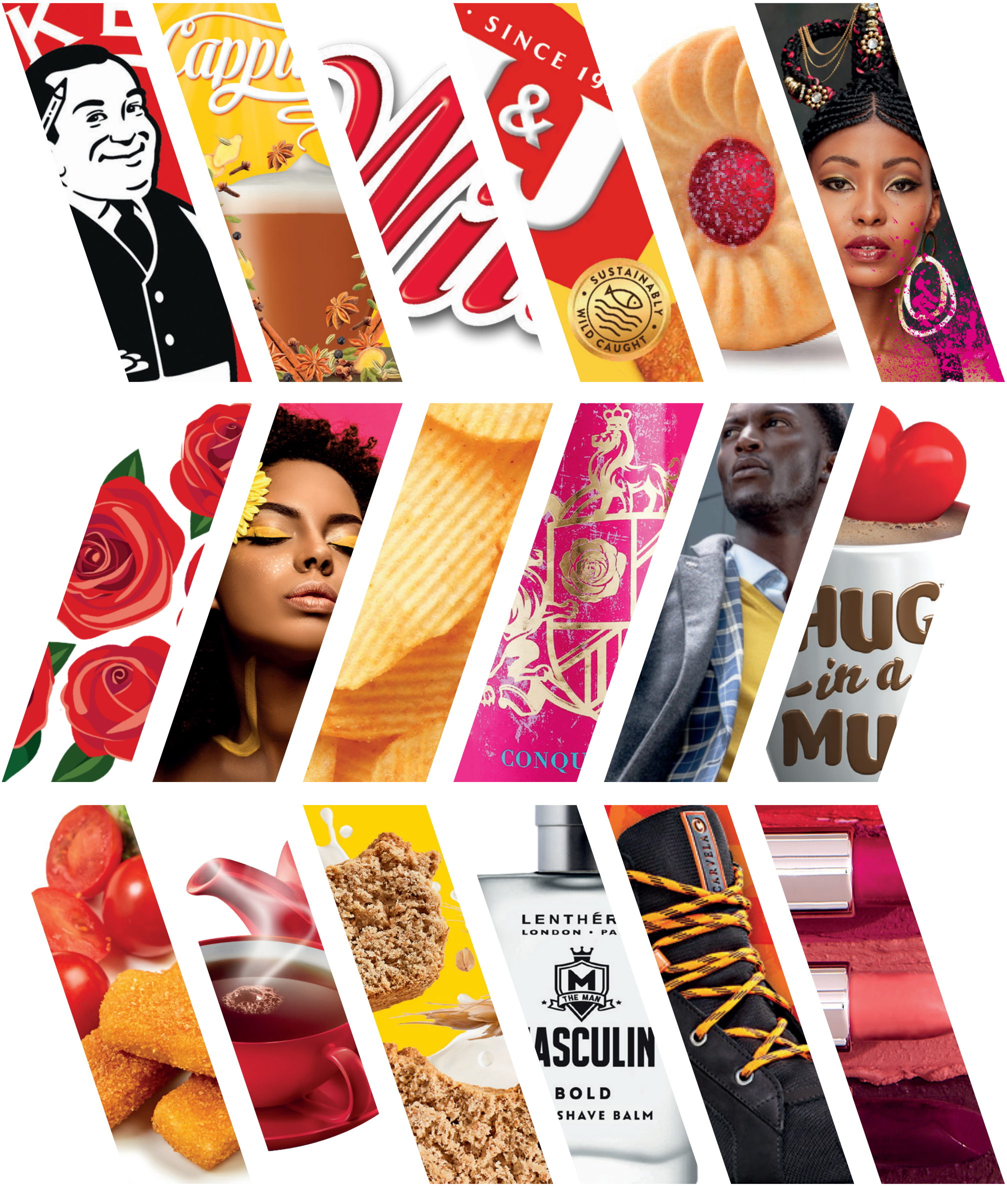
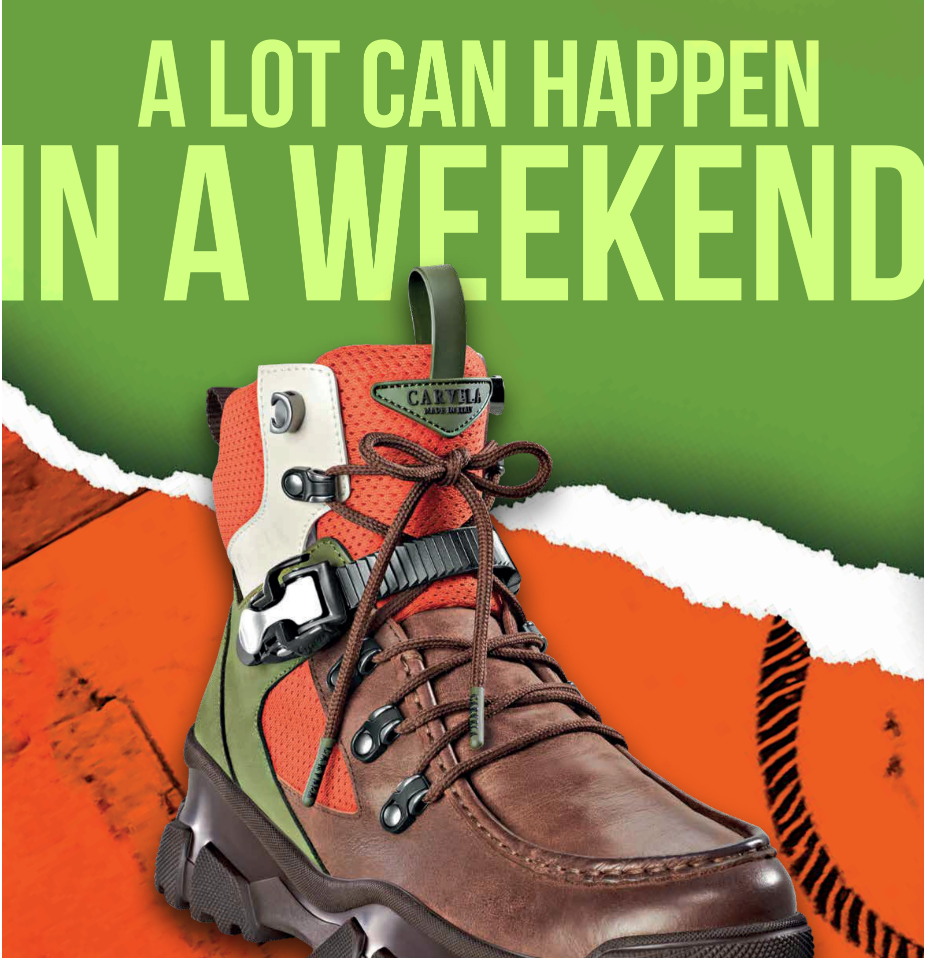


AV

GROWING GREAT BRANDS

RESULTS FOR YEAR ENDED 30 JUNE 2021



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/investor/results-and-presentations/current-year

key features

- Group revenue increased by 0,5%
- Operating profit increased by 3,2%
- Selling and administrative costs declined by 5,4%
- COVID-19:
  – Mixed impact on demand
  – Additional costs of R24 million
- Selling price increases taken to offset higher raw material costs in most categories
- Improved second semester from I&J
- Net finance charges 40% lower
- Headline earnings per share up 6,2% to 499,9 cents
- Sustained strong cash generation
- Final dividend of 275 cents per share, ordinary dividends up 6,1%
- Special dividend of 280 cents per share brings total dividends for the year to 715 cents

results commentary

GROUP OVERVIEW

The COVID-19 pandemic and the related lockdown regulations continued to have a material impact on our businesses. Demand for our snacking and beverage brands normalised from the peaks during the hard lockdown period as consumers returned to more normal spending patterns, while sales of fragrance and beauty products improved. Our retail brands' sales recovered as shoppers increasingly returned to malls and high streets. The strong demand for Entyce and Snackworks' brands seen during the fourth quarter of last year was not repeated, however this was partially offset by improved sales from the fashion brands which were materially impacted by the severe lockdown restrictions over the same period last year. Ongoing efforts to keep staff safe and comply with lockdown regulations ensured continuity of operations and minimised losses of production and sales. Direct costs of R24 million were incurred in responding to the pandemic.

Group revenue increased by 0,5% due mainly to higher sales volumes at I&J and higher selling prices generally, offset by volume declines in most of our businesses. Higher selling prices reflect price increases in response to rising raw material costs, tighter management of discounts and the benefits of the weaker Rand on I&J's export revenue. Lower volumes were due to the normalisation of demand in the food and beverage categories, and the continued impact of COVID-19 on sales volumes in the fashion businesses and the Ciro out-of-home coffee solutions business. I&J had strong growth in both fishing and abalone volumes in the second semester, with improved fishing vessel availability and an improvement in abalone demand and prices.

The consolidated gross profit decreased by 1,6% due mainly to the deleveraging impact of lower volumes, exacerbated by cost pressures from the weaker Rand not fully recovered through price increases. Selling and administrative costs decreased by 5,4% due to strong cost control supported by restructuring activity in several parts of the group. Operating profit for the year increased by 3,2% and the operating profit margin increased from 17,7% to 18,2%.

Net finance costs were materially lower than last year in line with lower interest rates and lower debt levels for most of the year, resulting in growth in headline earnings of 6,4%. Headline earnings per share increased by 6,2% from 470,8 cents to 499,9 cents, with a 0,2% increase in the weighted average number of shares in issue due to the vesting of employee share options.

During the first semester of the previous financial year I&J sold its interest in the Simplot joint venture in Australia, realising proceeds after transaction costs of R631,8 million, and a capital gain, after tax, of R373,7 million. As there were no material capital items in the current financial year, attributable earnings decreased by 15,5%.

Cash generated by operations decreased by 6,2% due to lower adjustments for non-cash items in operating profit, mainly incentive provisions and fair value adjustments to I&J's abalone stock, as well as a smaller decrease in working capital than last year. Interest and taxation paid were both lower than last year, resulting in a 3,2% decrease in cash from operating activities. Other material cash flows during the period were capital expenditure of R315,7 million, ordinary dividends paid of R1,36 billion and the special dividend of R925,7 million, paid in April 2021. Net debt at the end of June 2021 was R1,72 billion compared to R1,32 billion at the end of June 2020.

DIVIDEND

Overall cash generation remains healthy and debt levels are within our targeted gearing range. The board has declared a final ordinary dividend of 275 cents per share, resulting in a full year ordinary dividend of 435 cents, which is 6,1% higher than last year, and in line with the growth in headline earnings.

In addition, a special dividend of 280 cents per share was paid to shareholders in April 2021.

SEGMENTAL REVIEW

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2021 Rm	2020 Rm	% change	**2021 Rm**	2020 Rm	% change
Food & Beverage brands	**10 650,3**	10 542,0	1,0	**2 029,0**	1 994,6	1,7
Entyce Beverages	**3 777,1**	3 849,0	(1,9)	**872,8**	846,6	3,1
Snackworks	**4 267,8**	4 365,1	(2,2)	**814,6**	910,2	(10,5)
I&J	**2 605,4**	2 327,9	11,9	**341,6**	237,8	43,7
Fashion brands	**2 618,9**	2 667,7	(1,8)	**400,8**	352,4	13,7
Personal Care	**1 152,9**	1 192,7	(3,3)	**170,4**	150,2	13,4
Footwear & Apparel	**1 466,0**	1 475,0	(0,6)	**230,4**	202,2	13,9
Corporate				**(20,5)**	(12,5)	
Group	**13 269,2**	13 209,7	0,5	**2 409,3**	2 334,5	3,2

Entyce Beverages

Revenue decreased by 1,9% to R3,78 billion while operating profit increased 3,1% to R872,8 million, with the operating profit margin at 23,1% compared to 22,0% in the prior year.

Tea revenue decreased by 1,5% due mainly to lower rooibos revenue and lower black tea volumes, with the strong demand related to the lockdown in the fourth quarter of last year not repeated, partially offset by selling price increases on black tea to ameliorate pressure from the weaker Rand. Rooibos revenue was lower than last year as selling prices were reduced in response to lower raw material costs, however volume growth offset most of the impact of the lower prices. The gross profit margin improved and selling and administrative costs decreased, resulting in good growth in operating profit and an improvement in the operating profit margin.

SEGMENTAL REVIEW continued

Entyce Beverages continued

Coffee revenue was 7,6% lower than last year due mainly to lower sales in the Ciro out-of-home coffee business which was severely impacted by reduced demand from hospitality, leisure and corporate customers due to COVID-19, with slow recovery during the year. Revenue for the rest of the coffee portfolio was slightly lower than last year with continued pressure on mixed instant volumes from aggressive competitor activity, largely offset by price increases on premium, affordable and mixed instant coffee to offset cost pressure from the weaker Rand, and higher production costs. Gross profit was lower than last year due to the volume pressure in Ciro, with the gross profit margin slightly lower than last year. This was offset by lower selling and administrative costs, including savings from restructuring at Ciro. Operating profit was in line with last year, notwithstanding a significant drop in Ciro's result, due to increased profit from the rest of the portfolio.

Creamer revenue grew 4,6% due to selling price increases to offset higher raw material costs, partially offset by lower sales volumes in the second semester with the strong demand related to the lockdown in the fourth quarter of last year not repeated. The gross profit margin decreased due to cost pressure not recovered in the year, however lower selling and administrative costs supported a good result, albeit a decline from the record performance last year.

Snackworks

Revenue of R4,27 billion was 2,2% lower than last year while operating profit decreased 10,5%, from R910,2 million to R814,6 million. The operating profit margin decreased from 20,9% to 19,1%.

Biscuit revenue decreased by 3,2% due mainly to lower sales volumes with the strong demand related to the lockdown in the fourth quarter of last year not repeated, partially offset by higher selling prices from price increases in April 2020 and April 2021, as well as tighter control of discounts. The gross profit margin decreased due to raw material cost pressure and a change in sales mix, while selling and administrative costs decreased, ameliorating the decline in operating profit and operating profit margin from last year's record level.

Snacks revenue increased by 0,7% due mainly to higher selling prices from price increases in April 2020 and April 2021, as well as tighter control of discounts. The gross profit margin was lower than last year, impacted by higher raw material costs that were not fully recovered in the year and an increase in demand for big bag formats relative to small bags. Selling and administrative costs were lower than last year which ameliorated the impact of the lower gross profit, however operating profit and operating profit margin both declined from last year's high base.

SEGMENTAL REVIEW continued

I&J

Revenue of R2,61 billion was 11,9% higher than last year while operating profit increased from R237,8 million to R341,6 million. The operating profit margin increased from 10,2% to 13,1%.

The increase was materially due to a significant improvement in the second semester fishing performance, with the COVID-19 disruptions and vessel outages experienced last year not repeated. Abalone profit improved in the second semester due to improving demand and prices in the key Hong Kong market, supported by cost savings, with the business ending the full year with a small loss compared to last year's break even result.

Revenue growth reflects higher sales volumes, price increases in the domestic market and the benefit of the weaker Rand on exports. The gross profit margin improved with volume leverage and lower fuel costs partly offset by higher fleet maintenance costs. Selling and administrative costs were well contained, supporting the strong growth in operating profit.

Personal Care

Indigo's revenue of R1,15 billion was 3,3% lower than last year due largely to the impact of COVID-19 on sales volumes, particularly colour cosmetics, partially offset by price increases in the first half of the year in response to the weaker Rand. Volumes recovered from the low base in the second half of last year and showed good growth in the fourth quarter compared to last year when lock down regulations restricted part of the portfolio, but remain below pre-COVID levels.

The gross profit margin was well protected and selling and administrative costs were almost 10% lower than last year due to lower new product launch costs and other cost savings, which resulted in an improvement in operating profit from R150,2 million to R170,4 million, and an increase in the operating profit margin from 12,6% to 14,8%.

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

Revenue decreased by 0,6% to R1,47 billion due mainly to a 7,6% decrease in footwear sales volumes, offset by price increases. Consumers are returning to malls and high streets, and volumes in the second semester were higher than last year due to good growth in the fourth quarter compared to last year when lock down regulations required stores to close from 26 March 2020 to 30 April 2020, before opening up on a phased basis during May 2020. The environment remains constrained and a number of under-performing Green Cross stores were closed during the year.

The gross profit margin was well protected, with a slight decrease due to the weaker Rand. Selling and administrative costs were significantly lower due to cost cutting, completion of the Green Cross integration into Spitz, and lower store costs due to closures, resulting in an increase in operating profit from R202,2 million to R230,4 million, with the operating profit margin increasing from 13,7% to 15,7%.

OUTLOOK

COVID-19 remains a risk to the safety of our staff, the efficiency of our operations and the health of the trading environment. It continues to have a material impact on demand for Ciro's out of home coffee solutions business, and some of Indigo's personal care categories, however the impact of the third wave on operations has not been significant, and we hope to sustain operations without material disruption in the year ahead. The long term economic damage wrought by the pandemic will exacerbate an already constrained trading environment, and many of our categories face the prospect of low, or even negative, growth rates in the absence of stimulus in the short-term.

The civil unrest in July had limited impact on the Group's physical operations, and the majority of direct losses are expected to be recovered from SASRIA in time. Food and beverage sales lost in July should largely be made up in August and September as our customers re-open and replenish stores.

Demand in Entyce and Snackworks has normalised as consumers return to normal spending patterns under lighter lockdown regulations and, absent unusual demand impacts driven by COVID-19, sales volumes in the next year will be a function of consumer demand, competitor activity and our management of selling prices in the context of higher input costs. In personal care, demand is expected to remain weak for as long as large numbers of people work from home. Ciro's recovery is expected to be gradual with high dependency on travel, tourism and corporate offices. The retail brands, with their premium price points, are likely to remain constrained by the pressures on consumer spending, and will remain dependent on strong sales in the December holiday season to deliver a good full year result.

I&J's prospects for the twelve months to June 2022 are materially dependent on fishing performance, and sustaining the recent improvement in abalone demand and selling prices. Foreign currency hedges are not as favourable as last year, but will support sound profitability nevertheless. Fishing capacity remains tight with an ever more demanding maintenance regime to support the older vessels in our fleet, and the business urgently needs certainty on future fishing rights to support investment in replacement vessels. The hake long-term rights application process, planned to be completed by the end of 2021, should not impact operations in the first semester.

Prices for many of the key raw materials used by AVI's businesses have risen over the last year. Our consistent hedging practices for both currency and commodity prices will provide some protection for the first semester of the new financial year, but it is likely that further selling price increases in some categories will be necessary to protect gross profit margins. This may have a negative impact on demand in those categories.

OUTLOOK continued

Achieving profit growth across our diverse portfolio requires reasonable demand in a constrained macro environment. We continue to react quickly to market changes as we pursue the best balance of price, sales volumes and profit margin in each category, and this is underpinned by relevant innovation and a fastidious focus on product quality to ensure our brands offer value to our customers. Our long established focus on factory efficiency, procurement savings and fixed cost reductions will continue. Restructuring in the abalone, retail and Ciro businesses during the last year will yield meaningful savings and help to sustain profit margins in the year ahead.

Capital projects that underpin our manufacturing capabilities, product quality and customer service levels will continue to be supported.

AVI International, supported by our South African manufacturing capabilities, remains focussed on steadily 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 and competing effectively with our unique brand portfolio. Acquisition opportunities with the potential to meet the Board's criteria will be evaluated.

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

Gavin Tipper
Chairman

Simon Crutchley
CEO

6 September 2021

summarised consolidated balance sheet

	Audited at 30 June	
	2021 Rm	2020 Rm
Assets		
Non-current assets		
Property, plant and equipment	**3 265,8**	3 361,7
Right-of-use assets	**251,7**	310,8
Intangible assets and goodwill	**789,8**	799,3
Investments and other long-term assets	**32,0**	35,1
Deferred taxation	**43,3**	41,5
	4 382,6	4 548,4
Current assets		
Inventories and biological assets	**2 474,2**	2 491,9
Trade and other receivables including derivatives	**1 795,4**	1 886,0
Cash and cash equivalents	**194,1**	842,4
	4 463,7	5 220,3
Total assets	**8 846,3**	9 768,7
Equity and liabilities		
Capital and reserves		
Total equity	**4 401,9**	5 018,4
Non-current liabilities		
Cash-settled share-based payment liability	**41,6**	41,4
Lease liabilities	**165,8**	230,0
Employee benefit liabilities	**320,1**	378,4
Deferred taxation	**426,8**	433,8
	954,3	1 083,6
Current liabilities		
Current borrowings including short-term portion of lease liabilities	**1 752,9**	1 927,7
Trade and other payables including derivatives	**1 688,9**	1 712,2
Current tax liabilities	**48,3**	26,8
	3 490,1	3 666,7
Total equity and liabilities	**8 846,3**	9 768,7
Movement in net debt		
Opening balance	**926,4**	2 034,6
Short-term funding repaid	**(159,7)**	(498,9)
Decrease/(increase) in cash and cash equivalents	**637,9**	(605,7)
Translation of cash equivalents of foreign subsidiaries	**10,4**	(3,6)
Net debt excluding IFRS 16 lease liability movements	**1 415,0**	926,4
IFRS 16 lease liabilities	**309,6**	388,9
Net debt*	**1 724,6**	1 315,3

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

summarised consolidated statement of comprehensive income

	Audited year ended 30 June		
	2021 Rm	2020 Rm	% change
Revenue	**13 269,2**	13 209,7	0,5
Cost of sales	**(8 101,2)**	(7 958,5)	1,8
Gross profit	**5 168,0**	5 251,2	(1,6)
Selling and administrative expenses	**(2 758,7)**	(2 916,7)	(5,4)
Operating profit before capital items	**2 409,3**	2 334,5	3,2
Interest received	**21,9**	9,8	123,5
Finance costs	**(121,2)**	(175,3)	(30,9)
Share of equity-accounted earnings of joint ventures	**3,6**	17,4	(79,3)
Capital items	**(4,2)**	455,9	(100,9)
Profit before taxation	**2 309,4**	2 642,3	(12,6)
Taxation	**(663,7)**	(695,0)	(4,5)
Profit for the year	**1 645,7**	1 947,3	(15,5)
Profit attributable to:			
Owners of AVI	**1 645,7**	1 947,3	(15,5)
Other comprehensive (loss)/income, net of tax	**(27,2)**	25,7	
Items that are or may be subsequently reclassified to profit or loss			
Foreign currency translation differences	**(28,0)**	13,2	
Cash flow hedging reserve	**1,7**	(2,8)	
Taxation on items that are or may be subsequently reclassified to profit or loss	**(0,5)**	0,8	
Items that will never be reclassified to profit or loss			
Actuarial (loss)/gain recognised	**(0,5)**	20,2	
Taxation on items that will never be reclassified to profit or loss	**0,1**	(5,7)	
Total comprehensive income for the year	**1 618,5**	1 973,0	(18,0)
Total comprehensive income attributable to:			
Owners of AVI	**1 618,5**	1 973,0	(18,0)
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights, trademarks and computer software included in operating profit	**559,1**	594,5	(6,0)
Earnings per share			
Basic earnings per share (cents)#	**498,9**	591,6	(15,7)
Diluted basic earnings per share (cents)##	**497,4**	589,8	(15,7)
Headline earnings per share (cents)#	**499,9**	470,8	6,2
Diluted headline earnings per share (cents)##	**498,4**	469,3	6,2

 # Basic earnings and headline earnings per share are calculated on a weighted average of 329 850 528 (30 June 2020: 329 140 892) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 330 845 156 (30 June 2020: 330 184 802) ordinary shares in issue.

summarised consolidated statement of cash flows

	Audited year ended 30 June 2021 Rm	2020 Rm	% change
Operating activities			
Cash generated by operations	**3 021,0**	3 220,3	(6,2)
Interest paid	**(121,2)**	(175,3)	(30,9)
Taxation paid	**(640,4)**	(711,3)	(10,0)
Net cash available from operating activities	**2 259,4**	2 333,7	(3,2)
Investing activities			
Interest received	**21,9**	9,8	123,5
Property, plant and equipment acquired	**(315,7)**	(376,6)	(16,2)
Additions to intangible assets	**(8,5)**	(7,0)	21,4
Proceeds from disposals of property, plant and equipment	**17,6**	23,1	(23,8)
Proceeds from the disposal of interest in Simplot joint venture (note 9)	**–**	631,8	(100,0)
Other cash flows from investments	**4,3**	7,4	(41,9)
Net cash (utilised in)/generated by investing activities	**(280,4)**	288,5	(197,2)
Financing activities			
Proceeds from shareholder funding	**–**	8,0	(100,0)
Short-term funding repaid	**(159,7)**	(498,9)	(68,0)
Lease liabilities repaid	**(174,0)**	(159,6)	9,0
Payment to I&J BBBEE shareholders	**(2,0)**	(13,7)	(85,4)
Ordinary dividends paid	**(1 355,5)**	(1 352,3)	0,2
Special dividend paid	**(925,7)**	–	
Net cash utilised in financing activities	**(2 616,9)**	(2 016,5)	29,8
(Decrease)/increase in cash and cash equivalents	**(637,9)**	605,7	(205,3)
Cash and cash equivalents at beginning of year	**842,4**	233,1	
	204,5	838,8	
Translation of cash equivalents of foreign subsidiaries	**(10,4)**	3,6	
Cash and cash equivalents at end of year	**194,1**	842,4	

summarised consolidated statements 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 2021						
Balance at 1 July 2020	279,4	(150,9)	151,4	4 845,1	(106,6)	5 018,4
Profit for the year	–	–	–	1 645,7	–	1 645,7
Other comprehensive loss						
Foreign currency translation differences	–	–	(28,0)	–	–	(28,0)
Actuarial losses recognised, net of tax	–	–	(0,4)	–	–	(0,4)
Cash flow hedging reserve, net of tax	–	–	1,2	–	–	1,2
Total other comprehensive loss	–	–	(27,2)	–	–	(27,2)
Total comprehensive income for the year	–	–	(27,2)	1 645,7	–	1 618,5
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	43,1	–	–	43,1
Deferred taxation on Group share scheme recharge	–	–	3,1	–	–	3,1
Dividends paid	–	–	–	(2 281,2)	–	(2 281,2)
Total contributions by and distributions to owners	–	–	46,2	(2 281,2)	–	(2 235,0)
Balance at 30 June 2021	**279,4**	**(150,9)**	**170,4**	**4 209,6**	**(106,6)**	**4 401,9**
Year ended 30 June 2020						
Balance at 1 July 2019	280,3	(458,2)	573,7	4 250,1	(106,6)	4 539,3
Profit for the year	–	–	–	1 947,3	–	1 947,3
Other comprehensive gain						
Foreign currency translation differences	–	–	13,2	–	–	13,2
Actuarial gains recognised, net of tax	–	–	14,5	–	–	14,5
Cash flow hedging reserve, net of tax	–	–	(2,0)	–	–	(2,0)
Total other comprehensive gain	–	–	25,7	–	–	25,7
Total comprehensive income for the year	–	–	25,7	1 947,3	–	1 973,0
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	44,7	–	–	44,7
Deferred taxation on Group share scheme recharge	–	–	(1,2)	–	–	(1,2)
Dividends paid	–	–	–	(1 352,3)	–	(1 352,3)
Own ordinary shares sold by AVI Share Trusts	–	8,0	–	–	–	8,0
Delisting and cancellation of treasury shares (note 8)	(0,9)	299,3	(298,4)	–	–	–
Reclassification of foreign currency translation reserve relating to Simplot joint venture (note 9) and other entities in the process of being deregistered	–	–	(193,1)	–	–	(193,1)
Total contributions by and distributions to owners	(0,9)	307,3	(448,0)	(1 352,3)	–	(1 493,9)
Balance at 30 June 2020	**279,4**	**(150,9)**	**151,4**	**4 845,1**	**(106,6)**	**5 018,4**

notes to the summarised consolidated financial statements

For the year ended 30 June 2021

AVI Limited ("AVI" or the "Company") is a South African registered company. These summarised consolidated 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 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 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 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.

The Group has adopted the following amendments to accounting standards, including any consequential amendments to other standards, in the preparation of these consolidated financial statements, all of which became effective to the Group from 1 July 2020:
- Amendments to IAS 1 and IAS 8 *Definition of Material*
- Amendments to IFRS 3 *Definition of a Business*

Amendments to IAS 1 and IAS 8 *Definition of Material*

Amendments were issued by the IASB to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both.

The application of the amendments to IAS 1 and IAS 8 has not impacted the presentation and disclosure of the Group's results.

Amendments to IFRS 3 *Definition of a Business*

The IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The application of the amendments to IFRS 3 has not impacted the presentation and disclosure of the Group's results.

notes to the summarised consolidated financial statements continued

1. Basis of preparation continued

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 and management has concluded that they are not applicable to the business of the Group and will therefore have no impact on future financial statements.

2. Impact of COVID-19

Protocols are in place across the business to mitigate against the impact of COVID-19, and operational disruptions during the year have been minor.

All business units have been able to operate throughout the year, with some recovery in the fashion businesses following the significant decline in sales as a result of the COVID-19 lockdown restrictions during the second semester of the previous financial year. Demand for food and beverage products normalised, in particular, the high demand experienced in the initial lockdown period in the fourth quarter of last year was not repeated.

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

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

3. Segmental results

	Year ended 30 June		
	2021 Rm	2020 Rm	% change
Segmental revenue			
Food & Beverage brands	**10 650,3**	10 542,0	1,0
Entyce Beverages	**3 777,1**	3 849,0	(1,9)
Snackworks	**4 267,8**	4 365,1	(2,2)
I&J	**2 605,4**	2 327,9	11,9
Fashion brands	**2 618,9**	2 667,7	(1,8)
Personal Care	**1 152,9**	1 192,7	(3,3)
Footwear & Apparel	**1 466,0**	1 475,0	(0,6)
Group	**13 269,2**	13 209,7	0,5
Segmental operating profit			
Food & Beverage brands	**2 029,0**	1 994,6	1,7
Entyce Beverages	**872,8**	846,6	3,1
Snackworks	**814,6**	910,2	(10,5)
I&J	**341,6**	237,8	43,7
Fashion brands	**400,8**	352,4	13,7
Personal Care	**170,4**	150,2	13,4
Footwear & Apparel	**230,4**	202,2	13,9
Corporate	**(20,5)**	(12,5)	
Group	**2 409,3**	2 334,5	3,2

RESULTS for the year ended 30 June 2021

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:

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

	Audited year ended 30 June 2020					
	Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
Geographical market						
South Africa	3 357,2	3 838,1	913,5	1 077,6	1 463,2	10 649,6
Other African countries	484,2	511,4	49,7	114,9	11,8	1 172,0
Rest of the world	7,6	15,6	1 364,7	0,2	–	1 388,1
Total revenue	3 849,0	4 365,1	2 327,9	1 192,7	1 475,0	13 209,7

The majority of revenue comprises revenue from the sale of goods. Less than 2% (2020: less than 2%) of total revenue comprises income arising from service agreements, rental agreements and trademark licence agreements.

notes to the summarised consolidated financial statements continued

5. Determination of headline earnings

	Audited year ended 30 June 2021 Rm	2020 Rm	% change
Profit for the year attributable to owners of AVI	**1 645,7**	1 947,3	(15,5)
Total capital items after taxation	**3,1**	(397,6)	(100,8)
Gain on disposal of interest in Simplot joint venture (note 8)	**–**	(433,1)	(100,0)
Gain on reclassification of the cumulative foreign currency translation reserve from equity to profit for entities in the process of being deregistered	**–**	(30,1)	(100,0)
Net gain on disposal of property, plant and equipment	**(4,2)**	(11,2)	(62,5)
Impairment of property, plant and equipment	**8,4**	18,4	(54,3)
Net loss on disposal and impairment of intangible assets	**–**	0,1	(100,0)
Taxation attributable to capital items	**(1,1)**	58,3	(101,9)
Headline earnings	**1 648,8**	1 549,7	6,4
Headline earnings per ordinary share (cents)	**499,9**	470,8	6,2
Diluted headline earnings per ordinary share (cents)	**498,4**	469,3	6,2

	Number of shares	Number of shares	% change
Weighted average number of ordinary shares	**329 850 528**	329 140 892	0,2
Weighted average diluted number of ordinary shares	**330 845 156**	330 184 802	0,2

6. Cash generated by operations

	Audited year ended 30 June 2021 Rm	2020 Rm	% change
Cash generated by operations before working capital changes	**3 011,4**	3 096,1	(2,7)
Change in working capital	**9,6**	124,2	(92,3)
Cash generated by operations	**3 021,0**	3 220,3	(6,2)

7. Commitments

	Audited year ended 30 June	
	2021 Rm	2020 Rm
Capital expenditure commitments for property, plant and equipment	**112,7**	145,4
Contracted for	**81,2**	90,4
Authorised but not contracted for	**31,5**	55,0

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. Repurchase and cancellation of treasury shares

The Company's wholly owned subsidiary, AVI Investment Services Proprietary Limited ("AVI Investment Services"), held 17 234 352 ordinary shares in the Company, which were acquired in the market pursuant to a share buy-back exercise in 2007.

On 19 August 2019, AVI Investment Services effected a distribution in specie of these shares to the Company, in its capacity as the holding company of AVI Investment Services. The subsequent delisting and cancellation of the 17 234 352 ordinary shares, as approved by the JSE Limited, was effected on 29 August 2019.

The shares cancelled represented 4,89% of the issued share capital of the Company immediately prior to the cancellation. Post the cancellation, the issued share capital of the Company was 335 430 838 ordinary shares.

The delisting and cancellation of these shares resulted in a R299,3 million reduction in the treasury shares balance, of which R0,9 million was allocated against share capital and the balance to share buy-back reserve, with no impact on earnings or earnings per share.

9. Disposal of interest in Simplot joint venture

On 4 November 2019, the Company and its subsidiary, I&J Holdings Proprietary Limited ("I&J"), entered into an agreement in terms of which Simplot Australia Proprietary Limited and related entities ("Simplot Australia") acquired I&J's 40% effective interest in the Simplot Seafood Snacks and Meals Joint Venture ("Simplot JV") and the rights to certain internally generated intellectual property assets ("IP Assets") utilised by the Simplot JV, for an aggregate cash consideration of AUD62 million.

The net purchase consideration after transaction costs was R631,8 million and resulted in a capital gain of R433,1 million before tax, and R373,7 million after tax, comprising:

	Net capital gain 2020 Rm
• Sale of interest in Simplot JV and IP Assets	210,7
• Reclassification of the cumulative foreign currency translation reserve from equity to profit on disposal, as required by IAS 21.	163,0
	373,7

IP Assets were internally generated and therefore were not recognised as intangible assets.

10. Fair value classification and measurement

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

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 2021.

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

11. Post-reporting date events

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

12. Dividend declaration

Notice is hereby given that a gross final ordinary dividend No 98 of 275 cents per share for the year ended 30 June 2021 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 220 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Services by a nominee company, stockbroker or Central Securities Depository Participant ("CSDP") (collectively "regulated intermediary") on behalf of shareholders. However, all shareholders should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption. AVI's issued share capital at the declaration date is 336 504 469 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, 19 October 2021
First trading day ex dividend on the JSE	Wednesday, 20 October 2021
Record date	Friday, 22 October 2021
Payment date	Monday, 25 October 2021

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 20 October 2021, and Friday, 22 October 2021, both days inclusive.

Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. Following the discontinuation of cheque payments by most South African banks, AVI will no longer issue cheques and all future payments will only be made into a nominated bank account by electronic funds transfer. Shareholders who have not yet provided their bank account details to Computershare Investor Services Proprietary Limited are reminded to contact Computershare on 0861 100 950 with their bank account details into which the dividends can be paid electronically. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 25 October 2021.

13. Reports of the independent auditor and annual financial statements

The summarised consolidated financial statements for the year ended 30 June 2021 have been audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual consolidated financial statements from which these summarised consolidated financial statements were derived. The auditor's report on the summarised consolidated 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 financial statements and of the auditor's report on the annual consolidated financial statements which are available for inspection at the Company's registered office. The annual consolidated 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 Owen Cressey CA(SA), the AVI Group Chief Financial Officer.

15. Annual report

The annual report for the year ended 30 June 2021 will be posted to shareholders on or about Tuesday, 5 October 2021. The financial statements will include the notice of the annual general meeting of shareholders to be convened on Thursday, 4 November 2021.

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
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Postal address
PO Box 1897
Saxonwold 2132
South Africa

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

Auditors
Ernst & Young Inc.

Sponsor
The Standard Bank of South Africa Limited

Commercial bankers
Standard Bank
Nedbank

Transfer secretaries
Computershare Investor Services Proprietary Limited

Business address
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196

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

PRINCIPAL SUBSIDIARIES

Food & Beverage brands

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

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

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

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

1 Davidson Street
Woodstock
Cape Town 7925

PO Box 1628
Cape Town 8000

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

Fashion brands

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

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

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

29 Eaton Avenue
Bryanston
2021

PO Box 782916
Sandton
2145

Acting managing director
Simon Crutchley
Telephone: +27 (0)21 707 7300
Telefax: +27 (0)11 707 7763

directors

Executive

Simon Crutchley[3]
(Chief Executive Officer)

Owen Cressey[3]
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Gavin Tipper[1]
(Chairman)

James Hersov

Adriaan Nühn[1, 2, 4, 6]

Mike Bosman[2]

Abe Thebyane[1]

Alexandra Muller[2, 3, 5]

Busisiwe Silwanyana[2,7]

[1] *Member of the Remuneration, Nomination and Appointments Committee.*

[2] *Member of the Audit and Risk Committee.*

[3] *Member of the Social and Ethics Committee.*

[4] *Dutch.*

[5] *Appointed to the Board and Audit and Risk Committee on 1 July 2019. Appointed to the Social and Ethics Committee on 1 August 2019.*

[6] *Resigned from the Board, Remuneration, Nomination and Appointments Committee and the Audit and Risk Committee on 5 November 2020.*

[7] *Appointed to the Board and Audit and Risk Committee on 22 February 2021.*

Bastion

AVI

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WWW.AVI.CO.ZA