revenue	5 261,2	4 702,4	11,9
Operating profit	1 038,4	881,4	17,8
Operating profit margin %	19,7	18,7	5,3

- Decline in snacks profit
  - Volumes impacted by price increases required to protect margins and aggressive competitor pricing
  - Potato volumes further impacted by transition to smaller pack size to align with competitors
  - Gross profit margin lower with cost pressures not fully recovered
  - Distribution costs higher due to fuel price increases



AVI | GROWING GREAT BRANDS

notes

Snackworks
That's Good Times!

Sales volume and selling prices

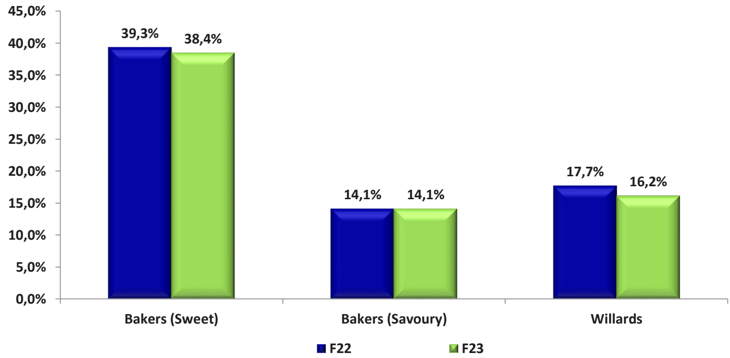
	% Δ F23 vs F22	% Δ F23 H2 vs F22 H2	Comments
Biscuits revenue growth	***14,3***	***16,4***	
Volume	*(1,1)*	*(0,7)*	*Increased pricing and constrained consumers partly offset by demand for lower priced formats, strong festive season and rusk innovation*
Ave. selling prices	*15,5*	*17,2*	*Price increases in March 2022, September 2022 and April 2023*
Snacks revenue growth	***4,8***	***(0,3)***	
Volume	*(9,8)*	*(14,3)*	*Volumes impacted by aggressive competitor activity and selling price inflation as well as pack size transition in potato*
Ave. selling prices	*16,2*	*16,3*	*Price increases in March 2022, September 2022 and April 2023*

AVI | GROWING GREAT BRANDS

notes

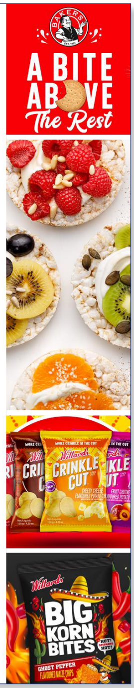
Snackworks
That's Good Times!

Market shares – 12 months value



- Balanced price / volume
- Market share reflects formal retail only
- Sound demand for affordable formats in wholesale channel

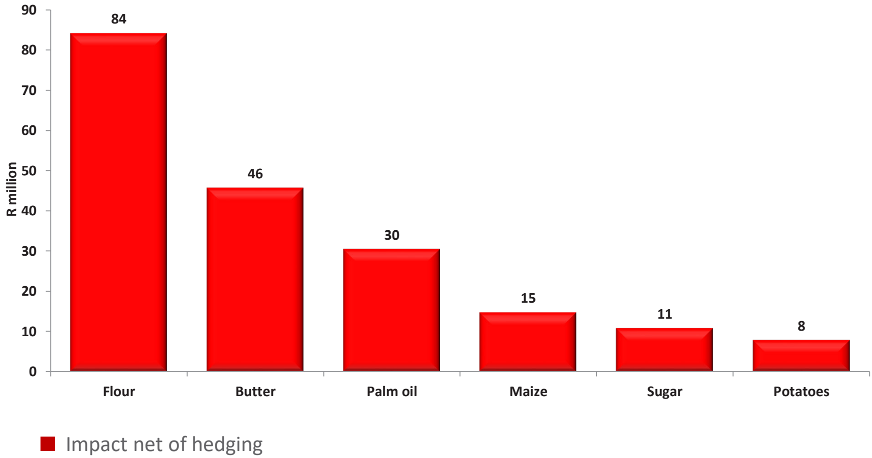
AVI | GROWING GREAT BRANDS



notes

Raw material costs

Cost impact of raw materials and commodities consumed in the period (F23 vs F22):



GROWING GREAT BRANDS

notes

Performance

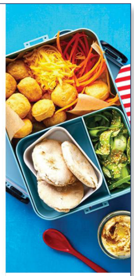
notes

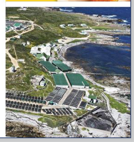
Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	2 486,6	2 473,8	0,5
Operating profit	196,8	306,2	(35,7)
Operating profit margin %	7,9	12,4	(36,3)

- Challenging year with lower fishing profitability, despite weaker Rand
  - Higher diesel costs not fully recovered despite material price increases
  - Lower catch rates
  - Significant price increases and competition impacted demand in domestic and export markets
  - Fishing sales volumes affected by lower quota, value-added product availability and load-shedding
  - Significant operational disruptions from load-shedding, including fire at processing plant in April 2023 with insurance proceeds not recognised

AVI | GROWING GREAT BRANDS





notes

Income statement

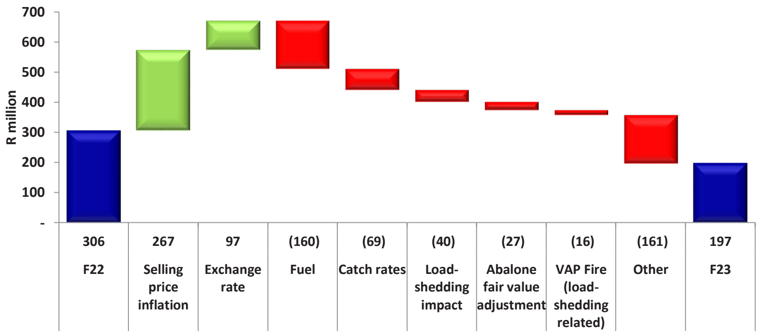
	F23 Rm	F22 Rm	%Δ
Revenue	2 486,6	2 473,8	0,5
Operating profit	196,8	306,2	(35,7)
Operating profit margin %	7,9	12,4	(36,3)

- Lower profits from abalone
  - Unfavourable sales mix impacted by lockdown in China and Hong Kong with improvement following lifting of COVID-19 restrictions in H2
  - Unfavourable biological asset fair value adjustment compared to last year
  - Load-shedding mitigated through generators at material cost

AVI | GROWING GREAT BRANDS

notes

Operating profit

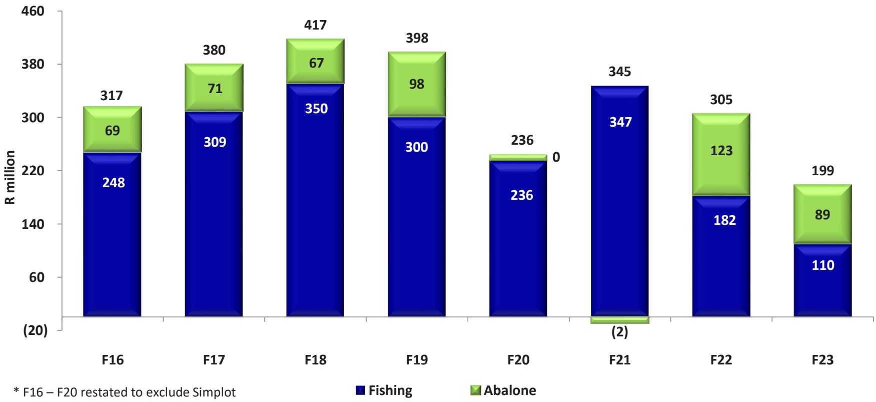


- Selling price increases and weaker Rand more than offset by significant cost inflation
- Margins significantly eroded by higher fuel costs
- Fishing costs negatively impacted by lower catch rates and operating deleverage due to lower volumes
- Abalone decline due to unfavourable sales mix and fair value adjustment
- Load-shedding – operational disruptions and higher energy costs

AVI | GROWING GREAT BRANDS

notes

Profit history

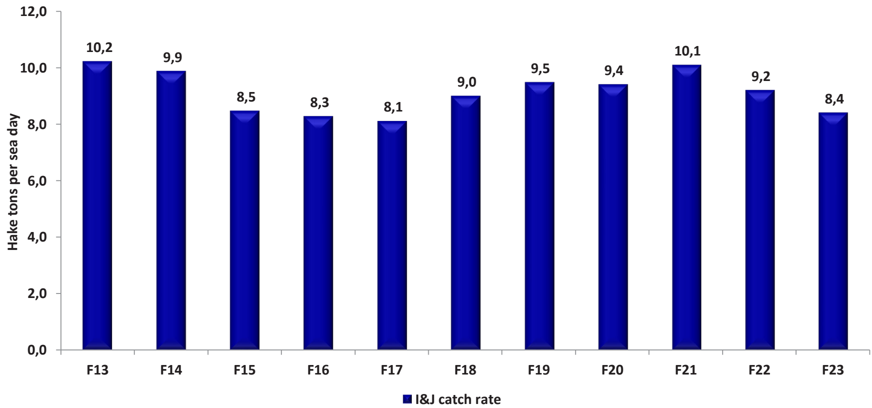


- Fishing performance impacted by high fuel costs and lower catch rates
- Abalone supported by improved H2 demand from China and Hong Kong with lockdown restrictions lifted

AVI | GROWING GREAT BRANDS

notes

Fishing performance



- Decline due to poorer wet and freezer vessel catch rates

AVI | GROWING GREAT BRANDS

notes

Sales volume and selling prices (Hake)

	% Δ F23 vs F22	% Δ F23 H2 vs F22 H2	Comments
I&J Domestic revenue decline	***(13,2)***	***(12,5)***	
Volume	*(28,9)*	*(23,7)*	*Competitor activity, constrained demand, reduced value-added product availability (including impact of fire) and significantly lower whole fish volumes (Quota related)*
Ave. selling prices	*22,2*	*14,7*	*Significant price increases taken to mitigate cost pressure*
I&J Export revenue growth	***12,1***	***12,9***	
Volume	*(4,3)*	*(8,4)*	*Demand constrained by price increases and pricing of competing species as well as product availability (including impact of fire), partly offset by prioritisation of export markets*
Ave. selling prices	*17,2*	*23,3*	*Price increases taken to mitigate cost pressure and weaker Rand*

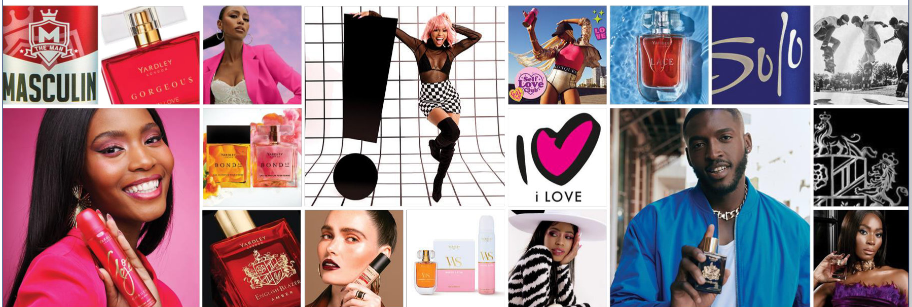
AVI | GROWING GREAT BRANDS

notes

indigo brands

YARDLEY LONDON · LENTHÉRIC LONDON · PARIS · eXcla·ma'tion · RIMMEL LONDON · adidas · nailene. · Sally Hansen

Performance



notes

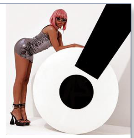
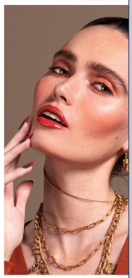
indigo brands

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	1 223,3	1 176,5	4,0
Operating profit	233,1	193,4	20,5
Operating profit margin %	19,1	16,4	16,5

- Indigo profit growth supported by trademarks acquired
  - Revenue growth from aerosol, fragrance and roll-on offset by reduced manufacturing revenue due to trademarks acquired from Coty
  - Costs from rationalising certain non-critical product lines
  - Margin expansion supported by acquisition of Exclamation and Gravity brands from Coty
  - Increased marketing support of key brands
- Non-renewal of Coty distributor agreement on 1 July 2023
  - R50,0 million contribution in F23, including sell-in to support transition
  - Focus on cost structures to ameliorate impact

AVI | GROWING GREAT BRANDS

notes

indigo brands

Sales volume and selling prices

	% Δ F23 vs F22	% Δ F23 H2 vs F22 H2	Comments
Personal Care revenue growth*	***21,4***	***27,4***	
Volume**	*10,3*	*12,6*	*Coty acquired trademarks, aerosol, fragrance and roll-on growth offset by declines in colour and lotions*
Ave. selling price	*10,1*	*13,1*	*Price increases in response to cost pressure*

* Excludes Coty licensed brands

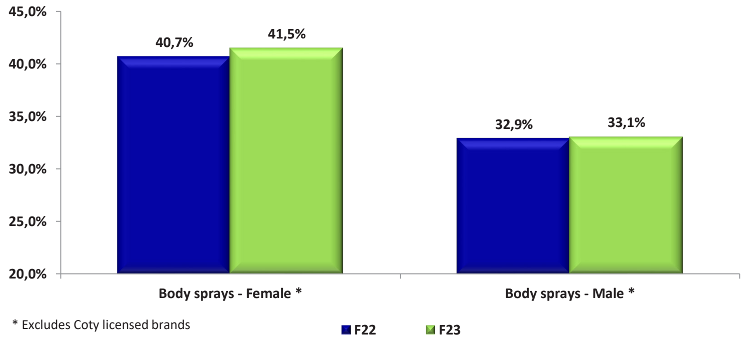
** Like-for-like volume decline, excluding the impact of Coty acquired trademarks, is 2,5% (H2 0,7% higher)

AVI | GROWING GREAT BRANDS

notes

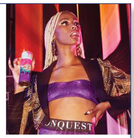
indigo brands

Market shares – 12 months value



* Excludes Coty licensed brands

- Balanced price / volume in competitive environment
- Good performance from both Yardley and Lentheric in female and male portfolios
- Comparative market share restated to recognise Exclamation and Gravity brands acquired from Coty on like-for-like basis



AVI | GROWING GREAT BRANDS

notes

FOOTWEAR AND APPAREL

SPITZ KURT GEIGER GANT GREEN CROSS GX&CO

Performance

notes

FOOTWEAR AND APPAREL

Income statement

	F23 Rm	F22 Rm	%Δ
Revenue	1 696,9	1 511,0	12,3
Operating profit	354,8	302,5	17,3
Operating profit margin %	20,9	20,0	4,5

- Strong operating profit growth from higher selling prices and improved footwear volumes through peak season
  - Volume performance supported by stock availability, non-recurrence of prior year unrest and strong December
  - Ongoing benefit from brand innovation and marketing support
  - Lower volumes in H2 following price increases but still good profit growth achieved in the half
  - Load-shedding impact partly mitigated, but lost trading hours increased with footfall down at higher stages
  - Margins and cost focus ensured operating profit margin growth notwithstanding non-repeat of prior year insurance recoveries

AVI | GROWING GREAT BRANDS

notes

FOOTWEAR AND APPAREL

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	F23 Rm	F22 Rm	Δ %	F23 Rm	F22 Rm	Δ %	F23 %	F22 %
Footwear & Apparel	**1 696,9**	**1 511,0**	**12,3**	**354,8**	**302,5**	**17,3**	**20,9**	**20,0**
Spitz, Kurt Geiger and Gant	1 538,1	1 359,8	13,1	344,6	300,3	14,8	22,4	22,1
Green Cross	158,8	151,2	5,0	10,2	2,2		6,4	1,5

- Strong Spitz and Gant performance driven by better trading density and healthy profitability
- Higher Green Cross profit with improved trading density from ongoing review of retail footprint
- Like-for-like Green Cross retail revenue improved 13,5% supported by price increases, partly offset by volume declines

AVI | GROWING GREAT BRANDS

notes

FOOTWEAR AND APPAREL

Sales volume and selling prices

	% Δ F23 vs F22	Comments
Spitz and Kurt Geiger Footwear revenue growth	*14,9*	
Volume	*2,5*	*Volume growth due to improved stock availability and non-repeat of last year's July unrest*
Ave. selling price	*12,1*	*Price increases to protect gross margins*
Green Cross Footwear revenue growth	*4,3*	
Volume	*(9,8)*	*Closure of underperforming stores (like-for-like retail volume down 1,5%), pressure from higher prices and stock availability challenges due to change in supplier and impact of China's lockdown*
Ave. selling price	*15,7*	*Price increases to offset input cost inflation*
KG Clothing revenue decline	*(3,6)*	*Volume declines partly offset by price increases aligned with brand premiumisation strategy*

AVI | GROWING GREAT BRANDS

notes

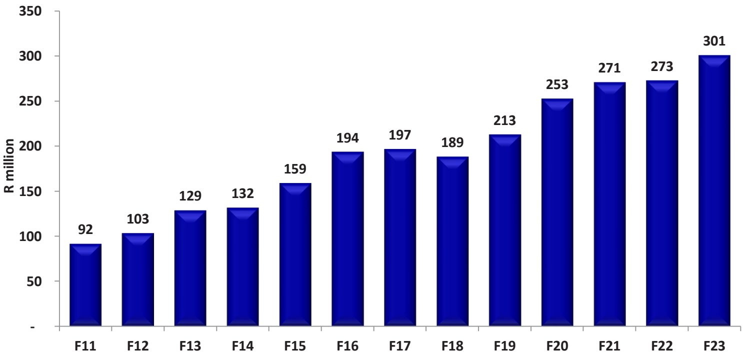
AVI International

Performance

notes

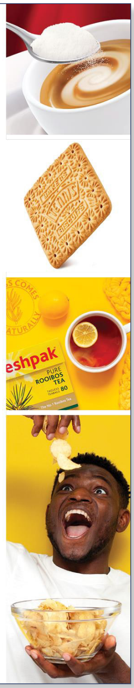
AVI INTERNATIONAL

Operating profit history



- Profit growth from main subsidiary markets, partly offset by declines in distributor markets
- Price increases in line with domestic businesses in response to cost pressure
- Zambia positively impacted by the appreciation of the Kwacha
- Costs well managed despite substantially higher distribution

AVI | GROWING GREAT BRANDS



notes

AVI INTERNATIONAL

Entyce, Snackworks and Indigo – Non RSA sales

	F23 Rm	F22 Rm	%Δ
International Revenue	1 275,7	1 219,7	4,6
% of Grocery and Personal Care brands	11,9	12,4	(4,0)
International Operating Profit	300,9	273,0	10,2
% of Grocery and Personal Care brands	13,7	14,0	(2,1)
	%	%	
International Operating Profit Margin	23,6	22,4	5,4
Grocery and Personal Care brands Operating Margin	20,4	19,8	3,0

AVI | GROWING GREAT BRANDS

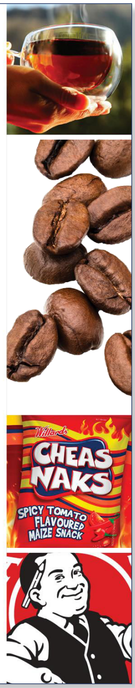
notes

notes

AVI GROUP

Prospects for F24

- Impact of load-shedding across the business to persist
  - Back-up power solutions at all sites and key retail outlets
    - New generator installation at I&J's value-added plant will provide additional capacity during load-shedding alleviating disruptions
    - Capability to weather higher stages of load-shedding but at significant cost
    - Recent experience of lower levels of load reduction but sustainability uncertain
  - Continued investment in back-up capability with maintenance and running costs expected to remain high
  - Engagement with suppliers around mitigations / contingencies in place to persist
- Growing water risk at operating sites – investment in water storage capacity and treatment
  - Storage capacity at present sufficient across most sites
  - Risk around deterioration of municipal water quality being reviewed



AVI | GROWING GREAT BRANDS

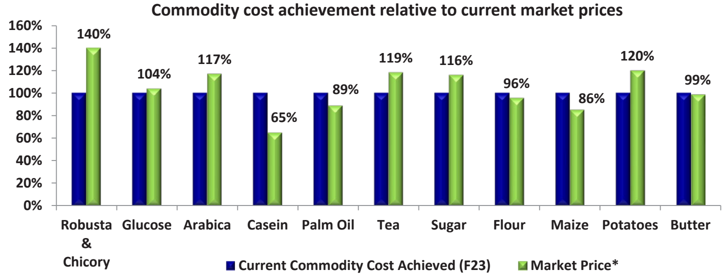
notes

AVI GROUP

Prospects for F24

- Protect Entyce and Snackworks margins in tough macro environment
  - Demand pressure from constrained consumers exacerbated by high prices
  - Continued price / volume management essential to protect long-term profitability given demand risks
  - Selling price inflation abating but still remains higher than historical levels with further increases expected in some categories if Rand weakness persists

Commodity cost achievement relative to current market prices



* Market prices as at 11 August 2023 and translated at USDZAR 18,95

AVI | GROWING GREAT BRANDS

notes

AVI GROUP

Prospects for F24

- Protect Entyce and Snackworks margins in tough macro environment
  - Volatility in commodity and foreign exchange markets will continue to be managed in a disciplined way to protect margins
  - Raw material and exchange rate secured provide some certainty for H1
  - Innovation to support constrained demand
  - Capital project activity will continue to be carefully evaluated in context of environment to protect capability and efficiency
  - Steady building of brand positions in export markets
  - Ongoing focus on cost savings and structure
- Non-renewal of Coty contract impacting Indigo profits
  - Continued focus on beauty and fragrance category volumes
  - Careful price and volume management
  - Manage brands to ameliorate impact of Coty loss
  - Review of cost structures and business model to right-size business and protect long-term capital returns

AVI | GROWING GREAT BRANDS

notes

AVI GROUP

Prospects for F24

- I&J performance dependent on exchange rates, catch rates and fuel prices
  - New BBBEE shareholder ensures continued 25% direct shareholding
    - Economic cost of structure aligned to previous minority arrangement
    - Initial non-cash cost recognition expected in H1 F24
  - Finalisation of FRAP appeals process in August
  - Exchange rates hedged at better rates than achieved in F23
  - Focus on fishing effectiveness and fuel saving initiatives
  - New back-up power solution at value-added plant will improve product availability
- Abalone performance dependent on sustained pricing, sales mix, demand in key markets
  - Lifting of restrictions in China provides opportunity for H1 if current demand is sustained
  - Ongoing effort to optimise and diversify market risk

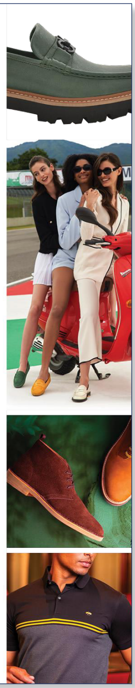

AVI | GROWING GREAT BRANDS

notes

AVI GROUP

Prospects for F24

- Footwear and Apparel
  - Risk of cost / margin pressure if Rand weakness persists although large portion of H1 exposure is hedged
  - Continued development of owned brands
  - Ongoing focus on cost control and improving operating metrics
    - Retail densities
    - Staff costs
    - New locations being evaluated



AVI | GROWING GREAT BRANDS

notes

RESULTS for the year ended 30 June 2023

AVI GROUP

Prospects for F24

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

	Approved & Planned Projects Rm
Tea production and packaging equipment	**18**
Creamer capacity increase – packaging automation	**44**
Biscuit line capacity and process improvements	**54**
Snack line replacements and upgrades	**30**
I&J vessel dry-docks and upgrades	**80**
I&J processing plant replacements and upgrades	**40**
Retail store additions, relocations and refurbishments	**37**
	303
Total capital expenditure	**462**

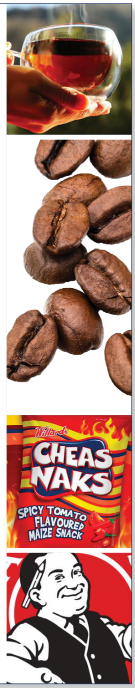
AVI | GROWING GREAT BRANDS

notes

AVI GROUP

Investor proposition

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



AVI | GROWING GREAT BRANDS

notes


AVI
Questions
CARVELA
LENTHÉRIC
LONDON • PARIS
SPITZ
GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Revenue 7,8% up

- Entyce: Growth in all categories with tea flat on prior year
- Snackworks: Growth in biscuits and snacks from selling price inflation in response to cost pressure partly offset by lower volume
- I&J: Price increases and benefit of weaker Rand offset by lower fishing sales volumes and unfavourable abalone mix
- Personal Care: Price increases partly offset by reduced manufacturing revenue due to acquisition of Exclamation and Gravity trademarks from Coty
- Footwear and Apparel: Higher selling prices with footwear volumes in line with last year

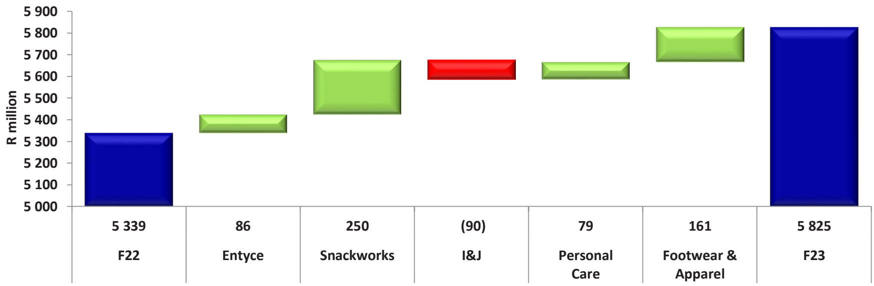
AVI | GROWING GREAT BRANDS

notes

RESULTS for the year ended 30 June 2023

INFORMATION SLIDES

Gross profit 9,1% up



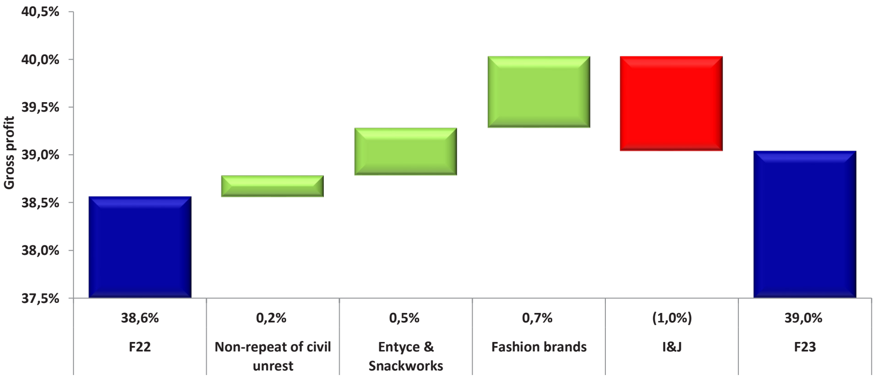
- Entyce: Revenue growth partly offset by margin pressure with higher commodity input costs not fully recovered in a competitive and constrained environment
- Snackworks: Price increases and non-repeat of last year's raw material write-offs partly offset by margin pressure in snacks where higher costs were not fully recovered
- I&J: Weaker fishing performance, materially higher fuel prices and lower abalone margins due to unfavourable mix
- Personal Care: Price increases supported by margin growth from acquired trademarks offset by product rationalisation costs
- Footwear and Apparel: Higher realised prices and the the non-repeat of write-off costs related to July 2021 unrest with volumes in line with last year

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Gross profit margin



- Non-recurrence of stock write-off costs of R31,6 million associated with July 2021 unrest
- Snackworks improved but Entyce constrained by competitor activity which limited cost recoveries
- Fashion brands benefit from retail price increases as well as Coty trademarks acquired
- I&J impacted by materially higher diesel costs for fishing fleet and unfavourable abalone sales mix

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Civil unrest – direct costs incurred and insurance proceeds recognised

	Reported			Adjusted		
	F23 Actual Rm	F22 Actual Rm	Δ Actual %	F22 civil unrest impact Rm	F22 Adjusted Rm	Δ Like-for-like %
Revenue	14 919,6	13 845,3	7,8	-	13 845,3	7,8
Cost of sales	(9 095,1)	(8 506,7)	6,9	(31,6)	(8 475,1)	7,3
Gross profit	**5 824,5**	**5 338,6**	**9,1**	**(31,6)**	**5 370,2**	**8,5**
Selling and administrative expenses	(3 109,7)	(2 798,5)	11,1	62,1	(2 860,6)	8,7
Operating profit before capital items	**2 714,8**	**2 540,1**	**6,9**	**30,5**	**2 509,6**	**8,2**
Net finance costs and JV earnings	(188,8)	(111,7)	69,0	-	(111,7)	69,0
Capital items	9,1	(2,2)		1,1	(3,3)	
Profit before taxation	**2 535,1**	**2 426,2**	**4,5**	**31,6**	**2 394,6**	**5,9**
Taxation	(698,2)	(675,0)	3,4	(8,9)	(666,1)	4,8
Net impact on profit for the period	**1 836,9**	**1 751,2**	**4,9**	**22,7**	**1 728,5**	**6,3**

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Impact of non-renewal of Coty distributor agreement

	Personal Care		
	F23 Reported	F23 Coty contribution	F23 excluding Coty
Operating performance	Rm	Rm	Rm
Revenue	1 223,3	209,8	1 013,5
Operating profit	233,1	50,0	183,1
Operating profit margin	*19,1*	*23,8*	*18,1*

	F23 Rm
Working capital*	86,3
Inventory	33,5
Trade receivables	61,6
Trade payables	(8,8)

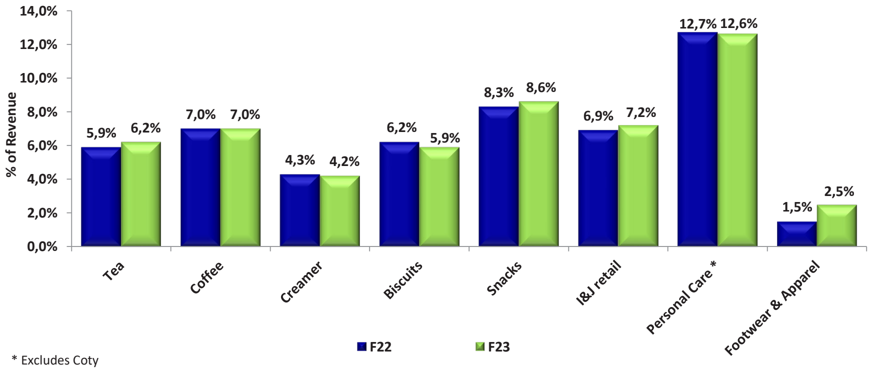
* Represents working capital balances at 30 June 2023 related to Coty activity. As part of the close-out of the agreement, Coty will acquire all inventory. Trade receivables and payables will be settled in line with normal trade terms.

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Marketing expenditure



* Excludes Coty

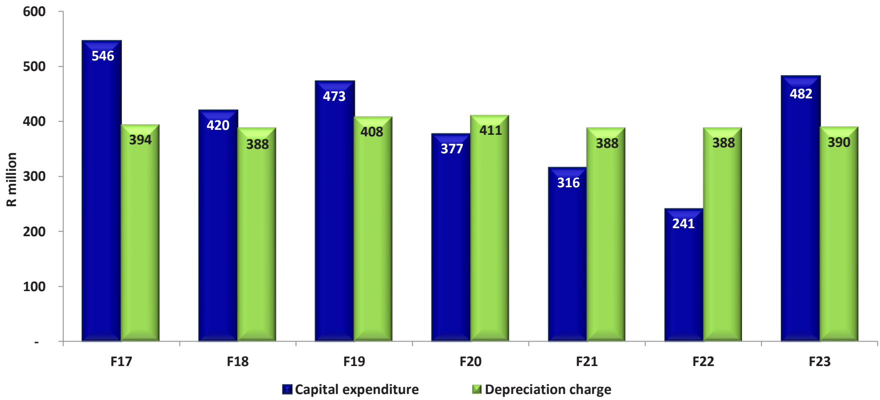
- Total expenditure for F23 of R820,7 million compared to R732,3 million in F22
  - Increase in footwear spend in support of key retail brands
- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

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



- Continued investment in manufacturing capacity, efficiency and retail stores with element of post-COVID-19 catch up in F23
- Capital investment carefully considered in constrained and challenging environment

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Capital expenditure

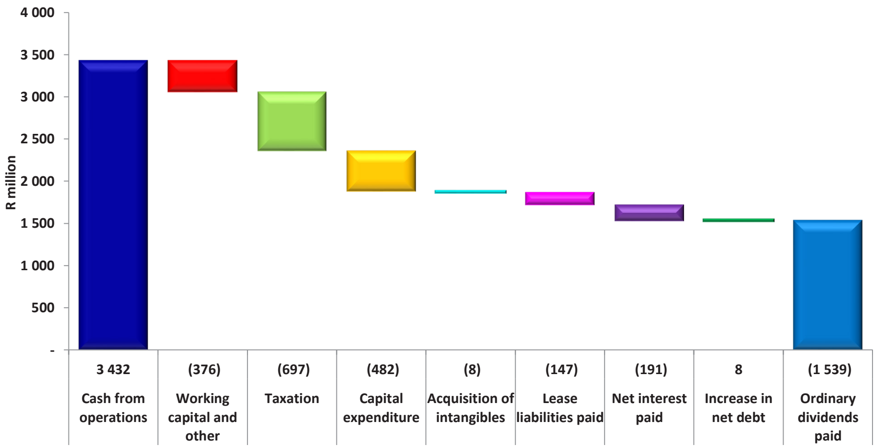
	H1 F23 Actual Rm	Full Year F23 Actual Rm
Tea packaging line replacements and upgrades	7	22
Creamer capacity increase	12	23
Biscuit line upgrades and improvements	17	52
Snacks fryer essential replacement	10	11
I&J processing plant and storage facility upgrades	23	55
I&J vessel dry-docks and upgrades	44	77
Retail store relocations, refurbishments and back-up power	46	58
	159	298
Total capital expenditure	246	482

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Cash flows



AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Foreign exchange hedges

	September 2023 to December 2023	January 2024 to June 2024	July 2024 to December 2024
	% Cover	% Cover	% Cover
USD imports	80%	13%	0%
EUR imports	63%	18%	0%
USD exports	75%	58%	29%
EUR exports	74%	58%	28%

- Consistent hedging philosophy provides stability to manage gross profit margins

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

I&J period end fair value adjustments

	F23 Actual Rm	F22 Actual Rm	Δ Rm
Fuel hedge unrealised loss	12,6	5,2	7,4
Opening mark-to-market (liability) / asset	(0,2)	5,0	
Closing mark-to-market (liability)	(12,8)	(0,2)	
Abalone – decrease / (increase) in unrealised profit in stock	3,2	(24,0)	27,2

- 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 biomass mix, closing USD exchange rate and sustained selling prices

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

I&J fishing quota

Quota (tons)	CY17	CY18	CY19	CY20	CY21	CY22	CY23
South African Total Allowable Catch (TAC)	140 216	133 120	146 430	146 430	139 119	132 163	138 772
% change in TAC	(5,0)	(5,0)	10,0	-	(5,0)	(5,0)	5,0
I&J	37 901	36 013	39 517	39 517	37 543	34 143	35 850
%	27,1	27,1	27,0	27,0	27,0	25,8	25,8

- 5,0% increase in TAC for 2023

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Trading space and trading density

Spitz	F23	F22
Number of stores	69	69
Turnover (Rm)	1 262,1	1 102,4
Average m^2	18 313	18 681
Trading Density (R/m^2)	68 919	59 013
Closing m^2	18 250	18 394

Like-for-like metrics*	F23	F22
Number of stores	68	68
Turnover (Rm)	1 255,6	1 084,2
Average and closing m^2	18 018	18 018
Trading Density (R/m^2)	69 684	60 174

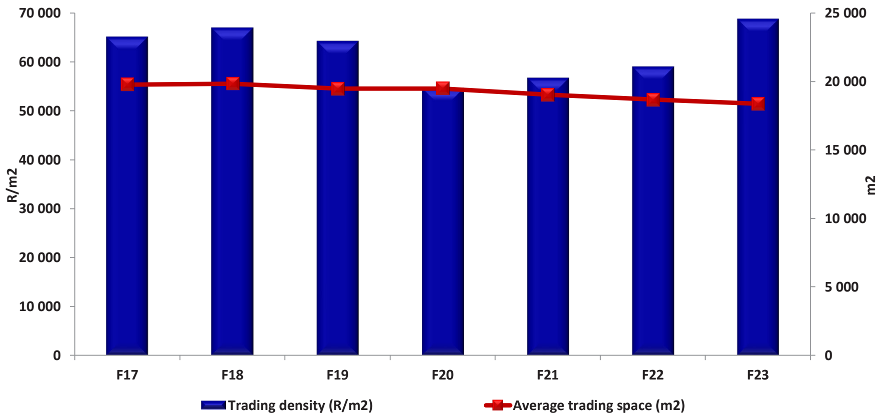
* Based on stores trading for the entire current and prior periods

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Trading density – Spitz stores



- No stores opened or closed during the year with 2 stores relocated

AVI | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Trading space and trading density

Kurt Geiger	F23	F22
Number of stores	31	31
Turnover (Rm)	187,8	187,0
Average m^2	3 909	4 222
Trading Density (R/m^2)	48 047	44 295
Closing m^2	3 883	3 934

Like-for-like metrics*	F23	F22
Number of stores	31	31
Turnover (Rm)	187,8	177,2
Average and closing m^2	3 909	3 909
Trading Density (R/m^2)	48 047	45 344

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

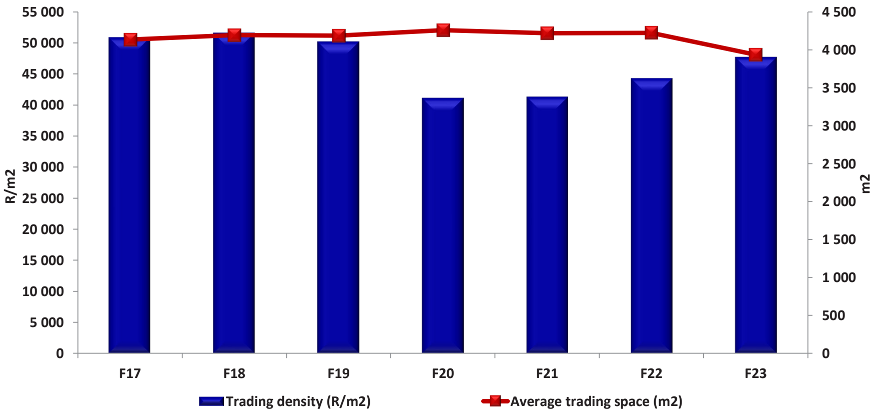
AVI | GROWING GREAT BRANDS

notes

RESULTS for the year ended 30 June 2023

INFORMATION SLIDES

Trading density – Kurt Geiger stores



- 1 Store relocation in the year

AV | GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Trading space and trading density

Green Cross	F23	F22
Number of stores #	15	18
Turnover (Rm)	103,5	102,7
Average m^2	2 141	2 494
Trading Density (R/m^2)	48 325	41 196
Closing m^2	1 999	2 326

Like-for-like metrics*	F23	F22
Number of stores #	15	15
Turnover (Rm)	97,3	85,5
Average and closing m^2	1 999	1 999
Trading Density (R/m^2)	48 694	42 769

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

- Closed 3 Green Cross stores during the year

AVI | GROWING GREAT BRANDS

notes

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
December 2022	69	18 358	31	3 934	16	2 119
June 2023	69	18 250	31	3 883	15	1 999

AVI | GROWING GREAT BRANDS

notes

notes

AVI

www.avi.co.za

GROWING GREAT BRANDS

AVI

RESULTS FOR THE YEAR ENDED 30 JUNE 2023

AVI

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

Challenging macroeconomic environment

Increased levels of load-shedding disrupted operations
– Direct operating cost of R58,5 million
– Significant indirect costs

I&J's profitability impacted by higher fuel prices, poor catch-rates, load-shedding costs and lockdown affected abalone sales mix in the first semester

Group revenue increased by 7,8%

Price increases in all categories to offset the weaker Rand and rising raw material costs

Stable gross margins despite cost pressures

Operating profit in the second semester improved by 14,5%

Operating profit for the year increased by 6,9%

Operating profit for the year, excluding I&J, increased by 12,7%

R9,4 million benefit from lower corporate tax rate

Headline earnings per share up 4,3% to 553,6 cents

Strong cash generation supported by reduction in working capital through second half

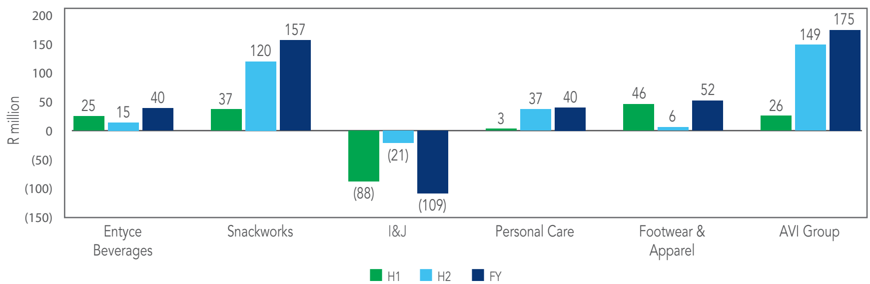
Final dividend of 310 cents per share, ordinary dividend up 4,3%

GROUP OVERVIEW

The trading environment has remained difficult with increasingly weak macroeconomic conditions. Significant inflation, rising interest rates and continued load-shedding all constrained consumer demand for the financial year. Some categories required price increases in the second semester to protect margins with cost increases partially mitigated by ongoing currency and raw material hedging. Volume declines slowed from those recorded in the first semester, supporting a 14,5% improvement in Group operating profit for the second semester.

Load-shedding provided an additional challenge, with high levels of load reduction negatively affecting our manufacturing, distribution and retail operations. The impact was mitigated across most of our sites through back-up power solutions but nonetheless added R58,5 million of direct operating cost. We have invested in back-up power solutions for a number of years and continue to do so, there is however a material cost to this.

Change in operating profit F23 versus F22 – H1, H2 and full year (R'mil)



Group revenue increased by 7,8% on last year with growth achieved across all categories. Revenue growth in Snackworks and Entyce was largely due to selling price increases required to offset the effect of a weaker Rand exchange rate and rising raw material costs. Sales volumes ended lower across most of the food and beverage categories with demand constrained by consumers' ability to absorb significant price increases. I&J's revenue was marginally better with benefits from material price increases and a weaker Rand largely offset by the impact of lower volumes from reduced quotas and value-added product availability challenges. Personal Care revenue improved with growth from the aerosol and fragrance categories partly offset by reduced Coty manufacturing revenues; this as a result of the acquisition of the Exclamation and Gravity trademarks from Coty at the end of the last financial year. Revenue from the footwear and apparel business grew 12,3% due largely to higher selling prices, an improved sales mix and continued focus on improving like-for-like sales in Green Cross. Sales volumes were marginally lower with the strong first semester performance offset by lower second semester volumes, with price increases implemented early in the second half to recover input cost pressures and protect margins.

Consolidated gross profit increased 9,1%, better than the revenue performance, reflecting the benefit from the non-recurrence of prior year write-offs following the July 2021 unrest, sound cost control, the benefits of the trademarks acquired from Coty, a strong performance from the biscuit brands and improved footwear and apparel profitability. I&J's gross margins were constrained by materially higher diesel costs for the fishing fleet that were not fully recovered through selling price increases or fuel usage reduction initiatives, as well as the unfavourable abalone sales mix.

Selling and administrative costs increased at rates above inflation, partially due to the impact of substantially higher fuel prices on distribution costs, increased marketing and innovation investment and the non-recurrence of insurance proceeds recognised last year. Consolidated operating profit increased 6,9%, with the operating profit margin largely maintained at 18,2%, reflecting an improved second semester performance with only I&J's earnings declining for the year. The Group's branded consumer businesses, excluding I&J, improved year on year operating profit by 12,7%.

Net finance costs for the year were higher than last year in line with higher interest rates and higher average borrowing levels, with an investment in inventory to support service levels and combat supply chain disruptions. Headline earnings grew 4,4% and headline earnings per share increased by 4,3% from 530,6 to 553,6 cents per share, with a marginal increase in the weighted average number of shares in issue, due to the vesting of employee share schemes.

Cash generated by operations was strong through the second half, partly supported by a reduction in working capital, with full year operating cash flows better than last year. Cash generated by operations increased 2,7% due to higher adjustments for non-cash items in operating profit, mainly fair value adjustments to I&J's abalone stock, the mark-to-market of forward exchange and fuel contracts and the non-recurrence of the prior year settlement of I&J's Black Staff Scheme partly offset by an overall increase in working capital. Higher interest paid and increased taxation paid resulted in a 2,3% reduction in cash from operating activities. Capital investment amounted to R482,2 million and was well above last year with some post-COVID-19 catch-up in project activity. Other material cash flows during the year were ordinary dividends paid of R1,54 billion. Net debt at the end of June 2023 was R1,75 billion compared to R1,68 billion last year with debt levels remaining within our target range.

The shareholder arrangement with Main Street 198 (Pty) Ltd ("Main Street"), the minority shareholder at I&J Holding Company (Pty) Ltd, matured on 1 July 2023. The 19-year relationship between Main Street and the Group generated significant value, including over R202,0 million in net cash to Main Street. In line with our commitment to sustainable transformation, a broad-based sharing of economic value and the BBBEE codes, AVI and I&J implemented a new broad-based black economic empowerment transaction with effect from 1 July 2023 in terms of which Twincitiesworld (Pty) Ltd, a 100% black-owned company, acquired an 18,75% interest in I&J Limited. I&J's employees own 6,25% of I&J Limited resulting in 25% of the issued share capital of I&J Limited being held by previously disadvantaged shareholders.

On 1 July 2023 Mr Gavin Tipper stepped down as Chairman following his acceptance of an executive position outside of AVI. Mr Tipper joined the Board in 2007 as a non-executive director and was appointed Chairman in July 2012. In addition, in June 2023, Mr James Hersov resigned as a non-executive director, recognising his extended tenure on the Board, and Ms Busi Silwanyana resigned as a non-executive director to enable her to pursue her other business interests. The Board wishes to express its sincere gratitude to Mr Tipper, Mr Hersov and Ms Silwanyana for their outstanding service to AVI and vital contribution to AVI's success over the years.

DIVIDEND

Overall cash generation remains healthy and debt levels are within our targeted gearing range. The Board has declared a final ordinary dividend of 310 cents per share, resulting in a full year ordinary dividend of 482 cents, which is 4,3% higher than last year, and in line with the growth in headline earnings.

SEGMENTAL REVIEW

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2023 Rm	2022 Rm	% change	**2023 Rm**	2022 Rm	% change
Food & Beverage brands	**11 999,4**	11 157,8	7,5	**2 155,4**	2 068,2	4,2
Entyce Beverages	**4 251,6**	3 981,6	6,8	**920,2**	880,6	4,5
Snackworks	**5 261,2**	4 702,4	11,9	**1 038,4**	881,4	17,8
I&J	**2 486,6**	2 473,8	0,5	**196,8**	306,2	(35,7)
Fashion brands	**2 920,2**	2 687,5	8,7	**587,9**	495,9	18,6
Personal Care	**1 223,3**	1 176,5	4,0	**233,1**	193,4	20,5
Footwear & Apparel	**1 696,9**	1 511,0	12,3	**354,8**	302,5	17,3
Corporate				**(28,5)**	(24,0)	
Group	**14 919,6**	13 845,3	7,8	**2 714,8**	2 540,1	6,9

Entyce Beverages

Revenue increased by 6,8% to R4,25 billion while operating profit increased 4,5% to R920,2 million, with the operating profit margin at 21,6% compared to 22,1% in the prior year.

Tea revenue finished in line with last year with a stronger second semester performance recovering the first half shortfall. Rooibos revenue was higher than last year with the benefit of increased selling prices, to ameliorate inflationary cost pressures and protect margins, partially offset by lower volumes. Black tea revenue was lower with sales volumes impacted by aggressive competitor promotions and higher selling prices. Our premium Five Roses Ceylon offering faced pressure at higher price points but Trinco, our value branded offering, delivered revenue growth. Gross profit margins declined marginally, but remain strong, with selling price increases largely mitigating the impact of increased commodity input costs, a weaker Rand and the deleveraging impact of lower volumes with factory costs fastidiously managed. Selling and administrative costs increased due to higher fuel prices which resulted in a decline in operating profit.

Coffee revenue was 15,0% higher than last year with higher sales in the Ciro out-of-home coffee business supported by improved revenue from the retail brands. Ciro benefitted from a continued improvement in demand across the hospitality, leisure and corporate customer channels with better sales volumes supported by higher selling prices. Revenue growth from the retail brands was achieved on premium, affordable and mixed instant coffee mainly due to selling price increases required to recover raw material input cost pressures and protect margins. The challenging environment limited consumers' ability to digest higher selling prices and, together with aggressive competitor pricing, resulted in lower retail sales volumes. A gross profit improvement was further supported by improved margins, including a favourable sales mix and benefits from factory restructuring initiatives. Selling and administrative costs increased with higher fuel prices and increased activity, particularly in Ciro, resulting in escalations ahead of inflation. The restructuring undertaken at Ciro during the COVID-19 lockdown supported improved efficiencies with operating profits and operating profit margins well ahead of pre-COVID-19 levels. Overall, the coffee category delivered an increase in operating profit.

Creamer revenue grew 7,9% due to selling price increases taken in response to significantly higher raw material costs partly offset by lower volumes. Significant inflation and the constrained consumer environment tempered demand and made balancing volume and value challenging with increased promotional activity through the second semester to support sales volumes. This slowed the volume decline but placed pressure on gross profit margins with input cost pressures not fully recovered. Selling and administrative costs were well managed and increased at levels lower than inflation resulting in operating profit for the year ending slightly lower.

Snackworks

Revenue of R5,26 billion was 11,9% higher than last year while operating profit increased 17,8% from R881,4 million to R1 038,4 million. The operating profit margin increased from 18,7% to 19,7%.

Biscuit revenue increased by 14,3% due to higher selling prices as a result of the price increases taken last year, in September 2022 and April 2023, to ameliorate input cost pressures and protect margins. Price inflation placed pressure on demand with sales volumes ending lower despite strong demand for our lower priced format, as well as Bakers Choice Assorted, through the festive season. Gross profit and margins improved and were further supported by better factory performances and the non-recurrence of R11,7 million of prior year raw material write-offs related to the July 2021 unrest. Selling and administrative costs increased ahead of inflation due to the impact of increased fuel prices on distribution and the non-recurrence of prior year insurance income. Overall Biscuits delivered a pleasing result with operating profit and operating margins improving ahead of last year.

Snacks' revenue increased 4,8% due mainly to higher selling prices. Sales volumes were lower with the impact of aggressive competitor activity, higher selling prices and reduced levels of discounting negatively impacting demand. Gross profit improved but margins declined with the impact of higher commodity input costs and the deleveraging impact of lower volumes not fully recovered through price increases in a competitive environment. Selling and administrative costs were well managed and increased in line with inflation partially offsetting the higher gross profit and resulting in a decline in operating profit.

I&J

Revenue of R2,49 billion was 0,5% higher than last year while operating profit decreased from R306,2 million to R196,8 million. The operating profit margin declined from 12,4% to 7,9%. The overall result was negatively impacted by lower fishing and abalone profits relative to last year.

Despite significant price increases and benefits from a weaker Rand, materially higher diesel costs for the fishing fleet, inconsistent catch-rates and the direct costs associated with load-shedding reduced fishing profits. Competition in the domestic and export markets was aggressive with high levels of inflation impacting demand and limiting the recovery of cost pressures. Sales volumes declined, affected by a lower quota and a reduction in domestic value-added product availability due to load-shedding constraints and disruptions from a load-shedding related fire at the production facility in April 2023. The fire resulted in the closure of the value-added plant for several weeks impacting the semester's operating profit with the insurance proceeds not recognised in this year's operating profit. The site returned to full operation during June 2023.

Abalone profits declined on last year with an unfavourable sales mix, increased costs associated with load-shedding and an unfavourable biological asset fair value adjustment not fully recovered by benefits of a weaker Rand, higher selling prices and well contained operating costs. Abalone volumes benefitted from the lifting of lockdown restrictions in China and Hong Kong from January 2023 aiding a stronger second semester performance. This was insufficient to recover the first semester decline, which was negatively impacted by an unfavourable sale mix with less demand for dried abalone due to the lockdowns in China and Hong Kong.

Personal Care

Indigo's revenue of R1,22 billion was 4,0% higher than last year due largely to selling price increases in response to rising input costs, partly offset by reduced manufacturing revenue due to the acquisition of the Exclamation and Gravity trademarks from Coty in the prior year. Excluding the impact of the trademark acquisition, revenue would have increased by 7,7%. Revenue growth was primarily led by the aerosol and fragrance categories with a better performance in the second semester, and growth in colour supported by sell-in to facilitate the transfer of the Coty business to a new distributor from 1 July 2023.

Gross profit increased ahead of revenue with the improved margin reflecting the benefit of the acquired trademarks partly offset by costs attributable to the rationalisation of certain non-critical product lines. Selling and administrative costs increased due to additional marketing investment and higher fuel prices. Operating profit increased from R193,4 million to R233,1 million, with the operating profit margin increasing from 16,4% to 19,1%.

Indigo's long-standing relationship with Coty through various agreements has allowed Indigo to purchase, manufacture and sell Coty's portfolio of personal care, mass colour and fragrance products domestically for a distributor margin and fee. During the year the decision was taken, in line with Coty's aim to consolidate their local interests, not to renew the current agreement, which expired at the end of June 2023. Over the years, Indigo's reliance on Coty has been reduced with the acquisition of the Exclamation and Gravity trademarks at the end of last year, further reducing the business exposure. The contribution to operating profit from Coty-related activities, including the benefit of sell-in to facilitate the transition, amounted to approximately R50,0 million for the year. As part of the termination Coty will acquire all directly attributable property, plant and equipment and inventories. The loss of the Coty contract is expected to detract from Indigo's F24 performance but continued focus on cost structure and simplification of our operating model will provide some offset.

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

Revenue increased by 12,3% to R1,70 billion due to higher selling prices and a favourable sales mix with footwear sales volumes ending marginally lower. Operating profit improved from R302,5 million to R354,8 million, with the operating profit margin increasing from 20,0% to 20,9%.

The strong first semester volume performance was buoyed by improved stock availability, the non-recurrence of last year's unrest, a well-received summer range and strong December sales but was largely offset by lower footwear volumes through the second semester. Notwithstanding the lower volumes in the second semester, operating profit over the second half improved 16,3% on last year with margins effectively managed. The impact of load-shedding was mitigated by back-up power investment at stores, nonetheless lost trading hours increased, with footfall also negatively impacted during higher stages of load-shedding.

The ongoing review of the Green Cross retail footprint led to the closure of three under-performing Green Cross stores over the year with a total of seven stores closed over the last two financial years. Like-for-like sales in Green Cross improved by 13,5% due to higher selling prices partially offset by a 1,5% reduction in footwear volumes.

Gross profit margins improved due to an improved sales mix as well as the non-recurrence of R19,4 million of stock write-offs last year due to the July 2021 unrest. Selling and administrative costs increased above inflation with increased activity related costs, higher store rentals, increased distribution costs, additional marketing investment and the non-recurrence of insurance proceeds recognised last year.

OUTLOOK

The financial prospects for the Group depend on the domestic economy's performance in the next year. The environment remains particularly challenging with the impact of load-shedding, the financial state of South Africa's consumers, including high unemployment, and continuing infrastructure failures adding layers of complexity to our business operations. Load-shedding is likely to persist and while we can manage the disruption, there are costs associated with doing so. The commercial feasibility of renewable power solutions will continue to be evaluated in parts of the Group where appropriate.

Volumes in many of our categories remain challenged by the high level of inflation and we will need to remain cognisant of the volume-value dynamic that has been so carefully managed in the past. 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 provide a partial offset to the impact of a weaker Rand. Should the current Rand weakness persist, further selling price increases will be required to protect margins.

The loss of the Coty contract is expected to detract from Indigo's performance but will reduce some of the working capital requirements and could support an improvement in overall gross profit margins given the lower margins attributable to the Coty business. Cost structures, including the simplification of business model, will continue to receive focus to ensure we right-size the cost base to protect profitability and return on capital.

Capital projects that underpin our manufacturing capabilities, product quality and customer service levels will continue to be supported. Investments approved to expand the Marie Biscuit line, a new potato chip frying line and additional capacity in creamer are expected to come online in the next financial year.

I&J's prospects are materially dependent on fishing performance, fuel prices, exchange rates and the realisation of further selling price increases. The 5% increase in the 2023 total allowable catch ("TAC") was announced earlier in the year and, together with a weaker Rand, a portion of which has been secured through our hedging programme, may provide some upside. Load-shedding and fire related disruptions experienced at I&J's value-added plant during the current financial year are not expected to continue, with the installation of a new generator at the facility during July 2023 expected to improve production capacity during load-shedding. Demand for abalone was negatively impacted during the first semester by Chinese lockdowns with improved Asian demand seen following the relaxation of restrictions. If the post-COVID-19 recovery is sustained in key markets this may provide an improved outlook for volume and mix over the next financial year.

The hake long-term rights allocation process was concluded on 28 February 2022 with the allocations published for review and appeal by applicants. The outcome of the appeals process is still outstanding.

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.

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

Mike Watters
Chairman

Simon Crutchley
CEO

4 September 2023

summarised consolidated balance sheet

	Audited at 30 June 2023 Rm	2022 Rm
Assets		
Non-current assets		
Property, plant and equipment	**3 184,2**	3 105,0
Right-of-use assets	**483,2**	424,9
Intangible assets and goodwill	**927,7**	937,0
Investments and other long-term assets	**34,5**	29,1
Deferred taxation	**35,6**	37,8
	4 665,2	4 533,8
Current assets		
Inventories and biological assets	**3 052,6**	2 820,7
Trade and other receivables including derivatives	**1 989,1**	1 798,6
Cash and cash equivalents	**494,9**	191,4
	5 536,6	4 810,7
Total assets	**10 201,8**	9 344,5
Equity and liabilities		
Capital and reserves		
Total equity	**5 116,9**	4 793,7
Non-current liabilities		
Lease liabilities	**412,8**	354,1
Employee benefit liabilities	**286,7**	282,3
Deferred taxation	**405,6**	441,9
	1 105,1	1 078,3
Current liabilities		
Cash-settled share-based payment liability	**–***	34,8
Current borrowings including short-term portion of lease liabilities	**1 831,9**	1 513,7
Trade and other payables including derivatives	**2 066,6**	1 853,5
Current tax liabilities	**81,3**	70,5
	3 979,8	3 472,5
Total equity and liabilities	**10 201,8**	9 344,5
Movement in net debt		
Opening balance	**1 204,3**	1 415,0
Short-term funding raised/(repaid)	**305,4**	(213,4)
(Increase)/decrease in cash and cash equivalents	**(297,0)**	8,4
Translation of cash equivalents of foreign subsidiaries	**(6,5)**	(5,7)
Net debt excluding IFRS 16 lease liability movements	**1 206,2**	1 204,3
IFRS 16 lease liabilities	**543,6**	472,1
Net debt**	**1 749,8**	1 676,4

* *Rand amount is less than R1 million.*

** *Comprises current borrowings plus IFRS 16 lease liabilities, less cash and cash equivalents.*

summarised consolidated statement of comprehensive income

	Audited year ended 30 June 2023 Rm	2022 Rm	% change
Revenue	**14 919,6**	13 845,3	7,8
Cost of sales	**(9 095,1)**	(8 506,7)	6,9
Gross profit	**5 824,5**	5 338,6	9,1
Selling and administrative expenses, including other income	**(3 109,7)**	(2 798,5)	11,1
Operating profit before capital items	**2 714,8**	2 540,1	6,9
Interest received	**8,0**	4,6	73,9
Finance costs	**(198,9)**	(115,5)	72,2
Share of equity-accounted earnings/(losses) of joint ventures	**2,1**	(0,8)	362,5
Capital items	**9,1**	(2,2)	513,6
Profit before taxation	**2 535,1**	2 426,2	4,5
Taxation	**(698,2)**	(675,0)	3,4
Profit for the year	**1 836,9**	1 751,2	4,9
Profit attributable to:			
Owners of AVI	**1 836,9**	1 751,2	4,9
Other comprehensive (loss)/income, net of tax	**(32,8)**	75,7	
Items that are or may be subsequently reclassified to profit or loss			
Foreign currency translation differences	**13,1**	17,2	
Cash flow hedging reserve	**(72,7)**	33,4	
Taxation on items that are or may be subsequently reclassified to profit or loss	**19,7**	(9,0)	
Items that will never be reclassified to profit or loss			
Actuarial gain recognised	**9,7**	46,6	
Taxation on items that will never be reclassified to profit or loss	**(2,6)**	(12,5)	
Total comprehensive income for the year	**1 804,1**	1 826,9	(1,2)
Total comprehensive income attributable to:			
Owners of AVI	**1 804,1**	1 826,9	(1,2)
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights, trademarks and computer software included in operating profit	**567,3**	554,0	2,4
Earnings per share			
Basic earnings per share (cents)#	**555,6**	530,1	4,8
Diluted basic earnings per share (cents)##	**553,8**	528,8	4,7
Headline earnings per share (cents)#	**553,6**	530,6	4,3
Diluted headline earnings per share (cents)##	**551,8**	529,2	4,3

Basic earnings and headline earnings per share are calculated on a weighted average of 330 596 489 (30 June 2022: 330 321 721) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 331 662 214 (30 June 2022: 331 185 837) ordinary shares in issue.

summarised consolidated statement of cash flows

	Audited year ended 30 June		
	2023 Rm	2022 Rm	% change
Operating activities			
Cash generated by operations	**3 079,7**	2 999,4	2,7
Interest paid	**(198,9)**	(115,5)	72,2
Taxation paid	**(697,4)**	(648,4)	7,6
Net cash available from operating activities	**2 183,4**	2 235,5	(2,3)
Investing activities			
Interest received	**8,0**	4,6	73,9
Property, plant and equipment acquired	**(482,2)**	(240,8)	100,2
Additions to intangible assets	**(8,0)**	(165,3)	(95,2)
Insurance proceeds on property, plant and equipment – civil unrest	**–**	3,0	(100,0)
Proceeds from disposals of property, plant and equipment	**14,0**	9,1	53,8
Other cash flows from investments	**(2,9)**	1,2	(341,7)
Net cash utilised in investing activities	**(471,1)**	(388,2)	21,4
Financing activities			
Short-term funding raised/(repaid)	**305,4**	(213,4)	243,1
Lease liabilities repaid	**(147,2)**	(158,1)	(6,9)
Payment to I&J BBBEE shareholders	**(34,8)**	(11,0)	216,4
Ordinary dividends paid	**(1 538,7)**	(1 473,2)	4,4
Net cash utilised in financing activities	**(1 415,3)**	(1 855,7)	(23,7)
Increase/(decrease) in cash and cash equivalents	**297,0**	(8,4)	
Cash and cash equivalents at beginning of year	**191,4**	194,1	
	488,4	185,7	
Translation of cash equivalents of foreign subsidiaries	**6,5**	5,7	
Cash and cash equivalents at end of year	**494,9**	191,4	

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 2023						
Balance at 1 July 2022	279,4	(75,8)	209,1	4 487,6	(106,6)	4 793,7
Profit for the year	–	–	–	1 836,9	–	1 836,9
Other comprehensive loss						
Foreign currency translation differences	–	–	13,1	–	–	13,1
Actuarial gains recognised, net of tax	–	–	7,1	–	–	7,1
Cash flow hedging reserve, net of tax	–	–	(53,0)	–	–	(53,0)
Total other comprehensive loss	–	–	(32,8)	–	–	(32,8)
Total comprehensive income for the year	–	–	(32,8)	1 836,9	–	1 804,1
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	58,0	–	–	58,0
Deferred taxation on Group share scheme recharge	–	–	(0,2)	–	–	(0,2)
Dividends paid	–	–	–	(1 538,7)	–	(1 538,7)
Total contributions by and distributions to owners	–	–	57,8	(1 538,7)	–	(1 480,9)
Balance at 30 June 2023	**279,4**	**(75,8)**	**234,1**	**4 785,8**	**(106,6)**	**5 116,9**
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**

notes to the summarised consolidated annual financial statements

For the year ended 30 June 2023

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 2022, 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 load-shedding, COVID-19 and July 2021 civil unrest

The financial environment remained difficult with high levels of load-shedding negatively affecting our manufacturing, distribution and retail operations. The impact was mitigated through back-up power solutions but nonetheless added R58,5 million to direct operating costs for the financial year. The Company has invested in back-up power options for a number of years and continues to do so.

COVID-19 has had a limited impact to our business both in the current and prior years. All business units have been able to operate throughout the year.

Included in the prior year results, are the effects of the civil unrest, which primarily impacted KwaZulu-Natal and Gauteng in July 2021, and 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.

notes to the summarised consolidated annual financial statements continued

2. Impact of load-shedding, COVID-19 and July 2021 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:

	Audited year ended 30 June	
	2023 Rm	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.

3. Segmental results

	Audited year ended 30 June 2023 Rm	2022 Rm	% change
Segmental revenue			
Food & Beverage brands	**11 999,4**	11 157,8	7,5
Entyce Beverages	**4 251,6**	3 981,6	6,8
Snackworks	**5 261,2**	4 702,4	11,9
I&J	**2 486,6**	2 473,8	0,5
Fashion brands	**2 920,2**	2 687,5	8,7
Personal Care	**1 223,3**	1 176,5	4,0
Footwear & Apparel	**1 696,9**	1 511,0	12,3
Group	**14 919,6**	13 845,3	7,8
Segmental operating profit			
Food & Beverage brands	**2 155,4**	2 068,2	4,2
Entyce Beverages	**920,2**	880,6	4,5
Snackworks	**1 038,4**	881,4	17,8
I&J	**196,8**	306,2	(35,7)
Fashion brands	**587,9**	495,9	18,6
Personal Care	**233,1**	193,4	20,5
Footwear & Apparel	**354,8**	302,5	17,3
Corporate	**(28,5)**	(24,0)	
Group	**2 714,8**	2 540,1	6,9

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 2023 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
South Africa	3 728,8	4 578,6	838,1	1 120,2	1 678,8	11 944,5
Other African countries	512,7	658,0	46,1	103,1	18,1	1 338,0
Europe*	6,7	9,0	1 120,4	–	–	1 136,1
Rest of the world	3,4	15,6	482,0	–	–	501,0
Total revenue	4 251,6	5 261,2	2 486,6	1 223,3	1 696,9	14 919,6

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
Europe*	1,0	4,5	996,2	–	–	1 001,7
Rest of the world	7,9	23,6	470,9	–	–	502,4
Total revenue	3 981,6	4 702,4	2 473,8	1 176,5	1 511,0	13 845,3

* *The disclosure of segmental revenue by geographical market was enhanced in the current period by further disaggregating Europe as a geographical market. Europe was included in the "Rest of the world" segment in previous reports.*

The majority of revenue comprises revenue from the sale of goods. Less than 2% (2022: less than 2%) of total revenue comprises income arising from service agreements, rental agreements and trademark licence agreements.

5. Determination of headline earnings

	Audited year ended 30 June 2023 Rm	2022 Rm	% change
Profit for the year attributable to owners of AVI	**1 836,9**	1 751,2	4,9
Total capital items after taxation	**(6,7)**	1,6	(518,8)
Net loss on disposal of property, plant and equipment	**1,8**	3,3	(45,5)
Impairment of property, plant and equipment	**2,2**	–	100,0
Disposal of property, plant and equipment – civil unrest	**–**	1,9	(100,0)
Insurance proceeds/receivables on property, plant and equipment – civil unrest	**(13,1)**	(3,0)	(336,7)
Taxation attributable to capital items	**2,4**	(0,6)	500,0
Headline earnings	**1 830,2**	1 752,8	4,4
Headline earnings per ordinary share (cents)	**553,6**	530,6	4,3
Diluted headline earnings per ordinary share (cents)	**551,8**	529,2	4,3

	Number of shares	Number of shares	% change
Weighted average number of ordinary shares	**330 596 489**	330 321 721	0,1
Weighted average diluted number of ordinary shares	**331 662 214**	331 185 837	0,1

6. Cash generated by operations

	Audited year ended 30 June 2023 Rm	2022 Rm	% change
Cash generated by operations before working capital changes	**3 432,3**	3 126,8	9,8
Changes in working capital	**(352,6)**	(127,4)	(176,8)
Cash generated by operations	**3 079,7**	2 999,4	2,7

7. Commitments

	Audited year ended 30 June	
	2023 Rm	2022 Rm
Capital expenditure commitments for property, plant and equipment	**264,1**	263,2
Contracted for	**171,7**	174,0
Authorised but not contracted for	**92,4**	89,2

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.

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 2023.

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

The shareholder arrangement with Main Street 198 (Pty) Ltd ("Main Street"), the minority shareholder at I&J Holding Company (Pty) Ltd ("I&J HoldCo"), matured on 1 July 2023. The 19-year relationship between Main Street and the Group generated significant value, including over R202,0 million in net cash to Main Street. In terms of the agreements, and on the maturity date, the Company exercised its call option over the shares held by Main Street in I&J HoldCo and the preference shares held by the Company in Main Street were redeemed.

In line with our commitment to sustainable transformation, a broad-based sharing of economic value and the Broad-based Black Economic Empowerment ("BBBEE") codes, the Company and I&J implemented a new BBBEE transaction with effect from 1 July 2023 in terms of which Twincitiesworld (Pty) Ltd ("Twincitiesworld"), a 100% black-owned company, acquired an 18,75% interest in I&J Limited. I&J's employees own 6,25% of I&J Limited resulting in 25% of the issued share capital of I&J Limited being held by previously disadvantaged shareholders.

11. Post-reporting date events continued

The mechanics of the replacement structure align closely with the terms of the expiring relationship with Main Street, and is financed through a preference share investment at the I&J HoldCo level. The preference share funding will be settled through dividend flows with 90% of normal dividends received applied against the funding with 10% available as a trickle-through. Furthermore, a put and call option is in place between I&J HoldCo and Twincitiesworld, the exercise price of which is determined by a fixed formula based on I&J Limited's earnings. The exercise date of the put and call option is December 2036.

The replacement scheme will be recognised as a liability in the Group's financial statements, with a concomitant day 1 income statement impact on 1 July 2023.

Other than the transaction noted above, 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. 102 of 310 cents per share for the year ended 30 June 2023 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 248 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 338 191 889 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, 17 October 2023
First trading day ex dividend on the JSE	Wednesday, 18 October 2023
Record date	Friday, 20 October 2023
Payment date	Monday, 23 October 2023

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 18 October 2023, and Friday, 20 October 2023, 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 no longer issue cheques and all 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, 23 October 2023.

13. Reports of the independent auditor and annual financial statements

The summarised consolidated annual financial statements for the year ended 30 June 2023 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 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 2023 will be posted to shareholders on or about Wednesday, 4 October 2023. The annual report will include the notice of the annual general meeting of shareholders to be convened on Wednesday, 8 November 2023.

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
First National Bank
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[1]
(Chief Executive Officer)
Owen Cressey[1,2]
Justin O'Meara[1,3]
(Chief Financial Officer)
Michael Koursaris
(Business Development Director)

Independent non-executive

Mike Watters *(Chairman)*[4,5,6,7]
Gavin Tipper[7,8]
James Hersov[9]
Mike Bosman[10,11]
Abe Thebyane[7]
Alexandra Muller[1,10]
Busisiwe Silwanyana[10,12]
Steven Robinson[10,13]
Maserame Mouyeme[10,14]

[1] *Member of the Social and Ethics Committee.*
[2] *Resigned from the Board and Social and Ethics Committee on 31 December 2021.*
[3] *Appointed to the Board and Social and Ethics Committee with effect 1 January 2022.*
[4] *Appointed to the Board on 1 June 2023.*
[5] *British.*
[6] *Appointed as Chairman of the Board on 1 July 2023.*
[7] *Member of the Remuneration, Nomination and Appointments Committee.*
[8] *Resigned from the Board (and as Chairman) and the Remuneration, Nomination and Appointments Committee on 30 June 2023.*
[9] *Resigned from the Board on 4 July 2023.*
[10] *Member of the Audit and Risk Committee.*
[11] *Resigned from the Board and the Audit and Risk Committee on 30 January 2023.*
[12] *Resigned from the Board and the Audit and Risk Committee on 27 June 2023.*
[13] *Appointed to the Board and the Audit and Risk Committee on 1 March 2023.*
[14] *Appointed to the Board and the Audit and Risk Committee on 1 August 2023.*

Bastion

AVI

www.avi.co.za