AV

GROWING GREAT BRANDS

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 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

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AVI Limited presentation to shareholders & analysts
for the six months ended 31 December 2021

GROWING GREAT BRANDS

notes

AGENDA

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

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notes

KEY FEATURES

- COVID-19 and July unrest
  - Significant disruption to supply chains
  - Direct costs of R36,9 million across Snackworks and Spitz
  - SASRIA insurance proceeds of R64,4 million
- Group revenue increased by 2,3%
- Selling price increases in most categories to offset higher raw material costs
- 2,5% decline in selling and administrative costs
- Operating profit up 6,7% despite the challenging environment
- Costs of R20,0 million related to the Mondelez interest in acquiring Snackworks
- Recovery in I&J abalone volumes and pricing in Asian markets
- I&J Black Staff Share Scheme payout of R103,3 million in December 2021
- Headline earnings per share up 6,6% to 316,9 cents
- Cash from operations up 7,1% to R1,72 billion
- Interim dividend up 6,3% to 170 cents per share

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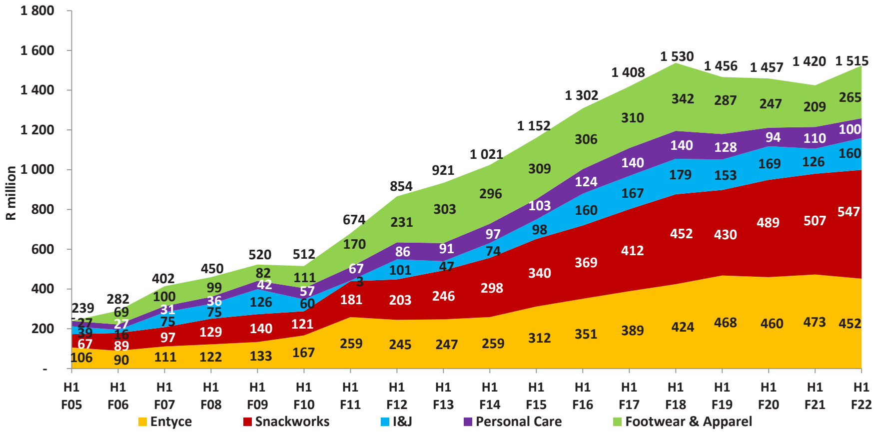
notes

RESULTS HISTORY

Operating profit history



- Inflationary pressure and challenging trading environment
- Recovery of key retail brands with strong festive season
- Compound annual growth of 11,5% from H1 F05 with operating profit margins increasing

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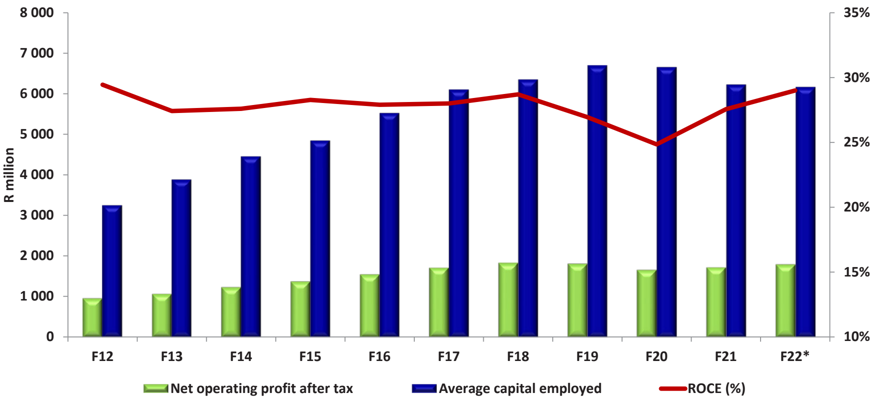
RESULTS HISTORY

Return on capital employed



* F22 represents a rolling 12 month period to 31 December 2021

- High return maintained in challenging environment

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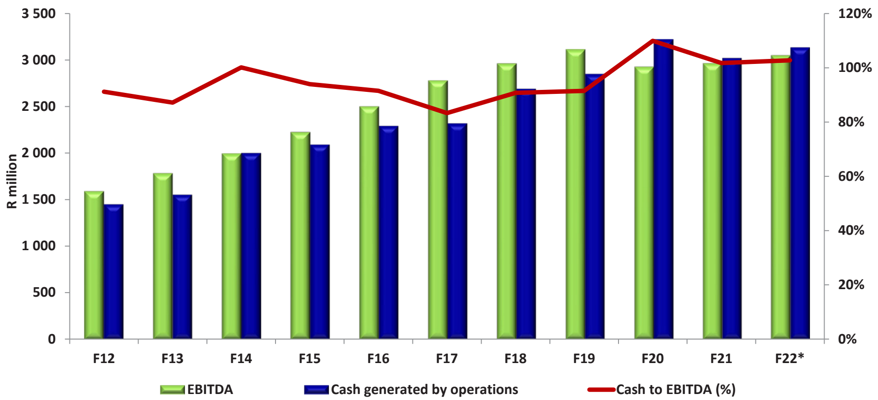
RESULTS HISTORY

Cash conversion



* F22 represents a rolling 12 month period to 31 December 2021

- Sustained strong conversion of earnings into cash

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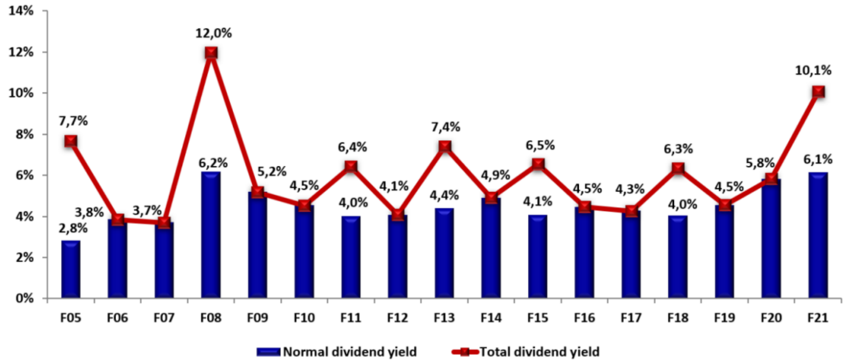
RESULTS HISTORY

Dividend yield (Year end)



- Based on share price at end of each year (R71,05 at end June 2021)
- Total dividend yield includes payments out of share premium and special dividends
- Special dividend of 280 cents per share paid in April 2021
- Excludes share buy-backs

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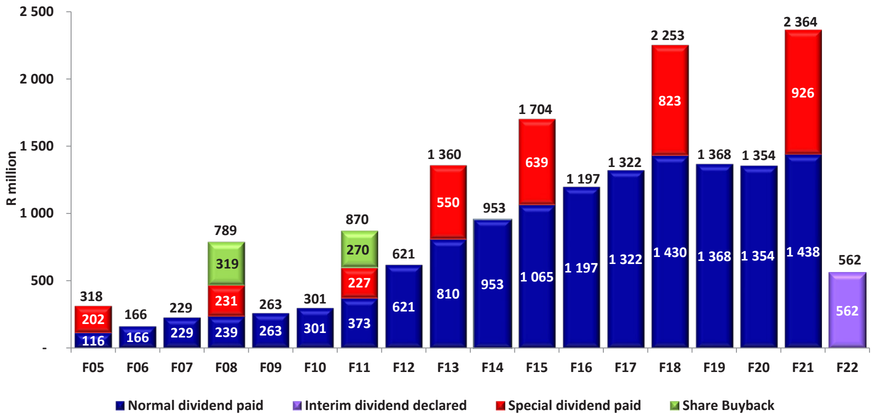
RESULTS HISTORY

Returns to shareholders



- Effective payout ratio from F05 = 94,4% of headline earnings

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Group Financial Results

GROWING GREAT BRANDS

notes

RESULTS for the six months ended 31 December 2021

GROUP FINANCIAL RESULTS

Income statement

	H1 F22 Rm	H1 F21 Rm	%Δ
Revenue	7 295,6	7 131,2	2,3
Cost of sales	(4 409,4)	(4 305,6)	2,4
Gross profit	2 886,2	2 825,6	2,1
Gross profit margin	*39,6*	*39,6*	*(0,2)*
Selling and administrative expenses	(1 371,2)	(1 405,9)	(2,5)
Operating profit	1 515,0	1 419,7	6,7
Operating profit margin	*20,8*	*19,9*	*4,3*
Net financing cost	(56,3)	(51,5)	9,3
Share of joint ventures	(0,6)	2,4	
Capital items before tax	(1,9)	(2,8)	(32,1)
Effective tax rate	*28,2*	*28,5*	*(0,9)*
Headline earnings	1 046,3	979,9	6,8
HEPS (cps)	*316,9*	*297,3*	*6,6*

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GROUP FINANCIAL RESULTS

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	H1 F22 Rm	H1 F21 Rm	Δ %	H1 F22 Rm	H1 F21 Rm	Δ %	H1 F22 %	H1 F21 %
Food & Beverage brands	**5 764,8**	**5 554,5**	**3,8**	**1 159,1**	**1 105,6**	**4,8**	**20,1**	**19,9**
Entyce Beverages	1 999,2	1 954,9	2,3	451,9	473,0	(4,5)	22,6	24,2
Snackworks	2 521,0	2 364,7	6,6	547,2	506,7	8,0	21,7	21,4
I&J	1 244,6	1 234,9	0,8	160,0	125,9	27,1	12,9	10,2
Fashion brands	**1 530,8**	**1 576,7**	**(2,9)**	**364,5**	**318,6**	**14,4**	**23,8**	**20,2**
Personal Care	606,9	642,1	(5,5)	99,5	109,7	(9,3)	16,4	17,1
Footwear & Apparel	923,9	934,6	(1,1)	265,0	208,9	26,9	28,7	22,4
Corporate	**-**	**-**		**(8,6)**	**(4,5)**			
Group	**7 295,6**	**7 131,2**	**2,3**	**1 515,0**	**1 419,7**	**6,7**	**20,8**	**19,9**

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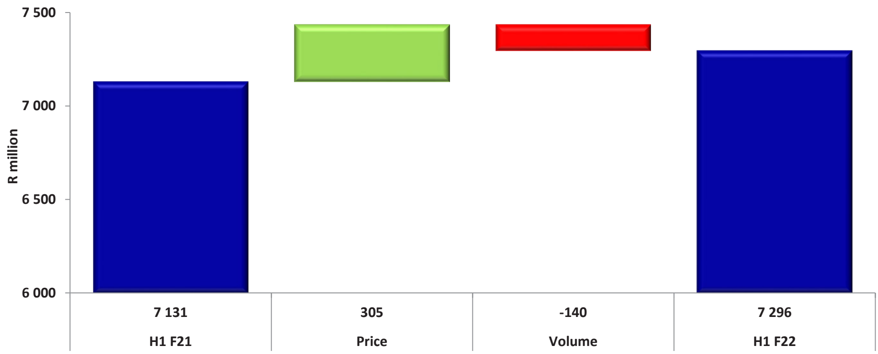
GROUP FINANCIAL RESULTS

Movement in group revenue



- Price increases taken across the Group and tight management of discounts
- Abalone price recovery with Asian markets re-opening
- Demand in snacking and beverage normalised with lockdown demand in first quarter last year not repeated
- Retail fashion brands showed recovery through December after July's unrest

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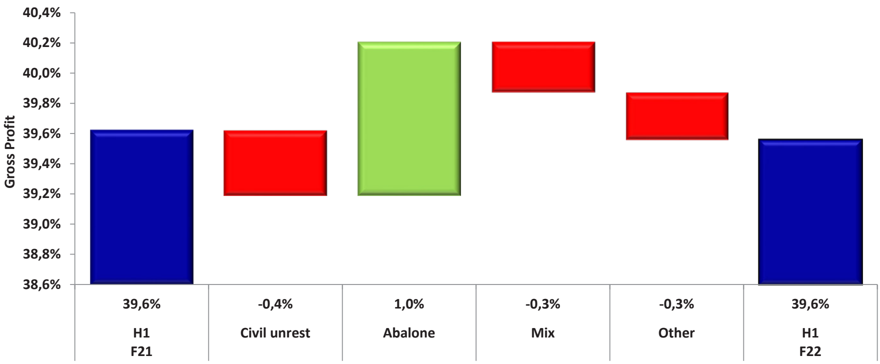
GROUP FINANCIAL RESULTS

Gross profit margin



- Stock write-off costs of R31,6 million associated with July's unrest
- Abalone margin expansion supported by improved pricing in key markets
- Significant pressure from rising raw material and input costs
- Selling price increases in H1 and planned for H2 to offset cost pressure

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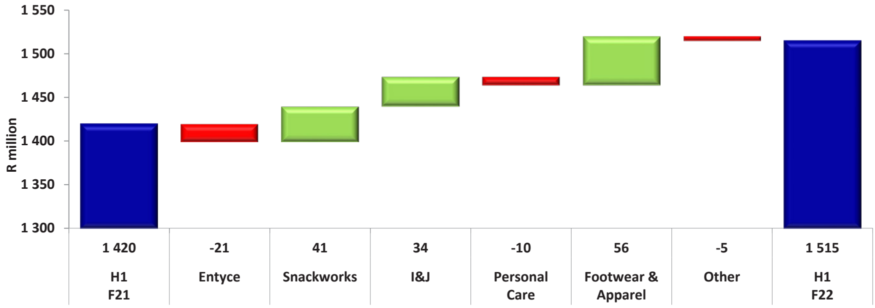
GROUP FINANCIAL RESULTS

Operating profit 6,7% up



- Entyce: Lower volumes in coffee and deflation in tea offset by Ciro recovery and good creamer performance
- Snackworks: Higher realised selling prices supported by robust festive season demand for biscuits
- I&J: Abalone recovery with sustained pricing in key markets
- Personal Care: Volume pressure partly offset by cost savings from restructuring initiatives
- Footwear and Apparel: Higher realised selling prices, SASRIA insurance proceeds and effective cost control

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GROUP FINANCIAL RESULTS

Cash flow, gearing and return on capital

	H1 F22 Rm	H1 F21 Rm	%∆
Cash generated by operations	1 723,5	1 609,0	7,1
*Working capital to revenue % **	*22,5*	*24,0*	*(6,3)*
Capital expenditure	(136,4)	(140,7)	(3,1)
Net debt	1 541,9	1 122,6	37,4
Net debt / capital employed %	*25,2*	*17,8*	*41,6*
*Return on capital employed % **	*29,0*	*25,8*	*12,4*
Normal dividend (cps)	*170*	*160*	*6,3*
Special dividend (cps)	*-*	*280*	

* Represents 12 months to 31 December

- Strong conversion of earnings to cash
- Working capital well managed
- Capital expenditure carefully managed in constrained environment
- Higher net debt following the special dividend in April 2021
- ROCE improved with growth in earnings and lower average capital employed

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GROUP FINANCIAL RESULTS

Key capital projects spend summary

	H1 F22 Actual Rm	H2 F22 Planned Rm	F22 Total Planned Rm
Tea packaging line replacements and upgrades	4	13	17
Creamer capacity increase	-	29	29
Biscuit line capacity and process improvements	6	34	40
Snack line upgrades and improvements	2	17	19
I&J vessel dry-docks and upgrades	33	37	70
I&J processing plant replacements and upgrades	7	46	53
Retail store additions and refurbishments	30	8	38
	82	184	266
Total capital expenditure	136	261	397

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ENTYCE
BEVERAGES
A DIVISION OF NATIONAL BRANDS LIMITED
Performance
GROWING GREAT BRANDS

notes

ENTYCE BEVERAGES

Income statement

	H1 F22 Rm	H1 F21 Rm	%Δ
Revenue	1 999,2	1 954,9	2,3
Operating profit	451,9	473,0	(4,5)
Operating profit margin %	22,6	24,2	(6,6)

- Tea profit decline
  - Rooibos volume growth due to lower selling prices supported by reduced raw material input costs
  - Additional lockdown demand for black tea in first quarter last year not annualised
  - Black tea raw material prices higher despite benefits of stronger Rand
- Gross profit margin remains healthy

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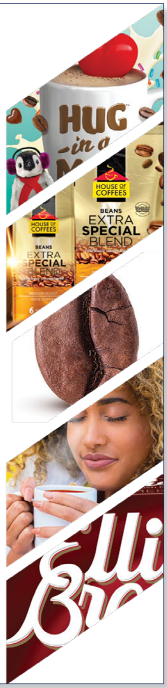
ENTYCE BEVERAGES

Income statement

	H1 F22 Rm	H1 F21 Rm	%Δ
Revenue	1 999,2	1 954,9	2,3
Operating profit	451,9	473,0	(4,5)
Operating profit margin %	22,6	24,2	(6,6)

- Coffee profit decline due to lower volumes offset by Ciro recovery
  - Pressure on mixed instant volumes from competitor discounting
  - Improved Ciro demand in hospitality, leisure and corporate
  - Gross margin pressure from higher input costs and lower volumes despite price increases
  - Lower selling and administrative costs, including savings from restructuring at Ciro in prior year



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ENTYCE BEVERAGES

Income statement

	H1 F22 Rm	H1 F21 Rm	%Δ
Revenue	1 999,2	1 954,9	2,3
Operating profit	451,9	473,0	(4,5)
Operating profit margin %	22,6	24,2	(6,6)

- Creamer profit gains due to higher volumes
  - Effective upgrade of packaging and formats
  - Volume growth underpinned by support from key customers
  - Gross profit margin pressure due to higher raw material costs
  - Selling price increases partially offset cost pressures

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ENTYCE BEVERAGES

Sales volume and selling prices

	% Δ H1 F22 vs H1 F21	Comments
Tea revenue decline	***(4,7)***	
Volume	*(2,2)*	*Declines in black tea volumes partly offset by Rooibos volume growth*
Ave. selling price	*(2,6)*	*Lower Rooibos pricing in line with cheaper raw materials offset by higher black tea selling prices*
Coffee revenue decline	***(10,8)***	
Volume	*(19,9)*	*Decline in mixed instant due to continued aggressive discounting by competitors*
Ave. selling price	*11,3*	*Price increases across all categories to recover impact of rising raw material costs*
Creamer revenue growth	***17,6***	
Volume	*6,7*	*Improved performance from key customers*
Ave. selling price	*10,2*	*Price inflation to recover cost pressure*

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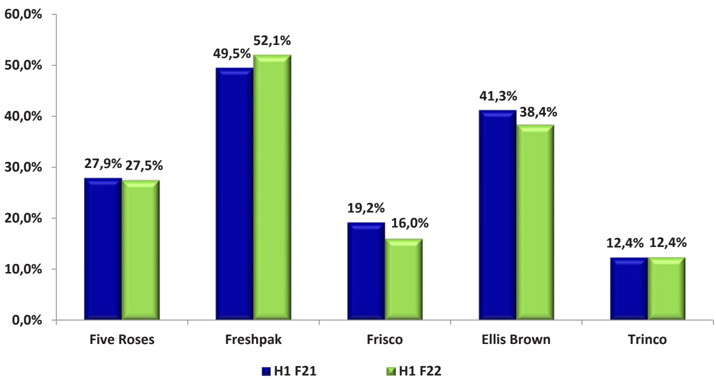
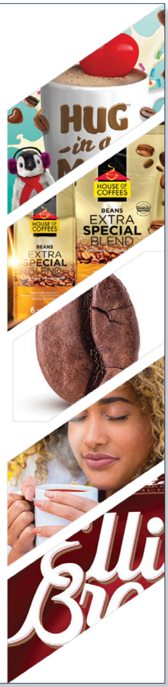
RESULTS for the six months ended 31 December 2021

ENTYCE BEVERAGES

Market shares – 12 months value





- Short term market shares reflect targeted price / volume balance in constrained market
- Market share reflects formal retail only
- Good growth of creamer in wholesale channels

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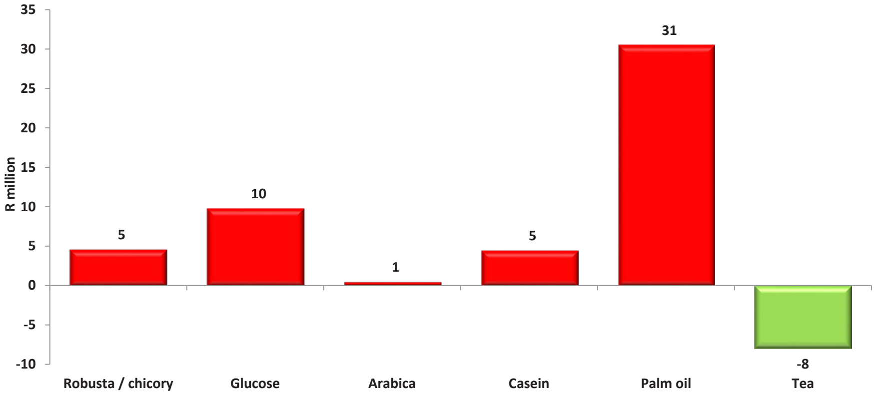
ENTYCE BEVERAGES

Raw material costs

Cost impact of raw materials and commodities consumed in the period (H1 F22 vs H1 F21)



Impact net of hedging

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notes

Snackworks
That's Good Times!

Performance

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notes

Snackworks
That's Good Times!

Income statement

	H1 F22 Rm	H1 F21 Rm	%Δ
Revenue	2 521,0	2 364,7	6,6
Operating profit	547,2	506,7	8,0
Operating profit margin %	21,7	21,4	1,4

- Growth in biscuit profit due to improved mix and volume growth
  - Higher volumes with strong festive season and support for lower priced formats during the semester
  - Selling prices increased from April 2021 to offset cost pressures
  - Gross profit margin improved due to top line growth and improved factory efficiencies
  - Selling and administrative expenses well managed

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notes

Snackworks
That's Good Times!

Income statement

	H1 F22 Rm	H1 F21 Rm	%Δ
Revenue	2 521,0	2 364,7	6,6
Operating profit	547,2	506,7	8,0
Operating profit margin %	21,7	21,4	1,4

- Decline in snacks profit
  - Weather related shortages of potatoes significantly impacted potato chip volumes
  - Careful management of volume / value and trade discounts
  - Higher realised selling prices from H2 F21 price increase
  - Lower gross profit margin due to raw material cost pressure and deleveraging impact of lower volumes

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notes

Snackworks

That's Good Times!

Sales volume and selling prices

	% Δ H1 F22 vs H1 F21	Comments
Biscuits revenue growth	***7,3***	
Volume	*1,3*	*Strong festive season sales*
Ave. selling prices	*5,9*	*Price increase in April 2021*
Snacks revenue growth	***4,5***	
Volume	*(3,3)*	*Decline in volumes due to potato supply challenges*
Ave. selling prices	*8,0*	*Price increase in April 2021*

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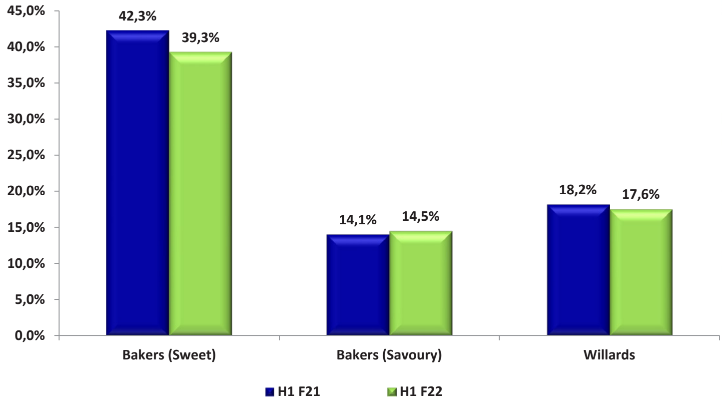
Snackworks
That's Good Times!

Market shares – 12 months value



- Balanced price / volume in constrained environment
- Market share reflects formal retail only
- Good growth of affordable formats in wholesale channels

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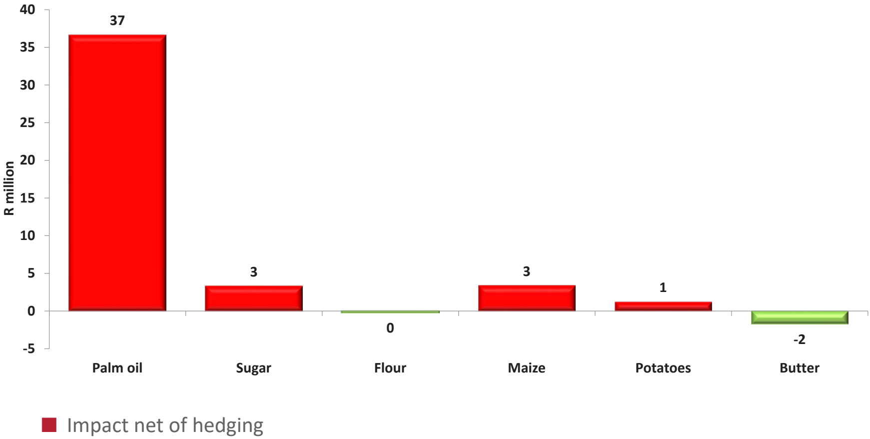
Snackworks That's Good Times!

Raw material costs

Cost impact of raw materials and commodities consumed in the period (H1 F22 vs H1 F21)



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notes

I&J

Income statement

	H1 F22 Rm	H1 F21 Rm	%∆
Revenue	1 244,6	1 234,9	0,8
Operating profit	160,0	125,9	27,1
Operating profit margin %	12,9	10,2	26,5

- Profit growth underpinned by abalone recovery
- Abalone
  - Improved demand and selling prices in key markets
  - Savings from restructuring initiatives
- Fishing performance
  - Revenue negatively impacted by stronger Rand, supply constraints and delays in shipments
  - Higher fuel prices and lower catch rates
  - Domestic demand and selling prices stable
  - Reduced total allowable catch versus prior year (5,0%)

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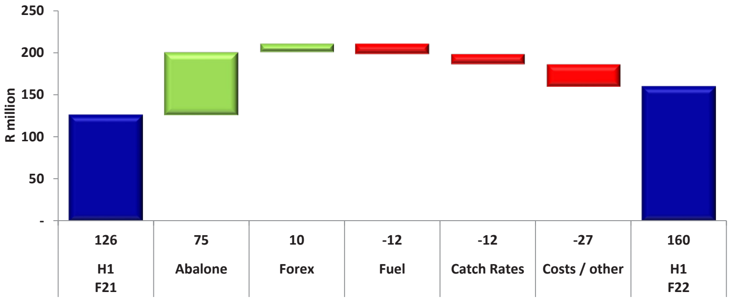
Operating profit



- Abalone growth supported by selling prices, mix and improved volumes
- Forex gains due to mark-to-market revaluation at reporting date with underlying export rate achievement lower
- Fishing costs negatively impacted by lower catch rates and higher fuel prices (net of mark-to-market of fuel hedges)
- Delays in export shipments

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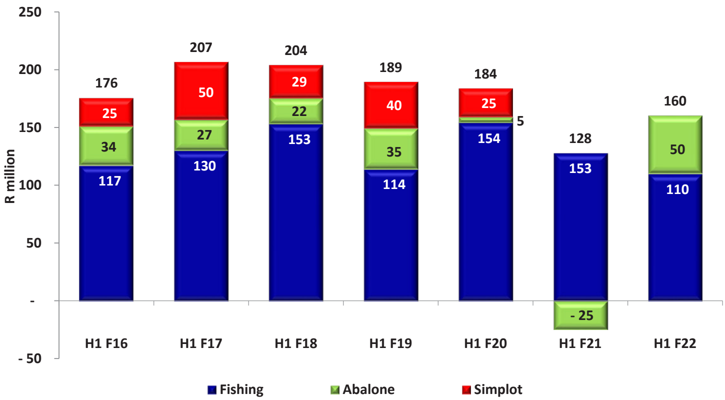
I&J

Profit history



- Robust recovery of abalone post COVID-19 impact in the prior year
- F22 fishing performance lower than F21

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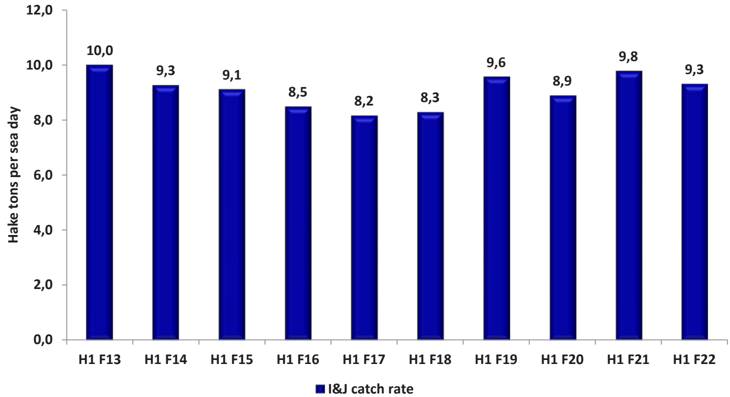
Fishing performance



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

GROWING GREAT BRANDS

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Sales volume and selling prices (Hake)

	% Δ H1 F22 vs H1 F21	Comments
I&J Domestic revenue growth	***15,2***	
Volume	*17,6*	*Increased whole fish volumes*
Ave. selling prices	*(2,0)*	*Unfavourable mix, offset by price increase in Q2 F22*
I&J Export revenue decline	***(5,4)***	
Volume	*(6,6)*	*Shipping delays impacting retail volumes offset by higher food service volumes*
Ave. selling prices	*1,3*	*Favourable mix with stronger Rand partly offset by forward cover at better rates*

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RESULTS for the six months ended 31 December 2021

indigo brands

Performance

GROWING GREAT BRANDS

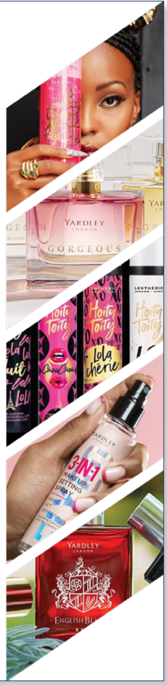
notes

indigo brands

Income statement

	H1 F22 Rm	H1 F21 Rm	%Δ
Revenue	606,9	642,1	(5,5)
Operating profit	99,5	109,7	(9,3)
Operating profit margin %	16,4	17,1	(4,1)

- Body spray category remains demand constrained and competitive
- Colour cosmetic and fragrance revenue improved but below pre-COVID levels
- Volume decrease
  - Constrained and competitive environment
  - Global shipping and supplier delays negatively impacted service levels
- Margin maintained with selling price increases taken to recover rising input costs
- Savings from restructuring initiatives supported lower costs



AVI | GROWING GREAT BRANDS

notes

indigo brands

Sales volume and selling prices

	% Δ H1 F22 vs H1 F21	Comments
Personal Care revenue increase*	***0,3***	
Volume	*(6,2)*	*COVID related demand decline, particularly colour cosmetics. Aggressive competition in aerosol body sprays*
Ave. selling price	*6,8*	*Price increases in response to cost pressure*

* Excludes Coty

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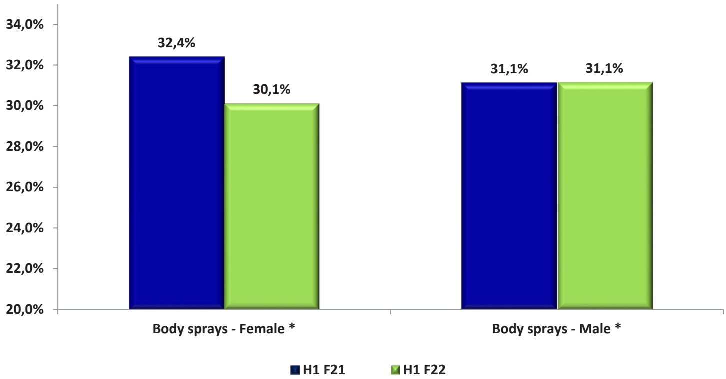
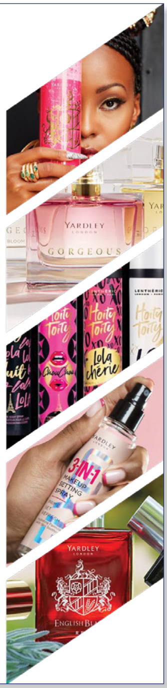
indigo brands

Market shares – 12 months value



* Excludes Coty

- Balanced price / volume in constrained environment
- Continued aggressive discounting in female body sprays



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notes

FOOTWEAR AND APPAREL

SPITZ KURT GEIGER GANT GREEN CROSS GX

Performance

GROWING GREAT BRANDS

notes

FOOTWEAR AND APPAREL

Income statement

	H1 F22 Rm	H1 F21 Rm	%∆
Revenue	923,9	934,6	(1,1)
Operating profit	265,0	208,9	26,9
Operating profit margin %	28,7	22,4	28,1

- Declines in footwear volumes offset by higher selling prices
  - Constrained environment persists
  - July unrest, stock availability challenges and load-shedding
  - December sales performance better than pre-COVID
  - Five underperforming stores closed
- Lower selling and administrative costs
  - Benefit of restructuring initiatives from last year
  - Insurance proceeds

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FOOTWEAR AND APPAREL

Business Unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	H1 F22 Rm	H1 F21 Rm	Δ %	H1 F22 Rm	H1 F21 Rm	Δ %	H1 F22 %	H1 F21 %
Footwear & Apparel	**923,9**	**934,6**	**(1,1)**	**265,0**	**208,9**	**26,9**	**28,7**	**22,4**
Spitz, Kurt Geiger and Gant	852,4	853,0	(0,1)	269,6	227,8	18,3	31,6	26,7
Green Cross	71,5	81,6	(12,4)	(4,6)	(18,9)	75,7	(6,4)	(23,2)

- Spitz performance credible in a challenging environment
- Green Cross transitioning to smaller footprint comprising the best performing stores

AVI | GROWING GREAT BRANDS

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FOOTWEAR AND APPAREL

Sales volume and selling prices

	% Δ H1 F22 vs H1 F21	Comments
Spitz and Kurt Geiger Footwear revenue decrease	***(1,2)***	
Volume	*(10,6)*	*Volume decline due to July unrest, constrained consumer environment and supply challenges*
Ave. selling price	*10,6*	*Inflation on non-core lines and price increase in H2 F21*
Green Cross Footwear revenue decrease	***(13,9)***	
Volume	*(15,2)*	*Volume decline due to closure of underperforming stores, soft demand and constrained consumer environment*
Ave. selling price	*1,6*	*Change in sales mix with lower retail sales contribution*
KG Clothing revenue increase	***4,7***	*Growth off a COVID affected prior year base*

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International

Performance

GROWING GREAT BRANDS

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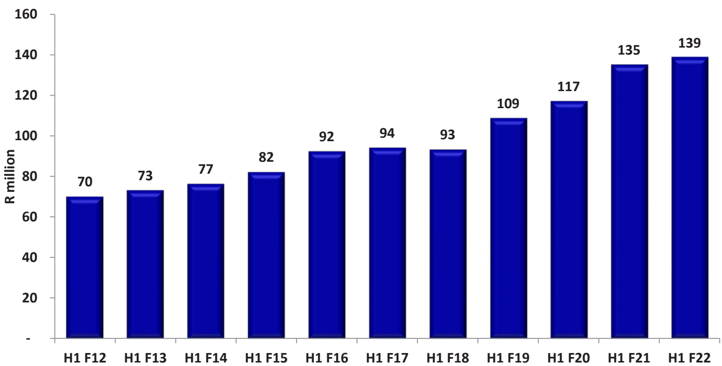
AVI INTERNATIONAL

Operating profit history



- Profit growth from main regional markets
- Zambia positively impacted by the appreciation of the Kwacha

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AVI INTERNATIONAL

Entyce, Snackworks and Indigo – Non-RSA sales

	H1 F22 Rm	H1 F21 Rm	%Δ
International Revenue	609,4	607,2	0,4
% of Grocery and Personal Care brands	11,9	12,2	(2,5)
International Operating Profit	138,9	135,2	2,7
% of Grocery and Personal Care brands	12,6	12,4	1,6
	%	%	
International Operating Profit Margin	22,8	22,3	2,2
Grocery and Personal Care brands Operating Margin	21,4	22,0	(2,7)

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notes

AVI GROUP

Prospects for H2

- Protect Entyce and Snackworks profits in a tough environment
  - Demand pressure from constrained consumers exacerbated by high inflation
  - Raw material prices and exchange rates secured provide support against rising commodity inputs and Rand volatility
  - Careful price / volume management to defend market shares while protecting long-term profitability
  - Ciro volume recovery expected to be gradual
  - Potential for continued aggressive discounting by competitors
  - Ongoing focus on cost savings and structure
  - Steady building of branded positions in export markets
  - Continued project activity to improve efficiency and capacity
  - Ongoing innovation to support constrained demand environment

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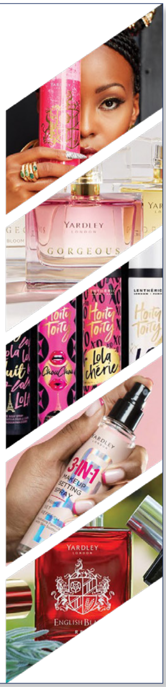
RESULTS for the six months ended 31 December 2021

AVI GROUP

Prospects for H2

- Target improvement in Indigo profit
  - Demand pressure from constrained consumers exacerbated by high inflation
  - Targeting revenue and volume growth off the H2 F21 base underpinned by innovation in core deodorant category
  - Volume recovery in post COVID environment for beauty and fragrance categories
  - Price increases taken in H1 and focus on discounts to grow margins
  - Potential for continued aggressive discounting by competitors
  - Coty license agreement up for renewal



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notes

AVI GROUP

Prospects for H2

- I&J H2 fishing performance expected to be lower than H2 F21
  - Fuel price increases will materially impact fishing cost
  - Five percent cut in total allowable catch for calendar 2022
  - Long term fishing rights application process concluded with loss of 4,4% of quota volume
  - Continued global supply chain disruptions and inefficiency of SA ports
  - Local and export markets stable
  - Exchange rates expected to be lower than F21 but support sound profitability
  - Ongoing focus on costs
  - Sustained capex / maintenance to ensure fleet availability
- Abalone result dependent on sustained recovery in key markets

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AVI GROUP

Prospects for H2

- Footwear and Apparel
  - Constrained consumer demand environment will persist
  - Price increases to offset margin pressure
  - Improving sales as consumers return to working in offices and COVID restrictions are repealed
    - Increase in Kurt Geiger work wear
    - Increase in Spitz and Green Cross formal wear
  - Sustained growth in Carvela Weekend range
  - Green Cross profitability improvement
  - Ongoing focus on cost control
  - Limited capital expenditure for store refurbishments

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notes

AVI GROUP

Investor proposition

- Ongoing review and simplification of business model to accommodate a challenging macro environment
- Ongoing focus on relevant innovation for constrained consumers
- Group initiatives – margin management, procurement, cost savings and production efficiency
- Manage our unique brand portfolio to its long-term potential
- Target real earnings growth in constrained environment
- High dividend yield – maintain normal dividend payout ratio of 80%
- Sustain high return on capital employed
  - Effective capital projects
  - Leverage domestic manufacturing capability to grow export markets
  - Return excess cash to shareholders efficiently
- Replicate our category market leadership in selected regional markets
- Acquisition of high-quality brand opportunities if available

AVI | GROWING GREAT BRANDS

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AVI

Questions

GROWING GREAT BRANDS

notes

INFORMATION SLIDES

Revenue 2,3% up

- Entyce: Growth due to creamer and Ciro, offset by declines in coffee and tea
- Snackworks: Selling price inflation in response to cost pressure and biscuit volume growth
- I&J: Recovery in abalone offset by lower fishing performance
- Personal Care: Reduced Coty revenue partly offset by a better owned brand performance
- Footwear and Apparel: Lower volumes in footwear, store closures and constrained environment partly offset by higher prices and better clothing sales

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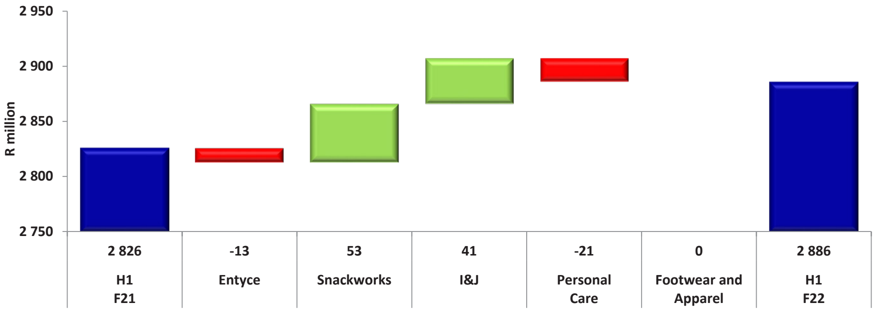
INFORMATION SLIDES

Gross profit 2,1% up



- Entyce: Declines in coffee and tea offset by growth in Ciro and Creamer
- Snackworks: Price increases and biscuit volume growth offset by cost pressure from rising raw material prices
- I&J: Recovery in abalone performance
- Personal Care: Lower volumes partly offset by price increases with margins in line
- Footwear and Apparel: Higher realised prices offset by lower volumes and write-off costs relating to July unrest

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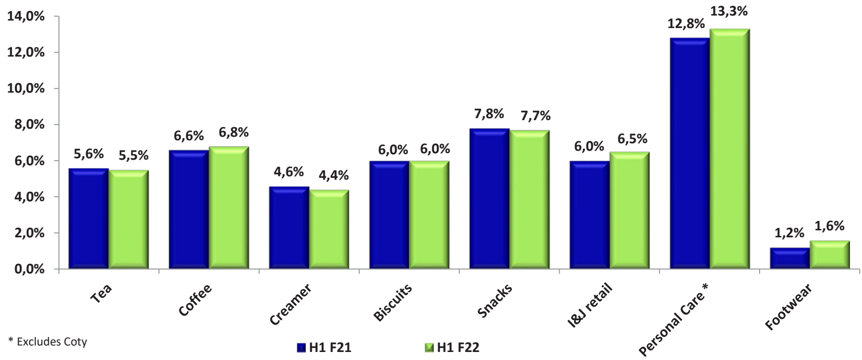
INFORMATION SLIDES

Marketing expenditure



* Excludes Coty

- Total expenditure for H1 F22 of R375,2 million compared to R359,1 million in H1 F21
  - Increase in personal care spend in support of new product launches
- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs

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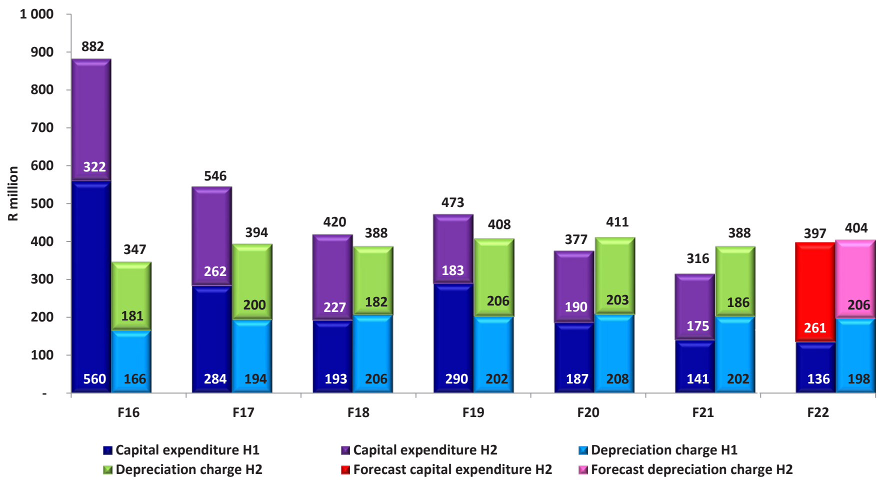
INFORMATION SLIDES

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



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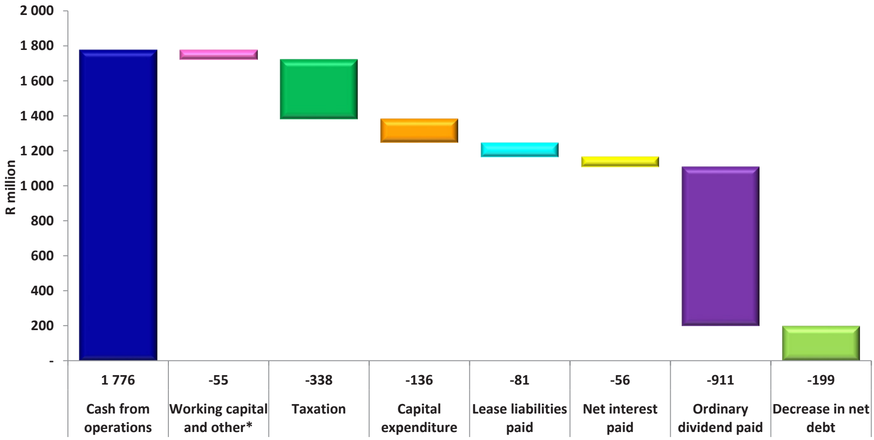
INFORMATION SLIDES

Cash flows



* Includes R103,3 million settlement of the I&J Black Staff Scheme liability

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notes

INFORMATION SLIDES

Foreign exchange hedges

	February 2022 to June 2022	July 2022 to December 2022	January 2023 to June 2023
	% Cover	% Cover	% Cover
USD imports	64%	19%	0%
EUR imports	70%	33%	0%
EUR exports	70%	67%	5%

- Consistent hedging philosophy provides stability to manage gross profit margins

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notes

GROUP FINANCIAL RESULTS

I&J period end fair value adjustments

	H1 F22 Actual Rm	H1 F21 Actual Rm	Δ Rm
Fuel hedge unrealised gain	(1,5)	(10,2)	(8,7)
Opening mark-to-market asset / (liability)	5,0	(10,6)	
Closing mark-to-market asset / (liability)	6,5	(0,4)	
Abalone – (increase) / decrease in unrealised profit in stock	(3,7)	11,3	15,0

- Fuel mark-to-market determined by oil price and exchange rate at reporting date
- Abalone fair value determined by market prices and exchange rate at reporting date
- Abalone fair value at reporting date impacted by favourable mix and sustained improvement in selling prices

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notes

INFORMATION SLIDES

I&J fishing quota

Quota (tons)	CY16	CY17	CY18	CY19	CY20	CY21	CY22
South African Total Allowable Catch (TAC)	147 500	140 216	133 120	146 430	146 430	139 119	132 154
% change in TAC	-	(5,0)	(5,0)	10,0	-	(5,0)	(5,0)
I&J	41 245	37 901	36 013	39 517	39 517	37 543	34 143
%	28,0	27,1	27,1	27,0	27,0	27,0	25,8

- 5,0% reduction in TAC for 2022

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notes

INFORMATION SLIDES

Civil unrest – direct costs incurred and insurance proceeds recognised

	H1 F22 Rm
Cost of sales - stock written off	(31,6)
Gross profit	**(31,6)**
Selling an administrative expenses	
- SASRIA insurance proceeds	64,4
- Store restoration and other costs	(3,6)
Operating profit before capital items	**29,2**
Capital items	(1,7)
Profit before taxation	**27,5**
Taxation	(7,7)
Profit for the period	**19,8**

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

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INFORMATION SLIDES

Trading space and trading density

Spitz	H1 F22	H1 F21
Number of stores	72	72
Turnover (Rm)	703,4	725,7
Average m^2	18 770	19 130
Trading Density (R/m^2)	37 477	37 938
Closing m^2	18 941	18 865

Like-for-like metrics*	H1 F22	H1 F21
Number of stores	70	70
Turnover (Rm)	691,2	700,3
Average and closing m^2	18 386	18 386
Trading Density (R/m^2)	37 592	37 684

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

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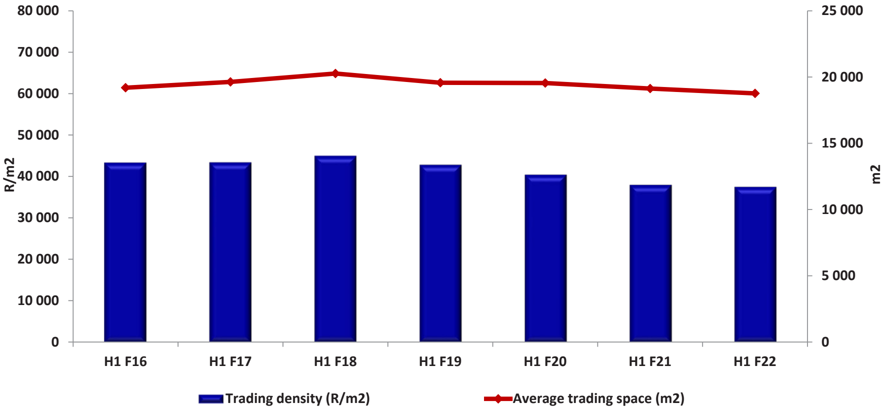
INFORMATION SLIDES

Trading density – Spitz stores



- Closed one Spitz store and opened one new store

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INFORMATION SLIDES

Trading space and trading density

Kurt Geiger	H1 F22	H1 F21
Number of stores	34	33
Turnover (Rm)	104,5	101,0
Average m^2	4 287	4 224
Trading Density (R/m^2)	24 379	23 907
Closing m^2	4 287	4 178

Like-for-like metrics*	H1 F22	H1 F21
Number of stores	33	33
Turnover (Rm)	102,0	98,9
Average and closing m^2	4 178	4 178
Trading Density (R/m^2)	24 414	23 683

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

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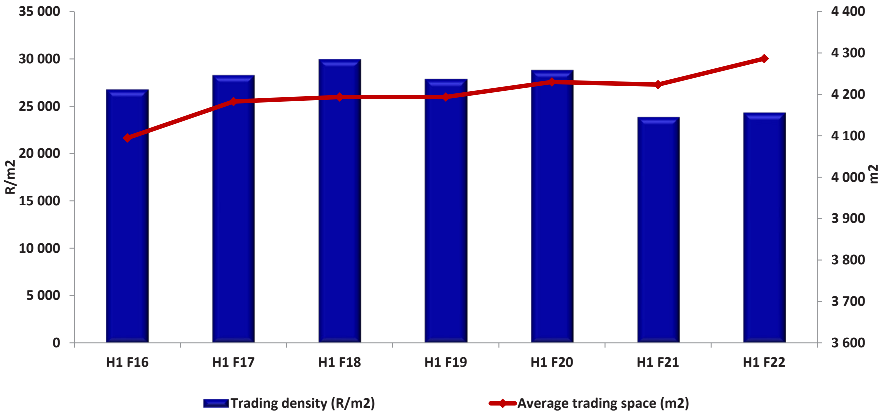
INFORMATION SLIDES

Trading density – Kurt Geiger stores



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RESULTS for the six months ended 31 December 2021

INFORMATION SLIDES

Trading space and trading density

Green Cross	H1 F22	H1 F21
Number of stores #	18	29
Turnover (Rm)	45,8	50,2
Average m^2	2 662	3 851
Trading Density (R/m^2)	17 206	13 548
Closing m^2	2 326	3 482

Like-for-like metrics*	H1 F22	H1 F21
Number of stores #	18	18
Turnover (Rm)	41,4	34,3
Average and closing m^2	2 326	2 326
Trading Density (R/m^2)	17 812	14 732

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

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INFORMATION SLIDES

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

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

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GROWING GREAT BRANDS

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RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 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

key features

COVID-19 and July unrest:
- Significant disruption to supply chains
- Direct costs due to unrest of R36,9 million across Snackworks and Spitz
- SASRIA insurance proceeds of R64,4 million

Group revenue increased by 2,3%

Selling price increases in most categories to offset higher raw material costs

2,5% decline in selling and administrative costs

Operating profit increased by 6,7% despite the challenging environment

Costs of R20,0 million related to the Mondelez interest in acquiring Snackworks

Recovery in I&J abalone volumes and pricing in Asian markets

I&J Black Staff Share Scheme payout of R103,3 million in December 2021

Headline earnings per share up 6,6% to 316,9 cents

Cash from operations up 7,1% to R1,72 billion

Interim dividend up 6,3% to 170 cents per share

results commentary

GROUP OVERVIEW

The trading environment remained challenging with inflationary pressure and growing unemployment impacting consumer spending. Rising supply chain costs and disruptions were notable in the semester but were effectively managed. Demand in the Entyce and Snackworks businesses has returned to normal levels and I&J's abalone business has seen sustained improvements in pricing and demand with restrictions in our main markets easing. Our key retail brands saw some recovery through the festive season with good sales as shoppers increasingly returned to malls and high streets. Parts of our business continue to be impacted by the pandemic with trading in the Ciro out-of-home and Indigo personal care businesses falling short of historical levels.

The civil unrest in July 2021 disrupted trading with all of AVI's facilities and retail stores closed to safeguard our staff, resulting in lost sales and production. When operations resumed, demand was lower than normal levels due to extensive damage to many malls, lower consumer footfall and compromised logistics networks. Spitz store damage costs and stock losses, and raw material losses in Snackworks, amounted to R36,9 million. The asset and trading losses were insured with R64,4 million included in the interim results.

Group revenue increased by 2,3% over the same period last year. Revenue growth in Entyce and Snackworks was underpinned by selling price increases taken in response to pressure from rising commodity input costs. Volumes grew marginally compared to the prior year, which had benefitted from lockdown related demand in the first quarter. Encouragingly, Snackworks' biscuit demand was robust through the second quarter. I&J's revenue grew marginally with difficulties in the fishing business offset by a sustained recovery in the abalone business following a myriad of COVID related market disruptions during the last 24 months. Revenue from the footwear and apparel business was 1,1% lower with the lost sales as a result of the July unrest, stock availability challenges and the effects of load-shedding, not fully recovered by pleasing growth in December sales over the same period last year. Indigo's beauty and personal care categories remain challenged by COVID related demand shifts, particularly segments of the beauty portfolio where demand is well below pre-COVID levels.

Consolidated gross profit increased by 2,1% with margins protected by efforts to control production and input costs, and selling price increases in certain categories, although in some cases competitor activity limited a full recovery of commodity cost pressures through price increases. Selling and administrative costs decreased by 2,5% with strong cost control supported by restructuring activity last year, and the recognition of the insurance proceeds attributable to July's unrest, partially offset by costs related to Mondelez's interest in acquiring AVI's Snackworks business. Operating profit for the period increased by 6,7% and the operating profit margin increased from 19,9% to 20,8%.

Net finance costs were higher than last year in line with increased average debt levels following the payment of the special dividend in April 2021.

Headline earnings grew 6,8% and headline earnings per share increased by 6,6% from 297,3 cents to 316,9 cents, with a 0,2% increase in the weighted average number of shares in issue due to the vesting of employee share options.

Cash generated by operations increased by 7,1% from R1,61 billion to R1,72 billion due to higher adjustments for non-cash items in operating profit, mainly incentive provisions and foreign exchange and fuel hedge revaluation movements, partly offset by the payment of R103,3 million on settlement of I&J's Black Staff Scheme. Capital expenditure of R136,4 million was lower than last year, but is expected to be higher in the second semester. Other material cash flows during the period were ordinary dividends paid of R910,5 million and taxation paid of R338,2 million. Net debt at the end of December 2021 was R1,54 billion compared to R1,12 billion at the end of December 2020.

I&J's Black Staff Scheme matured in December 2021 resulting in a payment of R103,3 million to black staff. The benefit created over the life of the scheme was significant and the payment constitutes a transfer of considerable value to our staff. A second staff scheme to replace the maturing scheme, was implemented in December 2021.

DIVIDEND

Group cash generation remains healthy and debt levels are within our targeted gearing range. The Board has declared an interim ordinary dividend of 170 cents per share, which is 6,3% higher than last year, and in line with the growth in headline earnings.

SEGMENTAL REVIEW

Six months ended 31 December

	Segmental revenue			Segmental operating profit		
	2021 Rm	2020 Rm	% change	**2021 Rm**	2020 Rm	% change
Food & Beverage brands	**5 764,8**	5 554,5	3,8	**1 159,1**	1 105,6	4,8
Entyce Beverages	**1 999,2**	1 954,9	2,3	**451,9**	473,0	(4,5)
Snackworks	**2 521,0**	2 364,7	6,6	**547,2**	506,7	8,0
I&J	**1 244,6**	1 234,9	0,8	**160,0**	125,9	27,1
Fashion brands	**1 530,8**	1 576,7	(2,9)	**364,5**	318,6	14,4
Personal Care	**606,9**	642,1	(5,5)	**99,5**	109,7	(9,3)
Footwear & Apparel	**923,9**	934,6	(1,1)	**265,0**	208,9	26,9
Corporate	**–**	–		**(8,6)**	(4,5)	
Group	**7 295,6**	7 131,2	2,3	**1 515,0**	1 419,7	6,7

Entyce Beverages

Revenue of R2,0 billion was 2,3% higher than in the prior period, while operating profit declined 4,5% with the operating profit margin decreasing to 22,6% from 24,2%.

Tea revenue decreased 4,7% due to lower rooibos revenue partially offset by a better black tea performance. Rooibos revenue was lower than last year with reduced selling prices, underpinned by lower raw material input costs, not fully recovered through improved volumes. Black tea revenue improved marginally due to prior year price increases with lower volumes relative to the strong lockdown demand in the first quarter of last year, which was not repeated. Gross profit margins were well protected and remain at healthy levels with lower input costs, reflecting the benefit of a stronger Rand and better rooibos raw material prices, partially offset by higher black tea prices. Lower revenue and increased selling and administrative costs resulted in a decline in operating profit.

Coffee revenue was 0,8% lower than last year due to continued pressure on mixed instant volumes from aggressive competitor activity, and reduced affordable brewed volumes which were impacted by the

July unrest with wholesale customers unwilling to invest due to increased risks. The Ciro out-of-home coffee business improved, albeit not to historical levels, with increased demand from hospitality, leisure and corporate customers as lockdown restrictions eased. Premium coffee revenue grew due to higher selling prices with sales volumes declining off a strong prior year base. Gross profit margins came under pressure with price increases in response to rising input costs not fully recovering the deleveraging impact of lower volumes. This was partially offset by reduced selling and administrative costs that included savings from the restructuring at Ciro last year. Operating profit and the profit margin decreased due to the drop in mixed instant profit, notwithstanding the improvement in Ciro's results and the growth in premium coffee.

Creamer revenue grew 17,6% due to a 6,7% increase in sales volumes and selling price increases to offset higher raw material costs. The gross profit margin decreased with raw material cost pressures not fully recovered due to the timing of price increases. The strong revenue performance was partly offset by higher selling and administrative costs with operating profit growth, and margins at good levels despite a decline over the prior year.

Snackworks

Revenue of R2,52 billion was 6,6% higher than last year while operating profit increased 8,0% from R506,7 million to R547,2 million. The operating profit margin improved from 21,4% to 21,7%.

Biscuit revenue increased 7,3% due to volume growth of 1,3% and higher selling prices as a result of price increases in April 2021. Volume growth was supported by a strong festive season as well as good growth in Baker's lower priced formats. The gross profit margin improved slightly with better factory performances and increased volumes partly offset by higher commodity input costs and the impact of a raw material write-off related to July's unrest. Selling and administrative costs finished in line with last year, supporting the growth in operating profit and an expansion of the operating profit margin.

Snacks revenue increased 4,5% due mainly to higher selling prices from price increases in April 2021 as well as tighter control of discounts. Sales volumes were lower as a result of higher selling prices, nationwide potato supply challenges negatively impacting service levels, and aggressive competitor pricing impacting volumes across the rest of the portfolio. The gross profit margin was lower than last year, impacted by higher raw material costs that were not fully recovered, and the deleveraging impact of lower volumes. Selling and administrative costs increased in line with inflation which, together with the lower gross profit, resulted in operating profit and operating profit margins declining over those in the prior period.

I&J

Revenue of R1,24 billion was 0,8% higher than last year while operating profit increased from R125,9 million to R160,0 million. The operating profit margin increased from 10,2% to 12,9%.

The improved result is due to the abalone operation, which recovered from poor export demand and low selling prices, due to COVID-19 lockdowns in key markets, last year. Demand for abalone has improved with a favourable product mix, increased volume and higher selling prices supporting revenue growth. In addition, restructuring at the farm contributed to good growth in operating profit.

The result from fishing was lower than last year with revenue negatively impacted by the stronger Rand, supply constraints and delayed exports due to the ongoing inefficiency at South Africa's ports. Fishing costs were impacted by lower catch rates and higher fuel prices, partly offset by better utilisation of the freezer fleet. Domestic demand and selling prices held up in a challenging environment.

Personal Care

Indigo's revenue of R606,9 million was 5,5% lower than last year due largely to lower sales volumes. Constrained consumers and a competitive environment affected demand, with global shipping and supplier delays negatively impacting service levels. Selling price increases taken in response to rising input costs provided a partial offset to lower volumes with colour cosmetic and fragrance revenue better, albeit at below pre-COVID levels.

The gross profit margin was largely in line with last year and selling and administrative costs were 6,4% lower due to savings from restructuring. Operating profit declined from R109,7 million to R99,5 million, and the operating profit margin reduced from 17,1% to 16,4%.

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

Revenue of R923,9 million was 1,1% lower than last year due mainly to an 11,5% decrease in footwear sales volumes, partially offset by the benefit of higher selling prices. The trading performance was negatively impacted by the July unrest, stock availability challenges and unplanned power outages, which were not fully recovered by pleasing growth of 7,4% in December sales, with less stringent lockdown measures than in the prior year. Consumers returned to malls and high streets in the peak season with good growth in the second quarter compared to the prior year, and December's performance at better levels than pre-COVID. The constrained environment necessitated the closure of a number of under-performing Green Cross stores, affecting total revenue. Gross profit margins were well protected with a small improvement over the prior year despite stock write-offs of R19,4 million associated with July's unrest. Selling and administrative costs were lower than last year, reflecting the benefits of restructuring initiatives. Operating profit improved from R208,9 million to R265,0 million, with the operating profit margin increasing from 22,4% to 28,7%.

OUTLOOK

The ongoing impact of the COVID-19 pandemic and the concomitant disruption to global supply chains remain challenging. Whilst some improvement has been evident as lockdown restrictions were eased, demand for Ciro's out-of-home coffee solution business and some of Indigo's personal care categories is still at lower levels than historically. The long-term damage wrought by the pandemic has materially impacted our consumers and, together with rising inflation, will continue to place pressure on disposable incomes. Many of our categories face the prospect of low, or negative, growth rates in the absence of improving macroeconomic circumstances.

Entyce and Snackworks face significant inflationary pressures from rapidly rising commodity prices with further selling price increases required to preserve gross margins. Russia's recent invasion of Ukraine has sharply increased the cost of both fossil fuels and many soft commodities, some now trading at record levels. If sustained, the cost pressures will accelerate and the balancing of margin and volume will become especially challenging in 2022. Managing sales volumes in the next year will be challenging in the context of fluctuating consumer demand, aggressive competitor activity and the need to adjust selling prices to recover higher input costs. The exchange rates secured for the second semester are at better levels than for the same period in the prior financial year, which will provide some protection against rising commodity costs. Demand for our personal care brands may remain below historical levels due to the cumulative impact of COVID related changes to lifestyles, however, cosmetic and fragrance demand is expected to improve as people return to working in offices. Ciro's recovery is expected to continue but will remain dependent on the recovery of the travel, tourism and corporate office channels.

Our brands are strong and relevant. We will continue to react quickly to market changes as we pursue the most appropriate balance of price, sales volumes and profit margins for each of our brands.

Our focus on product quality and relevant innovation will continue, ensuring our brands offer value to our customers. Factory efficiency, procurement savings and fixed cost reductions remain focus areas and will help to support profit margins in the next semester.

Capital projects that underpin our manufacturing capabilities, product quality and customer service levels will be supported. Spend through the second semester is expected to be higher with replacement and upgrade investments across key parts of the business.

I&J's prospects for the second semester are materially dependent on fishing performance, exchange rates and a sustained improvement in abalone demand and selling prices. The fuel price remains volatile, with recent increases expected to have a significant effect on costs should they be sustained, despite existing hedges. Export exchange rates for the second semester are at levels that support profitability. At current exchange rates and oil prices, there is an expectation that the second semester performance will be lower than last year.

The hake long-term rights application process was concluded on 28 February 2022 in respect of the nine commercial fishing sectors that were due for re-allocation. The outcome and reasons for the decisions have been published for review, consideration and, where necessary, appeal by applicants, until 29 April 2022. The rights to the sector formally commenced on 1 March 2022 and will conclude on 31 December 2037. I&J is in the process of assessing the details and awards relating to the published rights but has retained 25,8% (previously 27,0%) of total hake quota satisfying continuity for the next 15 years. This represents a total loss of 1,2% of hake quota, subject to the outcome of the appeals process.

AVI International, supported by our South African manufacturing capabilities, remains focused 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. 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

7 March 2022

condensed consolidated balance sheet

	Unaudited at 31 December 2021 Rm	2020 Rm	Audited at 30 June 2021 Rm
Assets			
Non-current assets			
Property, plant and equipment	**3 199,6**	3 293,4	3 265,8
Right-of-use assets	**285,2**	289,4	251,7
Intangible assets and goodwill	**785,5**	791,9	789,8
Investments and other long-term assets	**30,2**	37,1	32,0
Deferred taxation	**29,4**	44,2	43,3
	4 329,9	4 456,0	4 382,6
Current assets			
Inventories and biological assets	**2 328,0**	2 476,7	2 474,2
Trade and other receivables including derivatives	**1 859,9**	1 678,5	1 795,4
Cash and cash equivalents	**538,3**	1 033,9	194,1
	4 726,2	5 189,1	4 463,7
Total assets	**9 056,1**	9 645,1	8 846,3
Equity and liabilities			
Capital and reserves			
Total equity	**4 580,0**	5 173,5	4 401,9
Non-current liabilities			
Cash-settled share-based payment liability	**–**	41,4	41,6
Lease liabilities	**189,9**	206,8	165,8
Employee benefit liabilities	**324,3**	317,8	320,1
Deferred taxation	**450,1**	452,9	426,8
	964,3	1 018,9	954,3
Current liabilities			
Current borrowings including short-term portion of lease liabilities	**1 890,3**	1 950,0	1 752,9
Trade and other payables including derivatives	**1 536,7**	1 438,6	1 688,9
Current tax liabilities	**84,8**	64,1	48,3
	3 511,8	3 452,7	3 490,1
Total equity and liabilities	**9 056,1**	9 645,1	8 846,3
Movement in net debt			
Opening balance	**1 415,0**	926,4	926,4
Short-term funding raised/(repaid)	**136,7**	29,0	(159,7)
(Increase)/decrease in cash and cash equivalents	**(335,3)**	(200,0)	637,9
Translation of cash equivalents of foreign subsidiaries	**(8,9)**	8,5	10,4
Net debt excluding IFRS 16 lease liabilities	**1 207,5**	763,9	1 415,0
IFRS 16 lease liabilities	**334,4**	358,7	309,6
Net debt*	**1 541,9**	1 122,6	1 724,6

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

condensed consolidated statement of comprehensive income

	Unaudited six months ended 31 December 2021 Rm	2020 Rm	Change %	Audited year ended 30 June 2021 Rm
Revenue	**7 295,6**	7 131,2	2,3	13 269,2
Cost of sales	**(4 409,4)**	(4 305,6)	2,4	(8 101,2)
Gross profit	**2 886,2**	2 825,6	2,1	5 168,0
Selling and administrative expenses	**(1 371,2)**	(1 405,9)	(2,5)	(2 758,7)
Operating profit before capital items	**1 515,0**	1 419,7	6,7	2 409,3
Interest received	**1,8**	13,4	(86,6)	21,9
Finance costs	**(58,1)**	(64,9)	(10,5)	(121,2)
Share of equity-accounted earnings of joint ventures	**(0,6)**	2,4	(125,0)	3,6
Capital items	**(1,9)**	(2,8)	(32,1)	(4,2)
Profit before taxation	**1 456,2**	1 367,8	6,5	2 309,4
Taxation	**(411,3)**	(390,0)	5,5	(663,7)
Profit for the period	**1 044,9**	977,8	6,9	1 645,7
Profit attributable to:				
Owners of AVI	**1 044,9**	977,8	6,9	1 645,7
Other comprehensive income/(loss), net of tax	**26,0**	(19,3)		(27,2)
Items that are or may be subsequently reclassified to profit or loss				
Foreign currency translation differences	**22,7**	(21,6)		(28,0)
Cash flow hedging reserve	**4,6**	3,2		1,7
Taxation on items that are or may be subsequently reclassified to profit or loss	**(1,3)**	(0,9)		(0,5)
Items that will never be reclassified to profit or loss				
Actuarial loss recognised	**–**	–		(0,5)
Taxation on items that will never be reclassified to profit or loss	**–**	–		0,1
Total comprehensive income for the period	**1 070,9**	958,5	11,7	1 618,5
Total comprehensive income attributable to:				
Owners of AVI	**1 070,9**	958,5	11,7	1 618,5
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights and trademarks included in operating profit	**278,8**	291,6	(4,4)	559,1
Earnings per share				
Basic earnings per share (cents)#	**316,5**	296,6	6,7	498,9
Diluted basic earnings per share (cents)##	**315,5**	295,4	6,8	497,4
Headline earnings per share (cents)#	**316,9**	297,3	6,6	499,9
Diluted headline earnings per share (cents)##	**316,0**	296,1	6,7	498,4

Basic earnings and headline earnings per share are calculated on a weighted average of 330 130 323 (31 December 2020: 329 631 916 and 30 June 2021: 329 850 528) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 331 152 974 (31 December 2020: 330 988 033 and 30 June 2021: 330 845 156) ordinary shares in issue.

condensed consolidated statement of cash flows

	Unaudited six months ended 31 December			Audited year ended 30 June
	2021 Rm	2020 Rm	Change %	2021 Rm
Operating activities				
Cash generated by operations	**1 723,5**	1 609,0	7,1	3 021,0
Interest paid	**(58,1)**	(64,9)	(10,5)	(121,2)
Taxation paid	**(338,2)**	(332,1)	1,8	(640,4)
Net cash available from operating activities	**1 327,2**	1 212,0	9,5	2 259,4
Investing activities				
Interest received	**1,8**	13,4	(86,6)	21,9
Property, plant and equipment acquired	**(136,4)**	(140,7)	(3,1)	(315,7)
Additions to intangible assets	**(4,2)**	(4,0)	5,0	(8,5)
Proceeds from disposals of property, plant and equipment	**11,0**	4,7	134,0	17,6
Other cash flows from investments	**0,6**	–		4,3
Net cash utilised in investing activities	**(127,2)**	(126,6)	0,5	(280,4)
Financing activities				
Short-term funding raised/(repaid)	**136,7**	29,0	371,4	(159,7)
Lease liabilities repaid	**(80,9)**	(86,9)	(6,9)	(174,0)
Payment to I&J BBBEE shareholders	**(10,0)**	(1,0)	900,0	(2,0)
Ordinary dividends paid	**(910,5)**	(826,5)	10,2	(1 355,5)
Special dividend paid	**–**	–		(925,7)
Net cash utilised in financing activities	**(864,7)**	(885,4)	(2,3)	(2 616,9)
Increase/(decrease) in cash and cash equivalents	**335,3**	200,0	67,7	(637,9)
Cash and cash equivalents at beginning of period	**194,1**	842,4		842,4
	529,4	1 042,4		204,5
Translation of cash equivalents of foreign subsidiaries	**8,9**	(8,5)		(10,4)
Cash and cash equivalents at end of period	**538,3**	1 033,9		194,1

condensed consolidated statement of changes in equity

	Share capital and premium Rm	Treasury shares Rm	Reserves Rm	Retained earnings Rm	I&J BBBEE shareholders Rm	Total equity Rm
Six months ended 31 December 2021						
Balance at 1 July 2021	279,4	(150,9)	170,4	4 209,6	(106,6)	4 401,9
Profit for the period	–	–	–	1 044,9	–	1 044,9
Other comprehensive income						
Foreign currency translation differences	–	–	22,7	–	–	22,7
Cash flow hedging reserve, net of tax	–	–	3,3	–	–	3,3
Total other comprehensive income	–	–	26,0	–	–	26,0
Total comprehensive income for the period	–	–	26,0	1 044,9	–	1 070,9
Transactions with owners, recorded directly in equity						
Share based payments	–	–	12,0	–	–	12,0
Deferred taxation on Group share scheme recharge	–	–	5,7	–	–	5,7
Dividends paid	–	–	–	(910,5)	–	(910,5)
Delisting and cancellation of treasury shares (note 8)	–	75,1	(75,1)	–	–	–
Total contributions by and distributions to owners	–	75,1	(57,4)	(910,5)	–	(892,8)
Balance at 31 December 2021	279,4	(75,8)	139,0	4 344,0	(106,6)	4 580,0
Six months ended 31 December 2020						
Balance at 1 July 2020	279,4	(150,9)	151,4	4 845,1	(106,6)	5 018,4
Profit for the period	–	–	–	977,8	–	977,8
Other comprehensive loss						
Foreign currency translation differences	–	–	(21,6)	–	–	(21,6)
Cash flow hedging reserve, net of tax	–	–	2,3	–	–	2,3
Total other comprehensive loss	–	–	(19,3)	–	–	(19,3)
Total comprehensive income for the period	–	–	(19,3)	977,8	–	958,5
Transactions with owners, recorded directly in equity						
Share based payments	–	–	17,5	–	–	17,5
Deferred taxation on Group share scheme recharge	–	–	5,6	–	–	5,6
Dividends paid	–	–	–	(826,5)	–	(826,5)
Total contributions by and distributions to owners	–	–	23,1	(826,5)	–	(803,4)
Balance at 31 December 2020	279,4	(150,9)	155,2	4 996,4	(106,6)	5 173,5
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 period	–	–	(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

For the six months ended 31 December 2021

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

1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*, the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited (the "JSE") and the Companies Act of South Africa. These condensed consolidated interim financial statements have not been reviewed or audited by the auditors.

The condensed consolidated interim 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 accounting policies used in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in preparing the interim financial statements for the six months ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021.

New standards and interpretations in issue not yet effective

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

2. Impact of COVID-19 and civil unrest

Protocols are in place across the business to mitigate against the impact of COVID-19, and operational disruptions during the semester have been notable, but well managed, ensuring a minor impact. All business units have been able to operate throughout the semester, with recoveries seen in some categories where consumers have trended back to normal spending patterns. Parts of our business continue to be impacted with trading in our Ciro out-of-home and Indigo personal care businesses continuing to fall short of historical levels, however, both have achieved sound profit, in a constrained environment with benefits from effective cost management.

The civil unrest, which primarily impacted KwaZulu-Natal and Gauteng, in July 2021 disrupted trading with all of AVI's facilities and retail stores closed for several days to safeguard our staff. While operations were able to return to normal this was at lower demand levels due to extensive damage to many malls, lower consumer footfall and compromised logistics networks. The Group suffered physical damage and loss to its inventories, fixed assets and cash on hand at stores. The Group has adequate South African Special Risk Insurance ("SASRIA") and general insurance cover for material damage to assets, inventory and business interruption. The effects of the asset losses as well as the insurance claim have been recognised in these interim results with the claim having been paid by SASRIA during January 2022.

2. Impact of COVID-19 and civil unrest continued

The table below summarises the Group impact of direct costs incurred and insurance proceeds recognised in respect of the civil unrest for the six months ended 31 December 2021:

	2021 Rm
Cost of sales – stock written off	(31,6)
Gross profit	(31,6)
Selling and administrative expenses	
– SASRIA insurance proceeds	64,4
– Store restoration and other costs	(3,6)
Operating profit before capital items	29,2
Capital items	(1,7)
Profit before taxation	27,5
Taxation	(7,7)
Profit for the period	19,8

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

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

3. Segmental results

	Unaudited six months ended 31 December 2021 Rm	2020 Rm	% change	Audited year ended 30 June 2021 Rm
Segmental revenue				
Food & Beverage brands	**5 764,8**	5 554,5	3,8	10 650,3
Entyce Beverages	**1 999,2**	1 954,9	2,3	3 777,1
Snackworks	**2 521,0**	2 364,7	6,6	4 267,8
I&J	**1 244,6**	1 234,9	0,8	2 605,4
Fashion brands	**1 530,8**	1 576,7	(2,9)	2 618,9
Personal Care	**606,9**	642,1	(5,5)	1 152,9
Footwear & Apparel	**923,9**	934,6	(1,1)	1 466,0
Group	**7 295,6**	7 131,2	2,3	13 269,2
Segmental operating profit before capital items				
Food & Beverage brands	**1 159,1**	1 105,6	4,8	2 029,0
Entyce Beverages	**451,9**	473,0	(4,5)	872,8
Snackworks	**547,2**	506,7	8,0	814,6
I&J	**160,0**	125,9	27,1	341,6
Fashion brands	**364,5**	318,6	14,4	400,8
Personal Care	**99,5**	109,7	(9,3)	170,4
Footwear & Apparel	**265,0**	208,9	26,9	230,4
Corporate	**(8,6)**	(4,5)	(91,1)	(20,5)
Group	**1 515,0**	1 419,7	6,7	2 409,3

4. Revenue

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

The following table sets out revenue by geographical market:

Geographical market	Unaudited six months ended 31 December 2021 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
South Africa	**1 746,8**	**2 209,1**	**513,7**	**561,7**	**916,0**	**5 947,3**
Other African countries	**247,8**	**292,1**	**17,8**	**45,2**	**7,9**	**610,8**
Rest of the world	**4,6**	**19,8**	**713,1**	**–**	**–**	**737,5**
Total revenue	**1 999,2**	**2 521,0**	**1 244,6**	**606,9**	**923,9**	**7 295,6**

Geographical market	Unaudited six months ended 31 December 2020 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
South Africa	1 683,0	2 079,8	427,9	591,6	925,5	5 707,8
Other African countries	264,6	272,1	24,0	50,5	9,1	620,3
Rest of the world	7,3	12,8	783,0	–	–	803,1
Total revenue	1 954,9	2 364,7	1 234,9	642,1	934,6	7 131,2

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

The majority of revenue comprises revenue from the sale of goods. Less than 2% (31 December 2020 and 30 June 2021: less than 2%) of total revenue comprises income arising from services, rental agreements and trademark license agreements.

5. Determination of headline earnings

	Unaudited six months ended 31 December 2021 Rm	2020 Rm	Change %	Audited year ended 30 June 2021 Rm
Profit for the year attributable to owners of AVI	**1 044,9**	977,8	6,9	1 645,7
Total capital items after taxation	**1,4**	2,1		3,1
Net loss/(gain) on disposal of property, plant and equipment	**1,8**	(0,2)		(4,2)
Impairment of property, plant and equipment	**–**	3,0		8,4
Other	**0,1**	–		–
Taxation attributable to capital items	**(0,5)**	(0,7)		(1,1)
Headline earnings	**1 046,3**	979,9	6,8	1 648,8
Headline earnings per ordinary share (cents)	**316,9**	297,3	6,6	499,9
Diluted headline earnings per ordinary share (cents)	**316,0**	296,1	6,7	498,4

	Number of shares	Number of shares	Change %	Number of shares
Weighted average number of ordinary shares	**330 130 323**	329 631 916	0,2	329 850 528
Weighted average diluted number of ordinary shares	**331 152 974**	330 988 033	0,0	330 845 156

6. Cash generated by operations

	Unaudited six months ended 31 December 2021 Rm	2020 Rm	Change %	Audited year ended 30 June 2021 Rm
Cash generated by operations before working capital changes	**1 776,3**	1 648,8	7,7	3 011,4
Change in working capital	**(52,8)**	(39,8)	32,7	9,6
Cash generated by operations	**1 723,5**	1 609,0	7,1	3 021,0

7. Commitments

	Unaudited six months ended 31 December 2021 Rm	2020 Rm	Audited year ended 30 June 2021 Rm
Capital expenditure commitments for property, plant and equipment	**94,6**	129,9	112,7
Contracted for	**62,0**	83,1	81,2
Authorised but not contracted for	**32,6**	46,8	31,5

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

8. Delisting and cancellation of treasury shares

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

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

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

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

9. Fair value classification and measurement

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, 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.

9. Fair value classification and measurement continued

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 during the six months ended 31 December 2021.

10. Post-reporting date events

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

11. Dividend declaration

Notice is hereby given that a gross interim ordinary dividend No 99 of 170 cents per share for the six months ended 31 December 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 interim dividend of 136 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Services by a nominee company, stockbroker or Central Securities Depository Participant (“CSDP”) (collectively “regulated intermediary”) on behalf of shareholders. However, all shareholders should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption. AVI’s issued share capital at the declaration date is 336 001 990 ordinary shares. AVI’s tax reference number is 9500/046/71/0. The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Monday, 11 April 2022
First trading day ex dividend on the JSE	Tuesday, 12 April 2022
Record date	Thursday, 14 April 2022
Payment date	Tuesday, 19 April 2022

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Tuesday, 12 April 2022, and Thursday, 14 April 2022, both days inclusive.

Dividends in respect of certificated shareholders will be transferred electronically to shareholders’ bank accounts on payment date. Following the discontinuation of cheque payments by most South African banks, AVI will no longer issue cheques and all future payments will only be made into a nominated bank account by electronic funds transfer. Shareholders who have not yet provided their bank account details to Computershare Investor Services Proprietary Limited are reminded to contact Computershare on 0861 100 950 with their bank account details into which the dividends can be paid electronically. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Tuesday, 19 April 2022.

12. Preparation of financial statements

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

administration and principal subsidiaries

ADMINISTRATION

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

Company Secretary
Sureya Scheepers

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2 Harries Road
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Saxonwold 2132
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Telefax: +27 (0)11 502 1301
E-mail: info@avi.co.za
Website: www.avi.co.za

Auditors
Ernst & Young Inc.

Sponsor
The Standard Bank of South Africa Limited

Commercial bankers
Standard Bank
Nedbank

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

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

PRINCIPAL SUBSIDIARIES

Food & Beverage Brands

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

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

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

I&J

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

1 Davidson Street
Woodstock
Cape Town 7925

PO Box 1628
Cape Town 8000

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

Fashion Brands

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

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

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

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

30 Sloane Street
Bryanston 2021

PO Box 782916
Sandton 2145

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

directors

Executive

Simon Crutchley[3]
(Chief Executive Officer)

Owen Cressey[3, 5]
Justin O'Meara[3, 6]
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Gavin Tipper[1]
(Chairman)

James Hersov

Mike Bosman[2]

Abe Thebyane[1]

Alexandra Muller[2,3]

Busisiwe Silwanyana[2,4]

[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] *Appointed to the Board and Audit and Risk Committee on 22 February 2021*
[5] *Resigned from the Board and Social and Ethics Committee on 31 December 2021*
[6] *Appointed to the Board and Social and Ethics Committee with effect 1 January 2022*

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