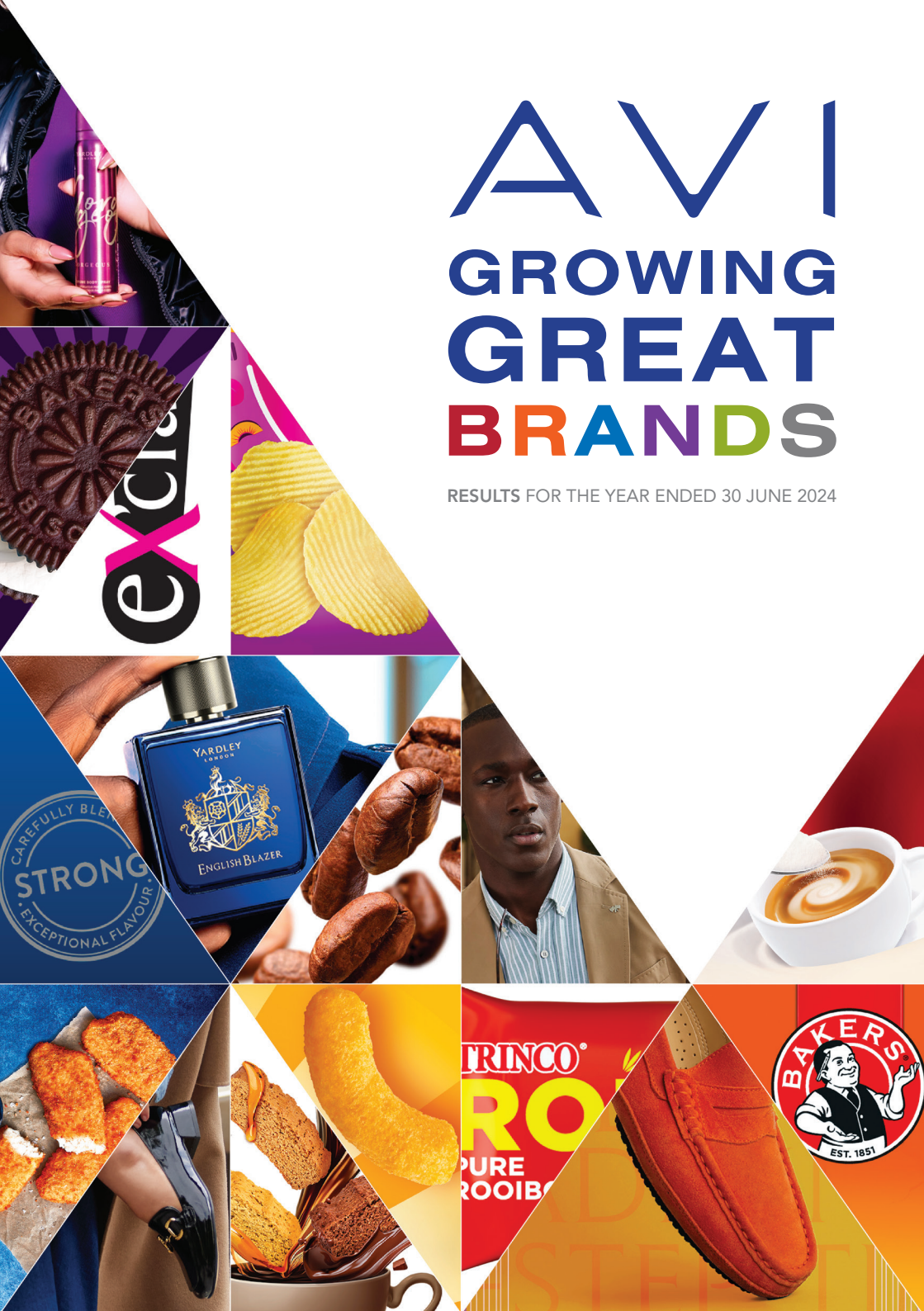


# AVI

## GROWING GREAT BRANDS

RESULTS FOR THE YEAR ENDED 30 JUNE 2024





# 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](http://www.avi.co.za)**



# KEY FEATURES

Pleasing performance in a challenging environment

- Constrained consumer demand
- Increasing competition in all categories
- Unreliable municipal infrastructure impacting manufacturing sites
- I&J impacted by poor catch rates and constrained abalone markets
- Weaker Rand and rising raw material costs
- Direct cost of load-shedding of R33,2 million
- Revenue benefits of product innovation in H2

Group revenue increased by 6,3%

Price increases in all categories to offset cost increase pressures

Gross margins recovered to pre-COVID levels

Strong cost control and efficiencies support operating leverage

Group operating profit for the year increased by 21,7%

Headline earnings per share up 24,1% to 687,1 cents

Sustained strong cash generation supported a reduction in net debt

Capital expenditure of R476,5 million for capacity and efficiency projects

Final dividend of 388 cents per share and total normal dividend up 22,4% to 590 cents per share

Special dividend of 280 cents per share

Return on capital employed of 34,2% for the 12 months to June 2024

Dividend yield of 9,2% on 30 June 2024 closing share price

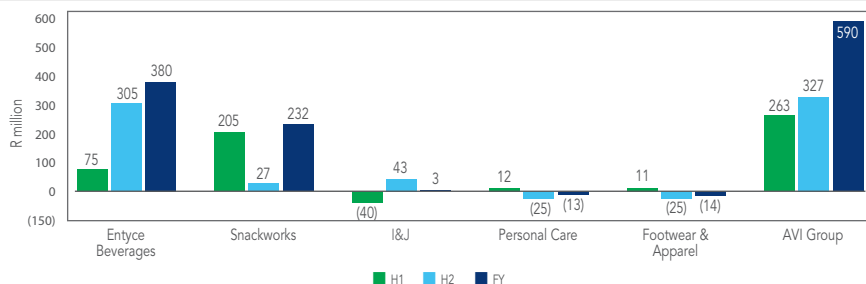


# RESULTS COMMENTARY

## GROUP OVERVIEW

AVI's results for the year ended 30 June 2024 reflect a pleasing performance in a challenging environment. The effective management of selling prices, strong cost control, the benefits of efficiency-improving investments at our production facilities and ongoing hedging supported good operating leverage and underpinned operating profit growth for the year.

### Change in operating profit F23 versus F24 – H1, H2 and full year (R'mil)



Group revenue increased by 6,3% from R14,92 billion to R15,86 billion. Entyce achieved the highest level of revenue growth with the benefit of selling price increases, taken in response to significant input cost pressures, further supported by improved sales volumes across all its categories. Tea sales volumes improved off a weak prior year base which included aggressive competitor promotions while Coffee grew volumes in the second half. Creamer performed particularly well, gaining market share with some benefit from competitor supply disruptions and production efficiencies which supported improved service levels. Snackworks achieved growth in Biscuits and Snacks due to higher selling prices, but performance slowed through the second half with increased pressure on sales volumes partially offset by the benefit of innovation launched. I&J had a difficult year with revenue declining due to increased competition and reduced demand in key abalone markets which constrained selling prices. Fishing revenues finished higher and improved through the second semester with better catch rates compared to the first half, benefits from a weaker Rand and higher selling prices. Indigo's personal care revenue declined 16,4% following the cessation of the Coty distribution agreement in July 2023. Indigo's owned brand categories performed soundly with growth in the roll-on and colour categories partially offset by marginally lower aerosol revenue as a result of the constrained and competitive environment. Spitz's footwear and apparel revenue grew 3,6% on last year supported by a strong December with good demand for core brands but had a challenging second semester with constrained demand exacerbated by increased discounting in the sector, particularly in apparel.

Consolidated gross profit increased by 13,5%, exceeding revenue growth, with the consolidated gross profit margin of 41,7% recovering to levels last achieved in 2019. Margins were well managed and supported by a combination of selling price increases, ongoing efficiency gains, fastidious cost control, effective hedging disciplines and the loss of the lower margin Coty business. I&J margins improved slightly but remain well below historical levels due to poor catch rates and constrained demand and pricing in key abalone markets.

Operating profit increased by 21,7% from R2,71 billion to R3,30 billion due to higher gross profit margins and effectively managed selling and administrative expenses which rose marginally ahead of inflation compared to last year. The operating profit margin improved from 18,2% to 20,8%.

# RESULTS COMMENTARY continued

Net finance costs for the year were marginally lower than last year with the impact of lower average borrowings partially offset by higher interest rates. Headline earnings grew 24,2% and headline earnings per share increased by 24,1% from 553,6 to 687,1 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 increased 22,7% to R3,78 billion, largely in line with the growth in operating profit. Working capital was effectively managed in what has remained a challenging supply chain environment, and increased by R270,8 million, reflecting stronger sales in the last few months, the impact of delayed customer payments due to the close falling over a weekend as well as the timing of purchases and included the benefit of unlocking working capital previously held to support the Coty business. Capital expenditure amounted to R476,5 million with investment to improve the capacity and efficiency of our production facilities. Other material cash flows during the year were ordinary dividends paid of R1,71 billion, taxation paid of R910,2 million and interest paid of R199,3 million. Net debt, excluding lease liabilities, at the end of June 2024 was R876,3 million compared to R1,21 billion last year.

## DIVIDEND

In line with the Group's normal dividend payout ratio the Board has declared a final ordinary dividend of 388 cents per share, resulting in a full year ordinary dividend of 590 cents, which is 22,4% higher than last year, and in line with the growth in headline earnings.

Strong cash generation has supported lower than targeted gearing levels and as a result the Board has also approved a special dividend of 280 cents per share. This results in an effective dividend yield of 9,2% on the 30 June 2024 closing share price of R94,59. Taking into consideration the special dividend, AVI's gearing is expected to increase to the upper range of our normal targeted operating levels in the 2025 year.

## SEGMENTAL REVIEW

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2024 R'm	2023 R'm	% change	2024 R'm	2023 R'm	% change
<b>Food &amp; Beverage brands</b>	<b>13 082,5</b>	11 999,4	9,0	<b>2 770,7</b>	2 155,4	28,5
Entyce Beverages	5 025,4	4 251,6	18,2	1 300,1	920,2	41,3
Snackworks	5 597,9	5 261,2	6,4	1 270,9	1 038,4	22,4
I&J	2 459,2	2 486,6	(1,1)	199,7	196,8	1,5
<b>Fashion brands</b>	<b>2 779,8</b>	2 920,2	(4,8)	<b>560,8</b>	587,9	(4,6)
Personal Care*	1 022,5	1 223,3	(16,4)	220,0	233,1	(5,6)
Footwear & Apparel	1 757,3	1 696,9	3,6	340,8	354,8	(3,9)
<b>Corporate</b>				<b>(26,9)</b>	(28,5)	
<b>Group</b>	<b>15 862,3</b>	14 919,6	6,3	<b>3 304,6</b>	2 714,8	21,7

\* As of 1 July 2023, Personal Care revenue and operating profit does not include any contribution from the Coty business.

## Entyce Beverages

Revenue increased by 18,2% to R5,03 billion while operating profit increased 41,3% to R1,30 billion, with the operating profit margin at 25,9% compared to 21,6% in the prior year.

Tea revenue increased 16,4% on last year benefitting from higher selling prices and volume growth, including some recovery off a weak prior year base due to aggressive competitor promotions in the first semester last year. Black tea revenue was higher than last year and was well supported by market share gains with a strong performance from our value brand, Trinco, and pleasing growth in our premium brand Five Roses. Rooibos revenue also ended higher with the benefit of increased selling prices, to ameliorate inflationary cost pressures and protect margins, and better sales volumes which were partly supported by the launch of a new rooibos value brand in the last quarter. Gross profit margins increased marginally, recovering the decline in the previous year, with selling price increases, improved volumes, factory efficiencies and benefits from operating leverage mitigating the impact of the weaker Rand and higher commodity input costs. The tea category performance was sound with a higher gross profit and effective margin management supporting an increase in operating profit.

Coffee revenue was 12,8% higher than last year with strong sales from our retail brands supported by an improvement in the Ciro out-of-home coffee business. Revenue growth from the retail brands was primarily driven by selling price increases required to ameliorate the impact of significant increases in underlying Robusta and Arabica commodity prices, including the impact of the weaker Rand, and protect margins. Retail sales volume growth was supported by a stronger second semester with premium and affordable coffee extending gains and mixed instant recovering the first semester shortfall to finish in line. Ongoing competitor discounting, consumer affordability and material selling price increases served to constrain demand and shifted sales volumes into lower priced formats, particularly in mixed instant. Ciro benefitted from higher selling prices with marginally lower sales volumes attributable to increased competition from lower priced options in the forecourt and hospitality channels. A gross profit improvement was partially offset by a slight reduction in margins, with the impact of input cost pressures partially recovered through selling price increases and benefits in the second semester from factory restructuring initiatives and efficiencies. Selling and administrative costs were well managed and overall the coffee category delivered an increase in operating profit and operating profit margins.

Creamer performed particularly well with revenue growth of 26,7% due to selling price increases, in response to higher raw material costs, and a 6,0% improvement in sales volumes. Despite the constrained demand environment sales volumes were supported by market share gains, improved production efficiencies in the second half and competitor supply disruptions. Gross profit margins improved with a recovery to historic levels further supported by volume leverage and additional factory efficiencies from investment in our production capability. Selling and administrative costs increased with the impact of higher sales volumes partly offset by lower fuel prices. Overall a pleasing operating profit growth was achieved.

## Snackworks

Revenue of R5,60 billion was 6,4% higher than last year while operating profit increased 22,4% from R1,04 billion to R1,27 billion. The operating profit margin increased from 19,7% to 22,7%.

Biscuit revenue increased by 6,8% due to higher selling prices from increases taken last year and in April 2024 to ameliorate input cost pressures and protect margins. Sales volumes were well supported by a strong festive season for Bakers Choice Assorted as well as rusk and creamed biscuit innovations launched in the second semester. Notwithstanding this, sales volumes were lower with pressure on disposable incomes negatively impacting discretionary spend. Gross profit margins were managed effectively and were well supported by improvements in factory efficiencies. Selling and administrative costs increased slightly ahead of inflation as a result of additional marketing investment to support festive season campaigns and the launch of innovation in the second semester. Biscuits delivered a sound result with solid growth in operating profit and operating profit margins.

Snacks' revenue increased 5,0% due mainly to higher selling prices partially offset by lower sales volumes which were impacted by sustained aggressive competitor activity. The maize extruded snacks brand volumes finished in line with last year and were supported by the launch of a more accessibly priced Cheese Curls format in the second semester. The potato chip category benefitted from flavour extensions, but volume declined due to aggressive competitor discounting. Gross profit and gross profit margins improved and included benefits from a better sales mix and improved factory yields. Selling and administrative cost increases were well contained to levels below inflation. Improved margins and effective cost management supported the improvement in both operating profit and operating profit margin.

### I&J

Revenue of R2,46 billion was 1,1% lower than last year while operating profit increased from R196,8 million to R199,7 million. The operating profit margin improved slightly to 8,1%. The overall result reflects a difficult year with an improvement in fishing profits largely offset by lower abalone profits relative to last year.

Fishing revenue ended slightly better than last year with the benefit of higher selling prices and a weaker Rand partly offset by lower sales volumes. Sales volumes were negatively impacted by a reduction in catch rates, lower domestic demand and aggressive competition across both the domestic and international markets. Operating costs were effectively managed and were supported by improved fuel efficiencies, lower fuel prices and the non-recurrence of costs associated with last year's closure of the value-added plant due to a fire. This was partially offset by the deleveraging impact of lower volumes, the cost of lost production due to the taxi strike in Cape Town and load-shedding costs, although load-shedding costs reduced through the second half. The restructuring initiatives undertaken in the first semester provided some benefit through the second half, offsetting first half implementation costs, with savings achieved at the Woodstock processing facility and from the closure of the Paarden Eiland cold storage site. Insurance proceeds of R13,2 million were recognised in respect of the insurance claim relating to the April 2023 fire at the value-added production facility but this benefit was offset by the non-cash cost of R15,2 million in respect of the new BBBEE shareholder structure implemented in July 2023.

Abalone profits declined on last year with increased competition and reduced demand in key abalone markets constraining selling prices and volumes. Reduced sales volumes and an unfavourable sales mix were further impacted by an unfavourable biological asset fair value adjustment which was partially offset by higher selling prices and the benefit of a weaker Rand. The canned abalone category was negatively impacted by an industry-wide recall of faulty cans supplied to our production facility, as well as subsequent availability issues, which resulted in lost revenue and write-off costs. The losses are insured but the proceeds have only been recognised to the extent recovered with a portion of the insurance claim related to lost profits in the process of being finalised. Farm costs were well controlled but continued to be impacted, albeit to a lesser extent in the last quarter, by the cost of diesel required to mitigate load-shedding.

### Personal Care

Indigo's revenue of R1,02 billion was 16,4% lower than last year due to the loss of the Coty contract from July 2023. Excluding Coty, revenue increased 0,5% on the prior year with improved performances from the roll-on and colour cosmetic categories. Selling prices were increased to recover input cost pressures and protect margins. The constrained consumer and aggressive competitor environment placed pressure on demand, which together with the rationalisation of underperforming lines, resulted in lower sales volumes.

The gross profit margin improved, benefitting from the loss of the low margin Coty business, and supported by range rationalisations necessary to improve efficiencies. Selling and administrative costs were well managed and ended marginally higher than last year with savings from the absence of the Coty business and benefits from cost savings initiatives to address the cost base. The Coty brands contributed R50,0 million in the prior year and as a result operating profit reduced from R233,1 million to R220,0 million. The operating profit margin increased from 19,1% to 21,5%.

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

Revenue increased by 3,6% to R1,76 billion due to higher selling prices required to ameliorate the impact of a weaker Rand and protect margins. This was partially offset by reduced apparel sales and a reduction in footwear sales volumes. Like-for-like revenue, excluding stores opened and closed in the last 12 months, was 5,0% up on last year. Operating profit decreased from R354,8 million to R340,8 million, with the operating profit margin remaining healthy but decreasing from 20,9% to 19,4%.

The first semester was well supported by a strong December, earlier receipt of stock and effective retailing which saw footwear volume growth across both the Carvela and Lacoste footwear brands. The second half was particularly challenging with sales volumes negatively impacted by increasing pressure on consumer disposable income exacerbated by increased competitor discounting, especially within clothing. Increased competition necessitated an element of discounting within the apparel business to manage inventory levels.

Gross profit margins were slightly lower with pressure from a weaker Rand not fully recovered. Selling and administrative costs were effectively managed with increases lower than inflation. The continuous focus on the efficiency of our retail footprint to optimise profitability resulted in the closure of underperforming stores over the year with restructuring initiatives undertaken in the latter part of the year expected to provide benefits into 2025. Three new stores were opened during the year.

## **OUTLOOK**

While costs remain well controlled, and the business is well positioned to benefit from any consumer recovery, the environment remains challenging. We anticipate that the current constrained consumer demand environment will persist and consequently expect increased competition in our categories which will put pressure on margins. The performance of key categories in the year has been well supported by our strong brand portfolio, which together with innovation and continued investment in our production capability, will provide a platform to compete effectively in the year ahead.

Inflationary pressures from commodity input prices and the weaker Rand has started to soften in some categories with lower levels of inflation expected in the year ahead, if sustained. Our hedging of currency and commodities provides some certainty for the first semester with exchange rates secured at levels that support profitability. Notwithstanding lower levels of inflation sustained high selling prices will continue to challenge volumes in many of our categories and we will need to manage the balance between price, volume and profitability with the flexibility that constrained environments require. Cost management, including investment in projects which support production efficiencies as well as procurement initiatives, will remain a focus and are expected to deliver benefits in the next year.

Capital projects that enhance our manufacturing capabilities, reduce production costs, improve product quality and support improved customer service levels will continue to be supported. Failing municipal infrastructure poses a challenge to our manufacturing sites with respect to water supply and power quality and has necessitated considerable investment, with further investment expected to protect operations.

## RESULTS COMMENTARY continued

I&J's prospects are materially dependent on fishing performance, fuel prices and exchange rates. The ability of the business to benefit from the allocated fishing rights is dependent on a material improvement in catch rates, which are currently at 20-year lows, as well as an increase in catching capacity. As a result, the Board has approved the acquisition of a second-hand freezer vessel for R174,0 million which is expected to be commissioned by the end of the first semester of F25. This will provide much needed capacity which should support fishing performance and reduce the extent to which the current quota is not caught. In line with the work performed to date, cost structures, including the simplification of I&J's business model, will continue to receive focus to improve profitability and I&J's return on capital. Demand for abalone was negatively impacted in the year by increased competition and reduced demand in key markets which constrained selling prices. Should this not improve the abalone performance in the next year may not exceed the prior years.

In line with I&J's objective to simplify and focus on core operations an agreement was entered into during November 2023 to dispose of the squid fishing operation undertaken by the Umsobomvu joint venture in which I&J holds a 50% interest. The suspensive conditions and completion actions were fulfilled during July 2024 and consequently the transaction will only be recognised in F25. I&J's share of the proceeds amounted to R24,2 million with a capital profit of R12,6 million after taxation, expected to be recognised in the F25 interim results.

The operating environment remains uncertain both domestically and internationally. Consumer demand is constrained with South African port inefficiencies, the risk of load-shedding and continued infrastructure failures expected to add cost and complexity to our business. Consequently sustaining the current year's performance will be dependent on a multitude of exogenous factors and profit growth may not mirror F24 as we annualise a strong year. 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 WATERS**  
Chairman

9 September 2024



**SIMON CRUTCHLEY**  
CEO

# SUMMARISED CONSOLIDATED BALANCE SHEET

	Audited at 30 June	
	2024	2023
	R'm	R'm
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3 248,3	3 184,2
Right-of-use assets	466,9	483,2
Intangible assets and goodwill	943,0	927,7
Investments and other long-term assets	32,5	34,5
Deferred taxation	71,2	35,6
	4 761,9	4 665,2
<b>Current assets</b>		
Inventories and biological assets	3 055,0	3 052,6
Trade and other receivables including derivatives	2 139,9	1 989,1
Cash and cash equivalents	352,9	494,9
	5 547,8	5 536,6
<b>Total assets</b>	<b>10 309,7</b>	<b>10 201,8</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
<b>Total equity</b>	<b>5 784,9</b>	<b>5 116,9</b>
<b>Non-current liabilities</b>		
Cash-settled share-based payment liability	15,2	–
Lease liabilities	404,9	412,8
Employee benefit liabilities	334,8	286,7
Deferred taxation	394,9	405,6
	1 149,8	1 105,1
<b>Current liabilities</b>		
Current borrowings including short-term portion of lease liabilities	1 367,2	1 831,9
Trade and other payables including derivatives	1 965,9	2 066,6
Current tax liabilities	41,9	81,3
	3 375,0	3 979,8
<b>Total equity and liabilities</b>	<b>10 309,7</b>	<b>10 201,8</b>
<b>Movement in net debt</b>		
Opening balance	1 206,2	1 204,3
Short-term funding (repaid)/raised	(471,9)	305,4
Decrease/(increase) in cash and cash equivalents	133,5	(297,0)
Translation of cash equivalents of foreign subsidiaries	8,5	(6,5)
<b>Net debt excluding IFRS 16 lease liability movements</b>	<b>876,3</b>	<b>1 206,2</b>
IFRS 16 lease liabilities	542,9	543,6
<b>Net debt*</b>	<b>1 419,2</b>	<b>1 749,8</b>

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

# SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited year ended 30 June		
	2024	2023	%
	R'm	R'm	change
<b>Revenue</b>	<b>15 862,3</b>	14 919,6	6,3
Cost of sales	(9 248,9)	(9 095,1)	1,7
<b>Gross profit</b>	<b>6 613,4</b>	5 824,5	13,5
Selling and administrative expenses, including other income	(3 308,8)	(3 109,7)	6,4
<b>Operating profit before capital items</b>	<b>3 304,6</b>	2 714,8	21,7
Interest received	14,8	8,0	85,0
Finance costs	(199,3)	(198,9)	0,2
Share of equity-accounted (losses)/earnings of joint ventures	(3,2)	2,1	(252,4)
Capital items	(20,7)	9,1	(327,5)
<b>Profit before taxation</b>	<b>3 096,2</b>	2 535,1	22,1
Taxation	(838,5)	(698,2)	20,1
<b>Profit for the year</b>	<b>2 257,7</b>	1 836,9	22,9
<b>Profit attributable to:</b>			
Owners of AVI	2 257,7	1 836,9	22,9
<b>Other comprehensive loss, net of tax</b>	<b>(1,8)</b>	(32,8)	
<b>Items that are or may be subsequently reclassified to profit or loss</b>			
Foreign currency translation differences	(23,9)	13,1	
Cash flow hedging reserve	47,5	(72,7)	
Taxation on items that are or may be subsequently reclassified to profit or loss	(12,8)	19,7	
<b>Items that will never be reclassified to profit or loss</b>			
Actuarial (loss)/gain recognised	(17,3)	9,7	
Taxation on items that will never be reclassified to profit or loss	4,7	(2,6)	
<b>Total comprehensive income for the year</b>	<b>2 255,9</b>	1 804,1	25,0
<b>Total comprehensive income attributable to:</b>			
Owners of AVI	2 255,9	1 804,1	25,0
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights, trademarks and computer software included in operating profit	547,8	567,3	(3,4)
<b>Earnings per share</b>			
Basic earnings per share (cents)*	682,5	555,6	22,8
Diluted basic earnings per share (cents)**	675,5	553,8	22,0
Headline earnings per share (cents)*	687,1	553,6	24,1
Diluted headline earnings per share (cents)**	680,0	551,8	23,2

\* Basic earnings and headline earnings per share are calculated on a weighted average of 330 791 602 (30 June 2023: 330 596 489) ordinary shares in issue.

\*\* Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 334 217 367 (30 June 2023: 331 662 214) ordinary shares in issue.

RESULTS for the year ended 30 June 2024

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year ended 30 June		
	2024	2023	%
	R'm	R'm	change
<b>Operating activities</b>			
Cash generated by operations	3 778,3	3 079,7	22,7
Interest paid	(199,3)	(198,9)	0,2
Taxation paid	(910,2)	(697,4)	30,5
<b>Net cash available from operating activities</b>	<b>2 668,8</b>	<b>2 183,4</b>	<b>22,2</b>
<b>Investing activities</b>			
Interest received	14,8	8,0	85,0
Property, plant and equipment acquired	(476,5)	(482,2)	(1,2)
Additions to intangible assets	(25,8)	(8,0)	222,5
Proceeds from disposals of property, plant and equipment	16,5	14,0	17,9
Other cash flows to investments	(1,3)	(2,9)	(55,2)
<b>Net cash utilised in investing activities</b>	<b>(472,3)</b>	<b>(471,1)</b>	<b>0,3</b>
<b>Financing activities</b>			
Short-term funding (repaid)/raised	(471,9)	305,4	(254,5)
Lease liabilities repaid	(148,3)	(147,2)	0,7
Payment to I&J BBBEE shareholders	–	(34,8)	(100,0)
Ordinary dividends paid	(1 709,8)	(1 538,7)	11,1
<b>Net cash utilised in financing activities</b>	<b>(2 330,0)</b>	<b>(1 415,3)</b>	<b>64,6</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(133,5)</b>	<b>297,0</b>	
<b>Cash and cash equivalents at beginning of year</b>	<b>494,9</b>	<b>191,4</b>	
	<b>361,4</b>	<b>488,4</b>	
<b>Translation of cash equivalents of foreign subsidiaries</b>	<b>(8,5)</b>	<b>6,5</b>	
<b>Cash and cash equivalents at end of year</b>	<b>352,9</b>	<b>494,9</b>	

# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium R'm	Treasury shares R'm	Reserves R'm	Retained earnings R'm	I&J BBBEE shareholders R'm	Total equity R'm
<b>Year ended 30 June 2024</b>						
Balance at 1 July 2023	279,4	(75,8)	234,1	4 785,8	(106,6)	5 116,9
Profit for the year	–	–	–	2 257,7	–	2 257,7
<b>Other comprehensive loss</b>						
Foreign currency translation differences	–	–	(23,9)	–	–	(23,9)
Actuarial loss recognised, net of tax	–	–	(12,6)	–	–	(12,6)
Cash flow hedging reserve, net of tax	–	–	34,7	–	–	34,7
<b>Total other comprehensive loss</b>	–	–	(1,8)	–	–	(1,8)
<b>Total comprehensive income for the year</b>	–	–	(1,8)	2 257,7	–	2 255,9
<b>Transactions with owners, recorded directly in equity</b>						
Share-based payments	–	–	98,0	–	–	98,0
Deferred taxation on Group share scheme recharge	–	–	23,9	–	–	23,9
Dividends paid	–	–	–	(1 709,8)	–	(1 709,8)
<b>Total contributions by and distributions to owners</b>	–	–	121,9	(1 709,8)	–	(1 587,9)
<b>Balance at 30 June 2024</b>	<b>279,4</b>	<b>(75,8)</b>	<b>354,2</b>	<b>5 333,7</b>	<b>(106,6)</b>	<b>5 784,9</b>
<b>Year ended 30 June 2023</b>						
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
<b>Other comprehensive loss</b>						
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)
<b>Total other comprehensive loss</b>	–	–	(32,8)	–	–	(32,8)
<b>Total comprehensive income for the year</b>	–	–	(32,8)	1 836,9	–	1 804,1
<b>Transactions with owners, recorded directly in equity</b>						
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)
<b>Total contributions by and distributions to owners</b>	–	–	57,8	(1 538,7)	–	(1 480,9)
<b>Balance at 30 June 2023</b>	<b>279,4</b>	<b>(75,8)</b>	<b>234,1</b>	<b>4 785,8</b>	<b>(106,6)</b>	<b>5 116,9</b>

RESULTS for the year ended 30 June 2024

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

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 a joint venture.

## 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 IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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 IFRS Accounting 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 ("R'm") 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 2023, applicable to the Group.

### **New standards and interpretations in issue not yet effective**

The Group continuously evaluates the impact of new accounting standards, amendments to accounting standards and interpretations and assesses these for applicability to the Group. The new accounting standards and amendments to accounting standards issued which are material to the Group, but not yet effective on 30 June 2024, include:

#### *IFRS 18 – Presentation and Disclosure of Financial Statements*

The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Group is still assessing the impact of these amendments which are effective for the Group's annual reporting period beginning on 1 July 2027.

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# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

## 2. Segmental results

Segmental revenue	Audited year ended 30 June		
	2024 R'm	2023 R'm	% change
<b>Food &amp; Beverage brands</b>	<b>13 082,5</b>	11 999,4	9,0
Entyce Beverages	5 025,4	4 251,6	18,2
Snackworks	5 597,9	5 261,2	6,4
I&J	2 459,2	2 486,6	(1,1)
<b>Fashion brands</b>	<b>2 779,8</b>	2 920,2	(4,8)
Personal Care*	1 022,5	1 223,3	(16,4)
Footwear & Apparel	1 757,3	1 696,9	3,6
<b>Corporate and consolidation**</b>	<b>–</b>	–	
Corporate	179,9	165,2	8,9
Intersegment revenue	(179,9)	(165,2)	8,9
<b>Group</b>	<b>15 862,3</b>	14 919,6	6,3
<b>Segmental operating profit</b>			
<b>Food &amp; Beverage brands</b>	<b>2 770,7</b>	2 155,4	28,5
Entyce Beverages	1 300,1	920,2	41,3
Snackworks	1 270,9	1 038,4	22,4
I&J	199,7	196,8	1,5
<b>Fashion brands</b>	<b>560,8</b>	587,9	(4,6)
Personal Care*	220,0	233,1	(5,6)
Footwear & Apparel	340,8	354,8	(3,9)
<b>Corporate</b>	<b>(26,9)</b>	(28,5)	
<b>Group</b>	<b>3 304,6</b>	2 714,8	21,7

\* As of 1 July 2023, Personal Care revenue and operating profit does not include any contribution from the Coty business.

\*\* The disclosure of intersegment revenue has been included in the current period to enhance disclosure.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

## 3. 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 2024							Total
	Entyce Beverages	Snackworks	I&J	Personal Care	Footwear & Apparel	Corporate	Consolidation	
	R'm	R'm	R'm	R'm	R'm	R'm	R'm	
South Africa	4 457,4	4 932,0	830,7	935,8	1 739,6	179,9	(179,9)	12 895,5
Other African countries	557,4	629,4	61,2	86,7	17,7	–	–	1 352,4
Europe	6,8	10,9	1 122,4	–	–	–	–	1 140,1
Rest of the world	3,8	25,6	444,9	–	–	–	–	474,3
<b>Total revenue</b>	<b>5 025,4</b>	<b>5 597,9</b>	<b>2 459,2</b>	<b>1 022,5</b>	<b>1 757,3</b>	<b>179,9</b>	<b>(179,9)</b>	<b>15 862,3</b>

Geographical market	Audited year ended 30 June 2023							Total
	Entyce Beverages	Snackworks	I&J	Personal Care	Footwear & Apparel	Corporate	Consolidation	
	R'm	R'm	R'm	R'm	R'm	R'm	R'm	
South Africa	3 728,8	4 578,6	838,1	1 120,2	1 678,8	165,2	(165,2)	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
<b>Total revenue</b>	<b>4 251,6</b>	<b>5 261,2</b>	<b>2 486,6</b>	<b>1 223,3</b>	<b>1 696,9</b>	<b>165,2</b>	<b>(165,2)</b>	<b>14 919,6</b>

The majority of revenue comprises revenue from the sale of goods. Less than 2% (2023: less than 2%) of total revenue comprises income arising from service agreements, rental agreements and trademark licence agreements.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

## 4. Determination of headline earnings

	Audited year ended 30 June		
	2024 R'm	2023 R'm	% change
Profit for the year attributable to owners of AVI	2 257,7	1 836,9	22,9
Total capital items after taxation	15,0	(6,7)	(323,9)
Net loss on disposal of property, plant and equipment	20,9	1,8	1061,1
Impairment of property, plant and equipment	0,2	2,2	(90,9)
Insurance proceeds/receivables on property, plant and equipment	(0,4)	(13,1)	(96,9)
Taxation attributable to capital items	(5,7)	2,4	(337,5)
<b>Headline earnings</b>	<b>2 272,7</b>	<b>1 830,2</b>	<b>24,2</b>
<b>Headline earnings per ordinary share (cents)</b>	<b>687,1</b>	<b>553,6</b>	<b>24,1</b>
<b>Diluted headline earnings per ordinary share (cents)</b>	<b>680,0</b>	<b>551,8</b>	<b>23,2</b>

	Number of shares	Number of shares	% change
Weighted average number of ordinary shares	330 791 602	330 596 489	0,1
Weighted average diluted number of ordinary shares	334 217 367	331 662 214	0,8

## 5. Cash generated by operations

	Audited year ended 30 June		
	2024 R'm	2023 R'm	% change
Cash generated by operations before working capital changes	4 049,1	3 432,3	18,0
Changes in working capital	(270,8)	(352,6)	(23,2)
<b>Cash generated by operations</b>	<b>3 778,3</b>	<b>3 079,7</b>	<b>22,7</b>

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

## 6. Commitments

	Audited year ended 30 June	
	2024	2023
	R'm	R'm
Capital expenditure commitments for property, plant and equipment	210,8	264,1
Contracted for	157,9	171,7
Authorised but not contracted for	52,9	92,4

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.

## 7. I&J BBBEE Transaction

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.

The mechanics of the replacement structure align closely with the terms of the expired 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 and 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 has been recognised as a cash-settled share-based payment liability in the Group's financial statements with a concomitant non-cash expense of R15,2 million recognised in earnings.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

## 8. Fair value classification and measurement

The Group measures derivative foreign exchange contracts, fuel swaps, biological assets and cash-settled share-based payment arrangements at fair value.

Cash-settled share-based payment arrangements relate primarily to the BBBEE arrangement between the Group and Twincitiesworld, the value of which is determined using the Monte Carlo option pricing model. The fair value of the liability is measured in line with the requirements of IFRS 2 – *Share-Based Payment*, with the main drivers of inputs being I&J Limited's historical earnings, funding rates and expected dividend flows. The estimated fair value is based on subsequent modelled earnings for each reported period until vesting date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements in accordance with IFRS 13 – *Fair Value Measurement*, 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 2024.

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](http://www.avi.co.za).

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## 9. Post-reporting date events

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

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# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

## 10. Dividend declaration

Notice is hereby given that a gross final normal dividend No. 104 of 388 cents per share for the year ended 30 June 2024 and a gross special dividend No. 105 of 280 cents per share have been declared payable to shareholders of ordinary shares. Both dividends have been declared out of income reserves and will be subject to dividend withholding tax at a rate of 20%. Consequently, a net final normal dividend of 310,4 cents per share and a net special dividend of 224 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. The special dividend is subject to Exchange Control approval. A further announcement will be released on SENS once Exchange Control approval has been obtained. 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 338 965 477 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:

Finalisation date	Tuesday, 8 October 2024
Last day to trade cum dividend on the JSE	Tuesday, 15 October 2024
First trading day ex dividend on the JSE	Wednesday, 16 October 2024
Record date	Friday, 18 October 2024
Payment date	Monday, 21 October 2024

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 16 October 2024, and Friday, 18 October 2024, 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, 21 October 2024.

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# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

## 11. Reports of the independent auditor and annual financial statements

The summarised consolidated annual financial statements for the year ended 30 June 2024 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](http://www.avi.co.za).

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## 12. 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.

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## 13. Annual report

The annual report for the year ended 30 June 2024 will be published to shareholders on or about Monday, 7 October 2024. The annual report will include the notice of the Annual General Meeting of shareholders to be convened on Tuesday, 12 November 2024.

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# 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](mailto:info@avi.co.za)  
Website: [www.avi.co.za](http://www.avi.co.za)

### Auditors

Ernst & Young Inc.

### Sponsor

The Standard Bank of South Africa Limited

### Commercial bankers

First Rand Bank Limited  
Standard Bank Limited

### 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*  
Michael Koursaris  
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*  
Roger Coppin  
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

*Managing director*  
Gaynor Poretti  
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<sup>1</sup>  
(Chief Executive Officer)  
Justin O'Meara<sup>1</sup>  
(Chief Financial Officer)  
Michael Koursaris  
(Business Development Director)

## Independent non-executive

### Current

Mike Watters (Chairman)<sup>2,3,4,5</sup>  
Alexandra Muller<sup>1,6</sup>  
Steven Robinson<sup>6,7</sup>  
Masarama Mouyeme<sup>6,8</sup>  
Valerie Davies<sup>5,9</sup>

### Outgoing

Gavin Tipper<sup>10</sup>  
James Hersov<sup>11</sup>  
Mike Bosman<sup>12</sup>  
Busisiwe Silwanyana<sup>13</sup>  
Abe Thebyane<sup>14</sup>

<sup>1</sup> Member of the Social and Ethics Committee.

<sup>2</sup> Appointed to the Board on 1 June 2023.

<sup>3</sup> British.

<sup>4</sup> Appointed as Chairman of the Board on 1 July 2023.

<sup>5</sup> Member of the Remuneration, Nomination and Appointments Committee.

<sup>6</sup> Member of the Audit and Risk Committee.

<sup>7</sup> Appointed to the Board and the Audit and Risk Committee on 1 March 2023.

<sup>8</sup> Appointed to the Board and the Audit and Risk Committee on 1 August 2023.

<sup>9</sup> Appointed to the Board and the Remuneration, Nomination and Appointments Committee on 1 June 2024.

<sup>10</sup> Resigned from the Board (and as Chairman) and the Remuneration, Nomination and Appointments Committee on 30 June 2023.

<sup>11</sup> Resigned from the Board on 3 July 2023.

<sup>12</sup> Resigned from the Board and the Audit and Risk Committee on 30 January 2023.

<sup>13</sup> Resigned from the Board and the Audit and Risk Committee on 27 June 2023.

<sup>14</sup> Resigned from the Board and the Remuneration, Nomination and Appointments Committee on 30 April 2024.

A collage of various products and scenes arranged in a triangular pattern. The collage includes: a top section with round biscuits on a purple background; a woman's face in profile; a box of Five Roses Earl Grey tea; a man in a tuxedo; a woman in a black dress; a man in a yellow jacket; a bowl of food; a cup of coffee; a mug with a bear and the text 'HUG in a MUG'; a branch with green leaves; and a cup of coffee with the text 'i LOVE Vanilla'. The website address 'WWW.AVI.CO.ZA' is visible in the center.