GROWING GREAT BRANDS

AVI

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

AVI

AVI LIMITED

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

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

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**AVI Limited presentation to shareholders & analysts
for the six months ended 31 December 2023**

GROWING GREAT BRANDS

notes

AGENDA

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

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notes

KEY FEATURES

- Satisfactory performance in a tough trading environment
    - Constrained consumer demand
    - Production sites impacted by unreliable municipal infrastructure
    - SA port inefficiencies disrupted supply chains
    - Load-shedding direct costs of R21,1 million
- Group revenue increased by 7,1%
- Gross margins protected despite material input cost increases
- I&J impacted by poor catch rates and loss of export sales due to port inefficiencies



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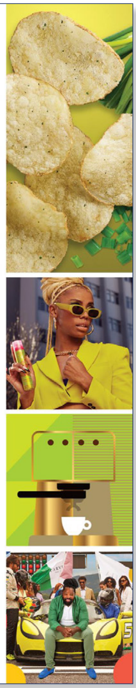
notes

KEY FEATURES

- Group operating profit increased by 17,1%
- Headline earnings per share up 17,4% to 374,3 cents
- Interim dividend of 202 cents per share, up 17,4%
- Capital expenditure of R242,0 million to upgrade facilities and improve efficiencies
- Return on capital employed of 30,8% for the 12 months to December 2023



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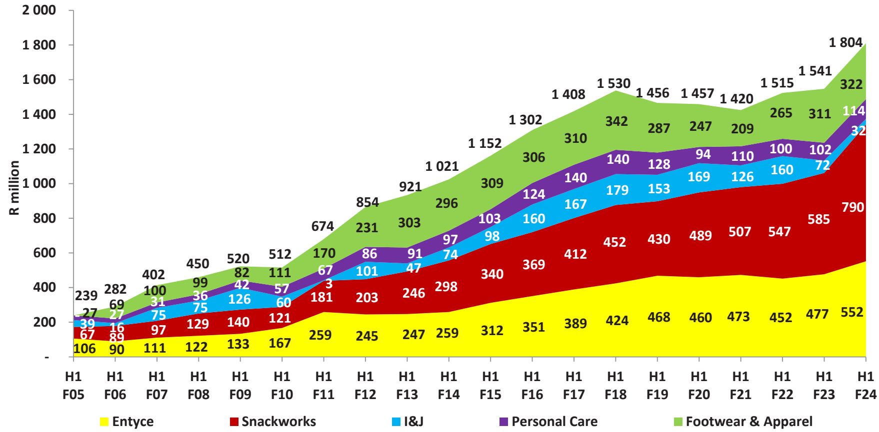
notes

RESULTS HISTORY

Operating profit history



- Growth in operating profit despite constrained environment and lower I&J profit
- Compound annual growth of 11,2% from H1 F05

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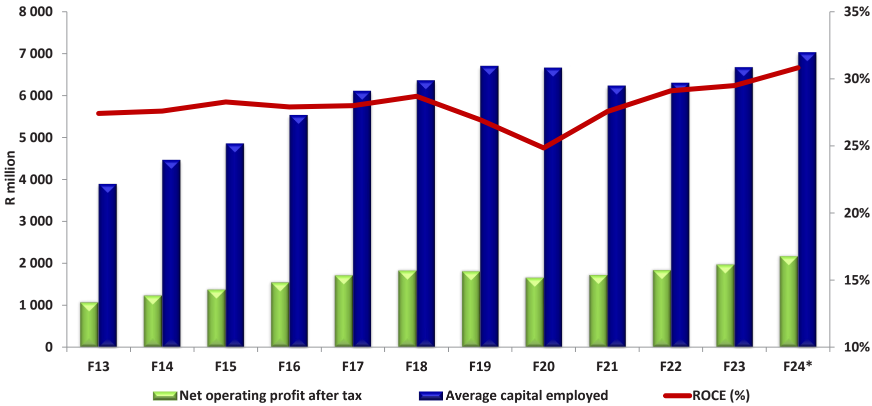
RESULTS HISTORY

Return on capital employed



* F24 represents a rolling 12 month period to 31 December 2023

- High return maintained in tough trading environment
- Sustained post-COVID recovery

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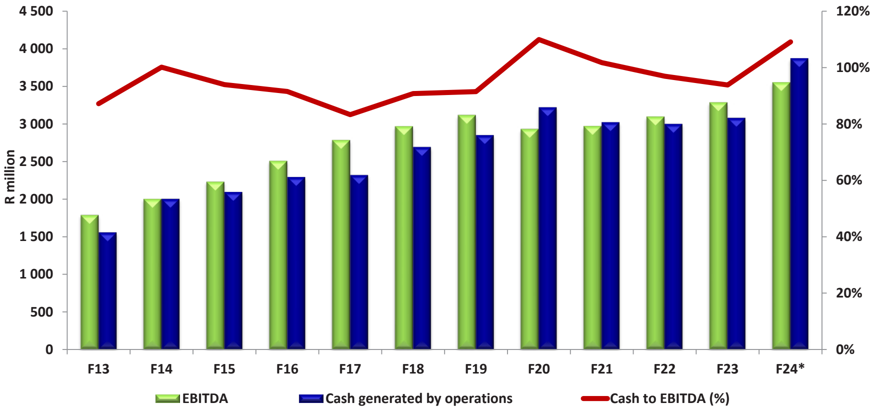
RESULTS HISTORY

Cash conversion



* F24 represents a rolling 12 month period to 31 December 2023

- Sustained strong conversion of earnings into cash

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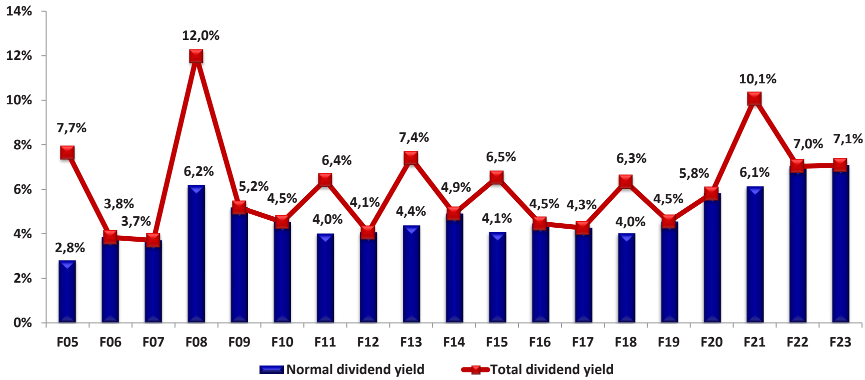
RESULTS HISTORY

Dividend yield (Year end)



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

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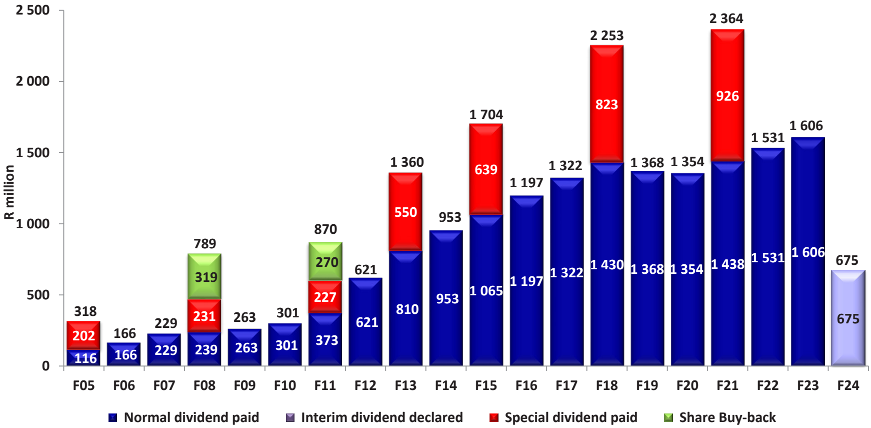
RESULTS HISTORY

Returns to shareholders



- Effective payout ratio from F05 = 93,0% of headline earnings
- Compound annual total shareholder return of 17,0% since F05

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Group Financial Results

GROWING GREAT BRANDS

notes

GROUP FINANCIAL RESULTS

Income statement

	H1 F24 Rm	H1 F23 Rm	%Δ
Revenue	8 378,1	7 822,9	7,1
Cost of sales	(4 903,4)	(4 711,0)	4,1
Gross profit	3 474,7	3 111,9	11,7
Gross profit margin %	*41,5*	*39,8*	*4,3*
Selling and administrative expenses	(1 670,9)	(1 571,2)	6,3
Operating profit	1 803,8	1 540,7	17,1
Operating profit margin %	*21,5*	*19,7*	*9,1*
Net financing cost	(106,0)	(90,4)	17,3
Share of joint ventures	(2,2)	1,8	
Capital items before tax	(1,0)	(2,0)	(50,0)
Effective tax rate %	*27,0*	*27,4*	*(1,5)*
Headline earnings	1 238,0	1 054,1	17,4
HEPS (cps)	*374,3*	*318,9*	*17,4*

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GROUP FINANCIAL RESULTS

Business unit financial results

	Segmental Revenue			Segmental Operating Profit			Operating Margin	
	H1 F24 Rm	H1 F23 Rm	Δ %	H1 F24 Rm	H1 F23 Rm	Δ %	H1 F24 %	H1 F23 %
Food & Beverage brands	**6 674,7**	**6 127,4**	**8,9**	**1 373,3**	**1 133,6**	**21,1**	**20,6**	**18,5**
Entyce Beverages	2 420,2	2 086,6	16,0	551,9	476,9	15,7	22,8	22,9
Snackworks	3 101,1	2 824,9	9,8	789,6	584,5	35,1	25,5	20,7
I&J	1 153,4	1 215,9	(5,1)	31,8	72,2	(56,0)	2,8	5,9
Fashion brands	**1 703,4**	**1 695,5**	**0,5**	**436,7**	**413,4**	**5,6**	**25,6**	**24,4**
Personal Care*	539,3	610,5	(11,7)	114,4	102,2	11,9	21,2	16,7
Footwear & Apparel	1 164,1	1 085,0	7,3	322,3	311,2	3,6	27,7	28,7
Corporate				**(6,2)**	**(6,3)**			
Group	**8 378,1**	**7 822,9**	**7,1**	**1 803,8**	**1 540,7**	**17,1**	**21,5**	**19,7**

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

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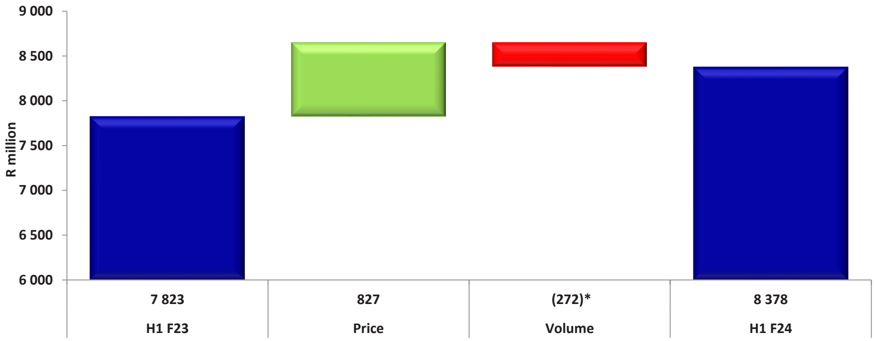
GROUP FINANCIAL RESULTS

Movement in group revenue



* Includes impact of loss of Coty business in Personal Care

- Price increases to recover significant input cost inflation
- I&J sales benefitted from weaker Rand but offset by lower fish sale volumes
- Volume performances mixed across categories

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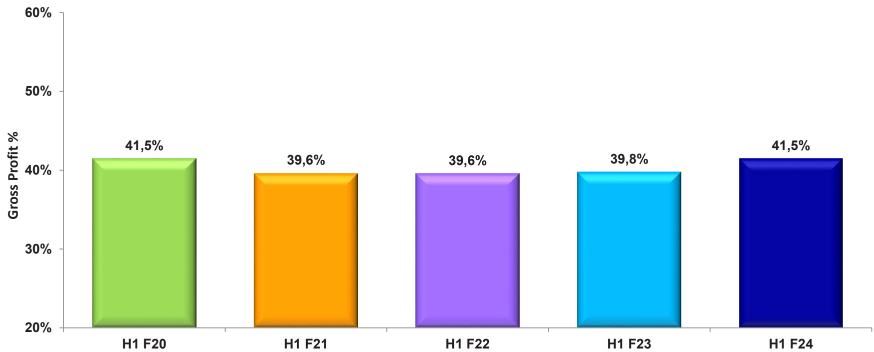
GROUP FINANCIAL RESULTS

Gross profit margin



- Increase in gross profit margins despite difficult environment and lower I&J profit
- Margins well protected by selling price increases, fastidious cost control and our hedging programme
- Personal care benefitted from loss of lower margin Coty business

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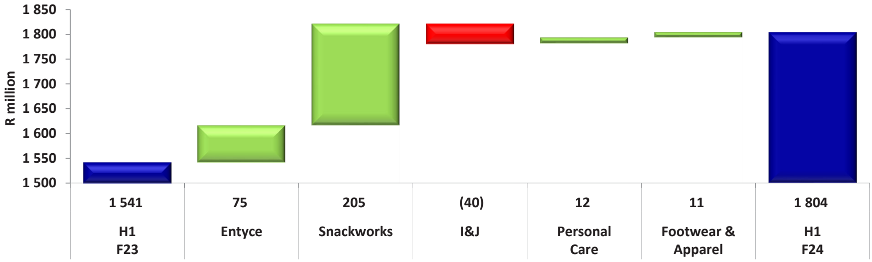
GROUP FINANCIAL RESULTS

Operating profit 17,1% up



- Entyce: Tea recovery off weak base supported by strong creamer result and sustained improvement in Ciro profitability
- Snackworks: Selling price increases and sound improvement in profitability of snacking brands partially offset by lower biscuit volumes
- I&J: Weaker fishing performance from low catch rates, delayed shipping of December export sales and lower abalone profits
- Personal Care: Growth across aerosol, fragrance and roll-on categories partially offset by loss of Coty business from July 2023
- Footwear and Apparel: Footwear growth supported by selling price increases, strong December peak and earlier receipt of stock partially offset by lower clothing volumes

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GROUP FINANCIAL RESULTS

Cash flow, gearing and return on capital

	H1 F24 Rm	H1 F23 Rm	%Δ
Cash generated by operations	1 851,7	1 058,3	75,0
*Working capital to revenue % **	*24,7*	*27,6*	*(10,5)*
Capital expenditure	(242,0)	(245,5)	(1,4)
Net debt	1 808,9	2 447,2	(26,1)
Net debt / capital employed %	*25,2*	*33,4*	*(24,6)*
*Return on capital employed % **	*30,8*	*27,0*	*14,1*
Normal dividend (cps)	202	172	17,4

* Represents 12 months to 31 December

- Strong conversion of earnings to cash
- Working capital effectively managed in challenging environment
- Capital investment to upgrade facilities, efficiencies and complete projects approved last year
- Net debt levels reduced but remain within our target range
- Strong ROCE underpinned by earnings growth
- Ordinary dividend increase in line with earnings growth

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notes


ENTYCE
BEVERAGES
A DIVISION OF NATIONAL BRANDS LIMITED
FIVE ROSES
Freshpak
frisco
TRINCO
Koffiehuis
HOUSE OF COFFEES
Ellis Brown
BOARDROOM COFFEES
ciro
FULL SERVICE BEVERAGE Co.
LAVAZZA
Performance
FRUITY
DELICIOUS & TASTY
PREMIUM TASTE
So Much M
HUG in a MUG
BLACK TEA BLEND
Everybody's Quality Cup of Tea

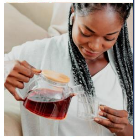
notes

ENTYCE BEVERAGES

Income statement

	H1 F24 Rm	H1 F23 Rm	%Δ
Revenue	2 420,2	2 086,6	16,0
Operating profit	551,9	476,9	15,7
Operating profit margin %	22,8	22,9	(0,4)

- Tea profit growth supported by higher volumes, good cost control and selling price increases
  - Price increases across black tea and rooibos to ameliorate cost pressures
  - Black tea volume growth off weak prior year base with pleasing performance in premium and value offerings
  - Rooibos growth due to higher selling prices and sales volume growth
  - Margins effectively managed



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notes

ENTYCE BEVERAGES

Income statement

	H1 F24 Rm	H1 F23 Rm	%Δ
Revenue	2 420,2	2 086,6	16,0
Operating profit	551,9	476,9	15,7
Operating profit margin %	22,8	22,9	(0,4)

- Coffee profit decline
  - Revenue growth in premium, mixed instant and affordable brewed categories
  - Significant selling price increases did not fully recover commodity input cost pressures
  - Competitor discounting and affordability constrained mixed instant sales volumes
  - Sustained recovery in Ciro supported by corporate channel
  - Restructuring initiatives at the factory expected to benefit H2

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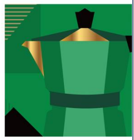


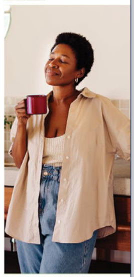
notes

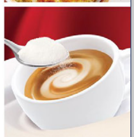
ENTYCE BEVERAGES

Income statement

	H1 F24 Rm	H1 F23 Rm	%Δ
Revenue	2 420,2	2 086,6	16,0
Operating profit	551,9	476,9	15,7
Operating profit margin %	22,8	22,9	(0,4)

- Pleasing creamer profit growth
  - Top line grew supported by higher sales volumes and selling price increases
  - Margin improvement despite competitive and constrained demand environment
  - Upgraded creamer line commissioned in late December





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notes

ENTYCE BEVERAGES

Sales volume and selling prices

	% Δ H1 F24 vs H1 F23	Comments
Tea revenue growth	***17,5***	
Volume	*13,0*	*Growth in both black tea and rooibos volumes off weaker base which included aggressive competitor promotions*
Ave. selling price	*4,0*	*Prices increases in August 2023 on both black tea and rooibos*
Coffee revenue growth	***9,7***	
Volume	*(1,7)*	*Decline in mixed instant volumes*
Ave. selling price	*11,6*	*Significant price increases across all categories to recover impact of rising raw material costs*
Creamer revenue growth	***21,2***	
Volume	*8,6*	*Volume growth off lower prior year base, despite constrained demand environment and competition*
Ave. selling price	*11,6*	*Price inflation to recover material cost pressures*

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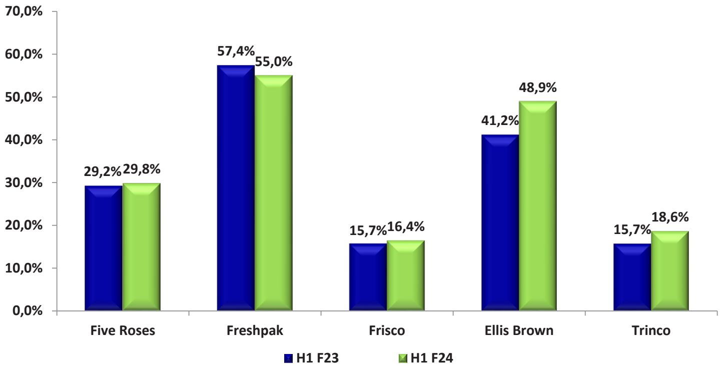
ENTYCE BEVERAGES

Market shares – 12 months value



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

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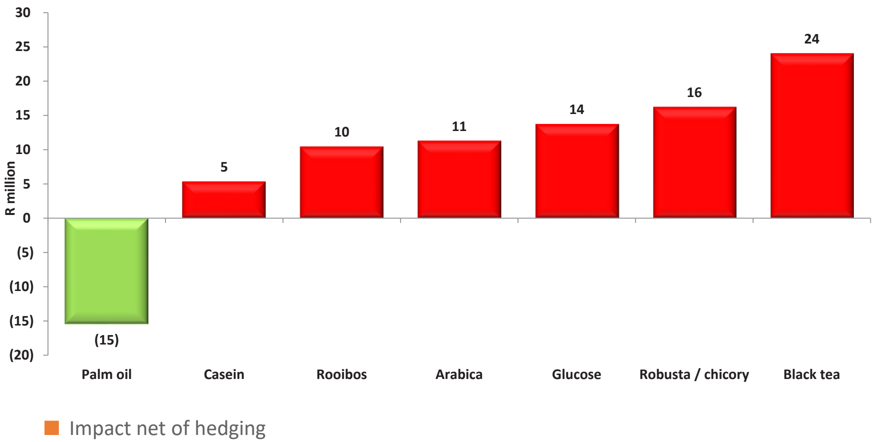
notes

Raw material costs

Cost impact of raw materials and commodities consumed in the period (H1 F24 vs H1 F23):



GROWING GREAT BRANDS

notes

Snackworks

That's Good Times!

Performance

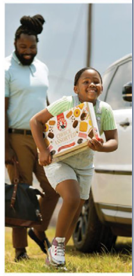
notes

Snackworks
That's Good Times!

Income statement

	H1 F24 Rm	H1 F23 Rm	%Δ
Revenue	3 101,1	2 824,9	9,8
Operating profit	789,6	584,5	35,1
Operating profit margin %	25,5	20,7	23,2

- Growth in biscuit profit due to improved mix and good cost control
  - Higher realised prices from increases taken last year
  - Sales volumes lower despite strong festive season demand for Choice Assorted and lower priced formats
  - Installation of Blue Label Marie oven at Isando factory completed in December
  - Improved factory efficiencies
  - Increase in marketing support



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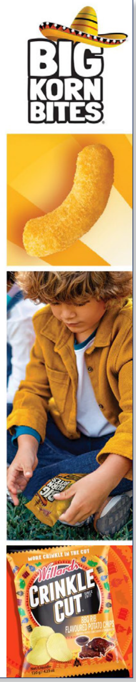
notes

Snackworks
That's Good Times!

Income statement

	H1 F24 Rm	H1 F23 Rm	%Δ
Revenue	3 101,1	2 824,9	9,8
Operating profit	789,6	584,5	35,1
Operating profit margin %	25,5	20,7	23,2

- Sound improvement in snacks' profit
  - Volume growth in maize extruded snacks' brands
  - Potato chip volumes supported by flavour extensions but constrained by aggressive competitor prices
  - Margin recovery supported by sales mix, improved factory yields and lower input costs
  - Selling and administrative costs well contained



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notes

Snackworks
That's Good Times!

Sales volume and selling prices

	% Δ H1 F24 vs H1 F23	Comments
Biscuits revenue growth	***10,1***	
Volume	*(2,9)*	*Increased pricing and constrained consumers partly offset by strong festive season*
Ave. selling prices	*13,4*	*Price increases to recover cost pressures*
Snacks revenue growth	***8,7***	
Volume	*1,1*	*Volume growth supported by maize extrude offerings partly offset by lower potato chip volumes*
Ave. selling prices	*7,5*	*Price increases to recover cost pressures*

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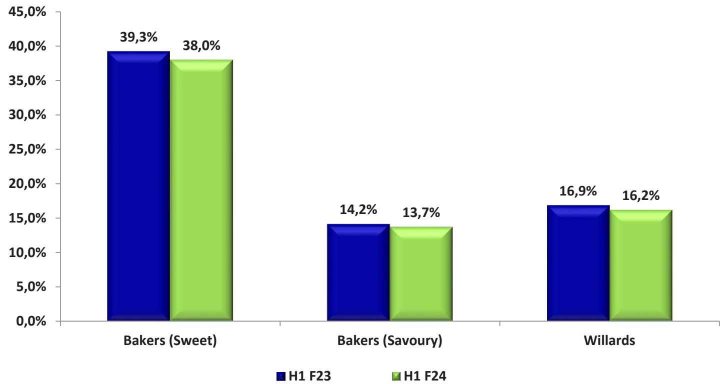
Snackworks
That's Good Times!

Market shares – 12 months value



- Balanced price / volume
- Market share reflects formal retail only
- Sound demand in wholesale channels

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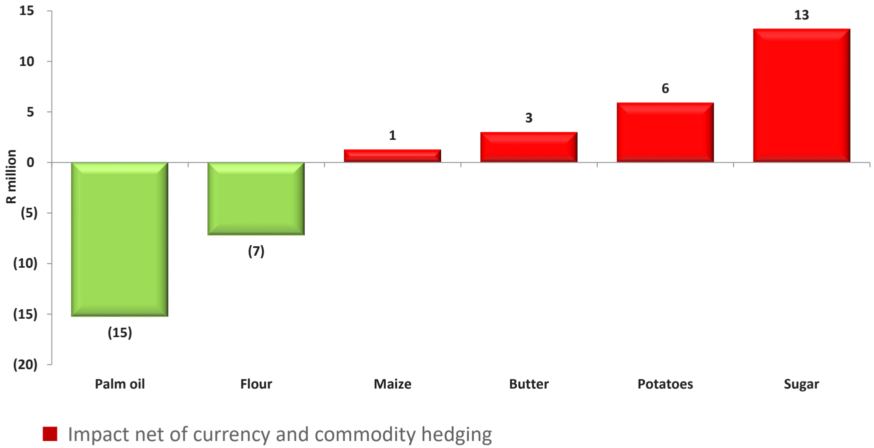
notes

Raw material costs

Cost impact of raw materials and commodities consumed in the period (H1 F24 vs H1 F23):



GROWING GREAT BRANDS

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Performance

notes

Income statement

	H1 F24 Rm	H1 F23 Rm	%∆
Revenue	1 153,4	1 215,9	(5,1)
Operating profit	31,8	72,2	(56,0)
Operating profit margin %	2,8	5,9	(52,5)

- Difficult semester with lower fishing profits, despite weaker Rand
  - Loss of export sales due to inefficiencies at Cape Town's port
  - Unexpectedly low catch rates
  - Operating costs well managed with improved fuel usage and lower fuel prices
  - Deleveraging impact of lower volumes, Cape Town taxi strike and continued load-shedding costs
  - Several restructuring initiatives implemented, including closure of cold storage facility
  - Insurance proceeds of R12,6 million relating to April 2023 value-added production facility fire
  - Non-cash cost of R14,9 million for new BBBEE structure

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notes

Income statement

	H1 F24 Rm	H1 F23 Rm	%Δ
Revenue	1 153,4	1 215,9	(5,1)
Operating profit	31,8	72,2	(56,0)
Operating profit margin %	2,8	5,9	(52,5)

- Abalone profit decline
  - Higher selling prices and weaker Rand offset by lower demand for live and dried abalone
  - Core Asian markets challenged by weaker demand and over supply
  - Favourable biological asset fair value adjustment compared to last year
  - Industry-wide recall of faulty cans supplied to our production facility

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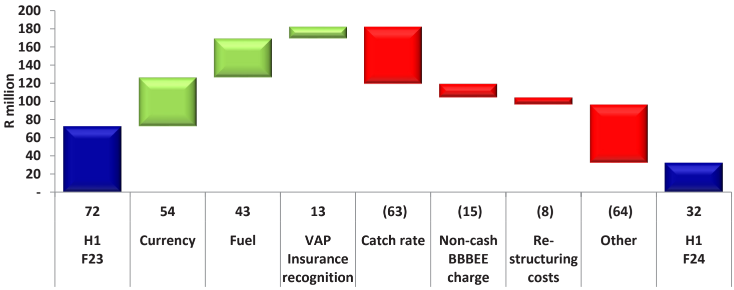
notes

Operating profit



- Reduction in fuel prices supported by usage savings initiatives
- Recognition of insurance proceeds related to fire at value-added production facility in April 2023
- Fishing costs materially impacted by catch rates and deleveraging impact of lower volumes
- Non-cash cost related to new BBBEE arrangement from 1 July 2023
- Restructuring initiatives to address costs at Woodstock processing and closure of cold storage site

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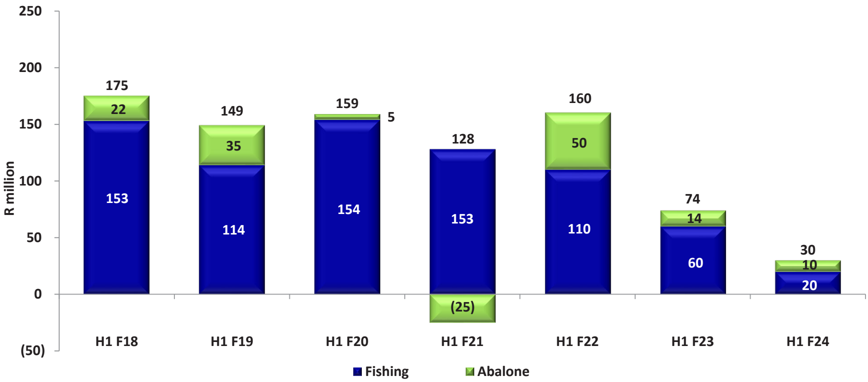
RESULTS for the six months ended 31 December 2023

Profit history



* F18 - F20 restated to exclude Simplot

- Fishing performance materially impacted by lower catch rates
- Abalone reflects weaker demand and costs associated with industry-wide product recall of faulty cans

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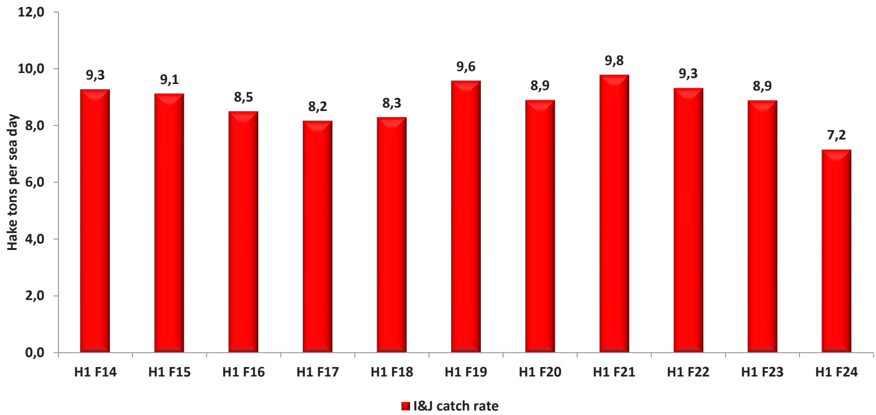
notes

Fishing performance



- Decline across wet and freezer vessels with lowest catch rates in the last 20 years

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notes

Sales volume and selling prices (Hake)

	% Δ H1 F24 vs H1 F23	Comments
I&J Domestic revenue decline*	***(5,2)***	
Volume	*(10,2)*	*Competitor activity, constrained demand, lower catch rates and service level constraints with production catch-up following fire last year*
Ave. selling prices	*5,6*	*Price increases taken to mitigate cost pressure*
I&J Export revenue growth	***2,2***	
Volume	*(10,0)*	*Low catch rates and delayed shipping of December sales*
Ave. selling prices	*13,5*	*Price increases taken to mitigate cost pressure and weaker Rand*

* Excludes whole fish

- I&J's domestic market share declined from 51,0% to 42,7%

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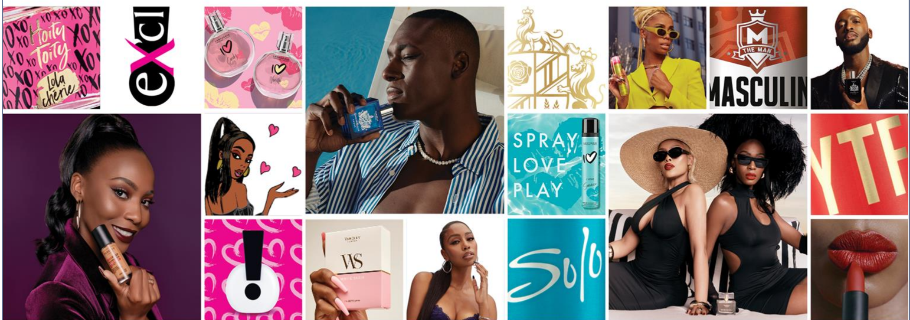
notes

indigo brands

YARDLEY LONDON | LENTHÉRIC LONDON · PARIS | exclamation

Performance



notes

indigo brands

Income statement

	H1 F24 Rm	H1 F23 Rm	%Δ
Revenue	539,3	610,5	(11,7)
Operating profit	114,4	102,2	11,9
Operating profit margin %	21,2	16,7	26,9

- Indigo profit growth despite loss of Coty contract
  - Price increases to recover input cost pressures
  - Revenue growth across aerosol, fragrance and roll-on categories
  - Margin improvement supported by loss of lower margin Coty business
  - Costs effectively managed to ameliorate impact of Coty
  - Increased marketing spend to support innovations
  - Initiatives to address cost base ongoing with benefits expected in second semester

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notes

indigo brands

Sales volume and selling prices

	% Δ H1 F24 vs H1 F23	Comments
Personal Care revenue growth*	***5,7***	
Volume	*(13,3)*	*Volume decline due to constrained demand, aggressive competitor pricing and rationalisation of non-critical lines*
Ave. selling price	*19,0*	*Price increases in response to cost pressure and improving mix*

* Excludes Coty licensed brands

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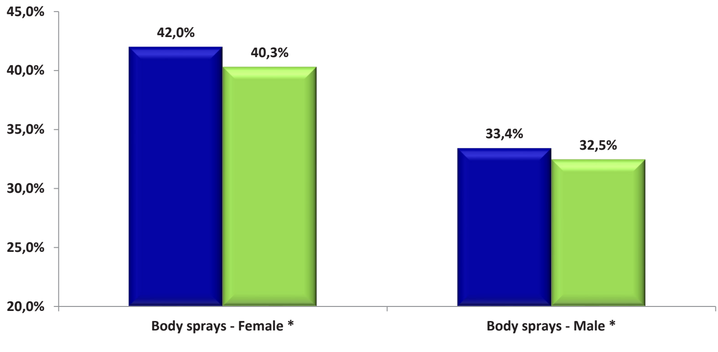
notes

indigo brands

Market shares – 12 months value



* Excludes Coty

- Balanced price/volume in competitive environment
- Good performance from Lentheric in female and male portfolios

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notes

FOOTWEAR AND APPAREL

SPITZ KURT GEIGER GANT GREEN CROSS GX&Co

Performance

notes

FOOTWEAR AND APPAREL

Income statement

	H1 F24 Rm	H1 F23 Rm	%∆
Revenue	1 164,1	1 085,0	7,3
Operating profit	322,3	311,2	3,6
Operating profit margin %	27,7	28,7	(3,5)

- Operating profit growth from higher selling prices and strong December performance
  - Price increases to combat impact of weaker Rand and protect margins
  - Strong peak December with revenue and footwear volume growth
  - Carvela and Lacoste footwear brands benefit from earlier receipt of stock and effective retailing
  - Clothing brands' sales volumes lower
  - Selling and administrative costs well managed with ongoing focus on efficiency and underperforming stores

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notes

FOOTWEAR AND APPAREL

Sales volume and selling prices

	% Δ H1 F24 vs H1 F23	Comments
Spitz and Kurt Geiger Footwear revenue growth	***10,4***	
Volume	*0,6*	*Good demand for Carvela and Lacoste brands supported by availability and replenishment*
Ave. selling price	*9,7*	*Price increases to ameliorate input cost pressure, including the weaker Rand, and protect margins*
KG Clothing revenue decline	***(6,9)***	*Volume declines partly offset by price increases*

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notes

AVI

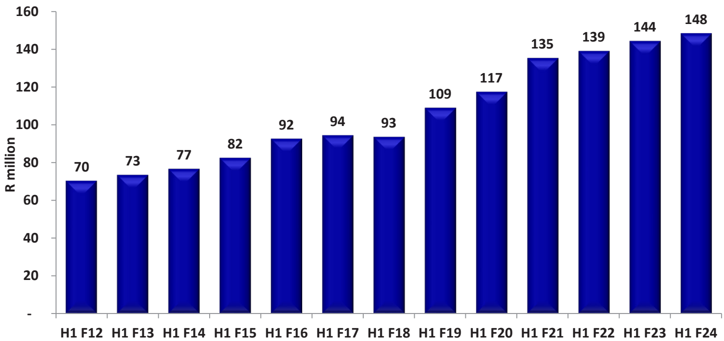
International

Performance

notes

AVI INTERNATIONAL

Operating profit history



- Profit growth from main subsidiary markets partly offset by declines in distributor markets
  - Price increases in line with domestic businesses
  - Pressurised demand in constrained environment
  - Costs well controlled with further support from lower fuel prices

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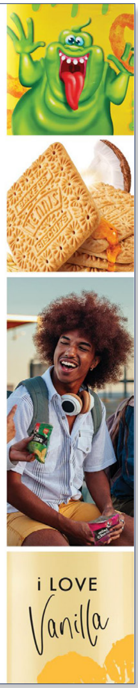
notes

AVI INTERNATIONAL

Entyce, Snackworks and Indigo – Non RSA sales

	H1 F24 Rm	H1 F23 Rm	%Δ
International Revenue	632,8	656,4	(3,6)
% of Grocery and Personal Care brands	10,4	11,9	(12,6)
International Operating Profit	148,3	144,2	2,8
% of Grocery and Personal Care brands	10,2	12,4	(17,8)
International Operating Profit Margin	% 23,4	% 22,0	6,4
Grocery and Personal Care brands Operating Margin	24,0	21,1	13,7



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AVI
H2 Prospects
CARVELA
weekend
MADE IN ITALY
Fres
LENTHÉRIC
LONDON • PARIS
THE MAN
BAKERS
EST. 1851
SUSTAINABLY WILD CAUGHT
GROWING GREAT BRANDS

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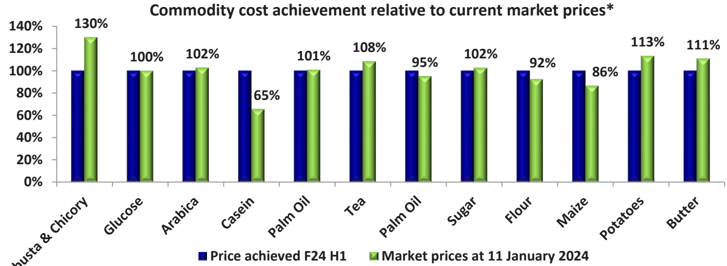
AVI GROUP

Prospects for H2

- Protect Entyce and Snackworks margins in a tough environment
  - Careful price/volume management in market that is expected to remain constrained and competitive
  - New product launches to support brands and profitability
  - Raw material prices and exchange rates secured support profitability if demand is reasonable
  - Volatility in commodity and foreign exchange markets will continue to be hedged to protect margins

Commodity cost achievement relative to current market prices*



**market prices translated at USD/ZAR 18,27*

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AVI GROUP

Prospects for H2

- Protect Entyce and Snackworks margins in a tough environment
  - Continued project activity to upgrade facilities and improve efficiencies
  - Input cost pressures remain with selling price increases expected in some categories
  - Ongoing focus on cost savings, structures and efficiency
  - Steady building of branded positions in export markets
- Non-renewal of Coty contract impacting Indigo profits
  - Continued focus on beauty, fragrance and roll-on categories
  - Careful price and volume management
  - Invest in brands to ameliorate impact of Coty loss
  - Initiatives to address cost base and improve profitability
  - Roll-on investment to expand range and production capacity

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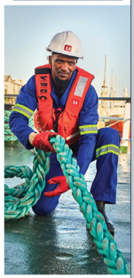
Prospects for H2

- I&J prospects materially dependent on fishing performance, fuel prices and exchange rates
  - Savings from restructuring of Woodstock facility and closure of cold storage in H1 will support profitability
  - Exchange rates hedged at better rates than achieved in H1
  - Benefit from 5% increase in total allowable catch for 2024 calendar uncertain
  - Sustained load-shedding material cost driver
  - Focus on business model to improve profit/returns
- Abalone performance dependent on exchange rate, sustained pricing, sales mix and demand in key markets



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AVI GROUP

Prospects for H2

- Footwear and Apparel
  - Continued selling price inflation to ameliorate the impact of a weaker Rand
  - Exchange rates secured support profitability
  - Focus on improving apparel performance
  - Continued development of owned brands
  - Ongoing focus on cost control and improving operating metrics
    - Retail densities
    - Staff costs
    - New locations being evaluated
  - Industry wide sales/discounting a challenge

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AVI GROUP

Prospects for H2

- Capital investment projects to upgrade facilities and improve efficiencies

	H2 F24 Planned Rm	F24 Total Planned Rm
Back-up water storage, boreholes and treatment	18	23
Creamer capacity increase	9	50
Biscuit line upgrades and improvements	27	52
Snacks fryer essential replacement	16	44
I&J processing plant and storage facility upgrades	25	40
I&J vessel dry-docks and upgrades	40	63
Roll-on line capacity and efficiency	13	13
Retail store relocations and refurbishments	24	43
	172	328
Total capital expenditure	230	472

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AVI GROUP

Investor proposition

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

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Questions

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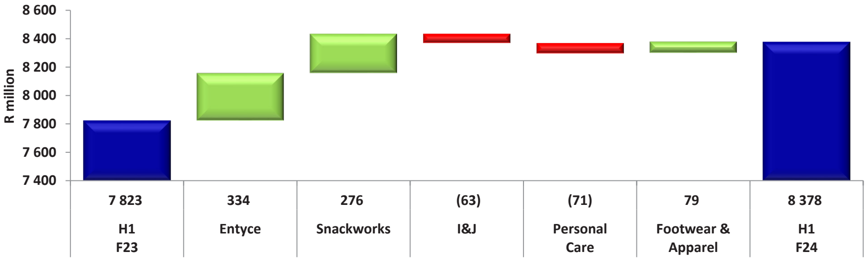
INFORMATION SLIDES

Revenue 7,1% up



- Entyce: Growth in Ciro, tea and creamer partly offset by declines in coffee
- Snackworks: Growth in biscuits and snacks from selling price inflation in response to cost pressure partly offset by lower biscuit volume
- I&J: Weaker fishing performance, port delays and lower abalone volume partly offset by selling price increases and weaker Rand
- Personal Care: Non-renewal of the Coty contract partly offset by growth from aerosol, fragrance and roll-on categories
- Footwear and Apparel: Higher selling prices and strong December performance partly offset by lower footwear and clothing volumes

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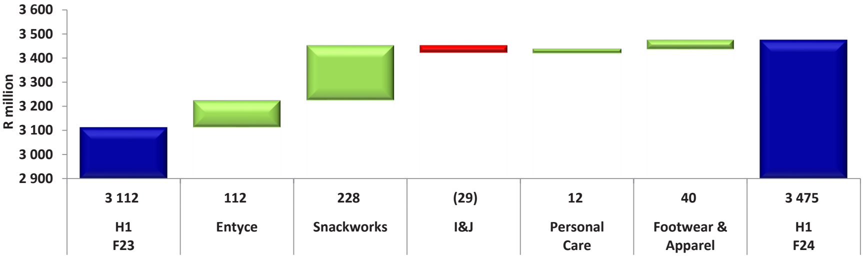
INFORMATION SLIDES

Gross profit 11,7% up



- Entyce: Revenue growth partly offset by margin pressure with higher commodity input costs not fully recovered
- Snackworks: Top-line growth supported by sound improvement in profitability of snacking brands, factory efficiency and lower snacks input costs
- I&J: Lower fishing and abalone sales volumes and concomitant deleveraging impact partly offset by selling price increases and weaker Rand
- Personal Care: Aerosol, fragrance and roll-on growth supported by efficiencies from range rationalisation
- Footwear and Apparel: Higher realised prices partly offset by input cost inflation, including the weaker Rand

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INFORMATION SLIDES

Impact of non-renewal of Coty distributor agreement

	Personal Care		
	F23 H1 Reported	F23 H1 Coty contribution	F23 H1 excluding Coty
Operating performance	Rm	Rm	Rm
Revenue	610,5	101,1	509,4
Operating profit	102,2	21,8	80,4
Operating profit margin	16,7	*21,6*	*15,8*

	F23 H1
	Rm
Working capital*	**68,1**
Inventory	44,6
Trade receivables	44,5
Trade payables	(21,0)

* Represents working capital balances at 31 December 2022 related to Coty activity. As part of the close-out of the agreement, Coty acquired all inventory with trade receivable and payable balances settled in line with normal trade terms. At 31 December 2023 all Coty-related working capital has been cleared.

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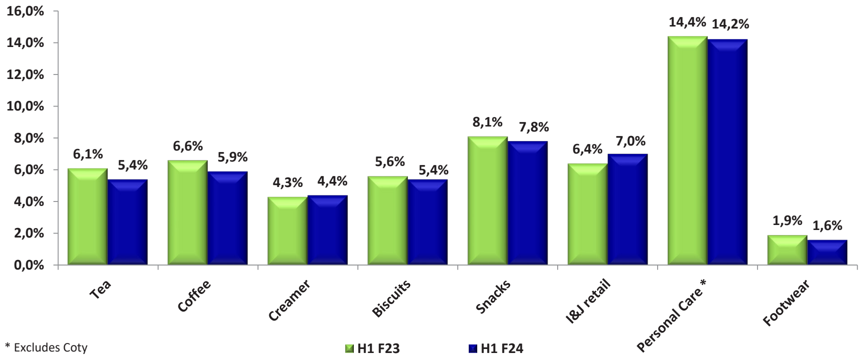
INFORMATION SLIDES

Marketing expenditure



- Total expenditure for H1 F24 of R433,9 million compared to R416,3 million in H1 F23
  - Increase in biscuits' and snacks' spend
  - Increased personal care spend to support innovation
- Includes advertising and promotions, co-operative expenditure with customers and marketing department costs

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INFORMATION SLIDES

Key capital projects spend summary

	H1 F24 Rm
Creamer capacity increase	41
Biscuit line upgrades and improvements	25
Snacks' fryer essential replacement	28
Distribution centre facility upgrades	13
I&J processing plant and storage facility upgrades	15
I&J vessel dry-docks and upgrades	23
Retail store relocations, refurbishments and 1 new store	19
	164
Total capital expenditure	242

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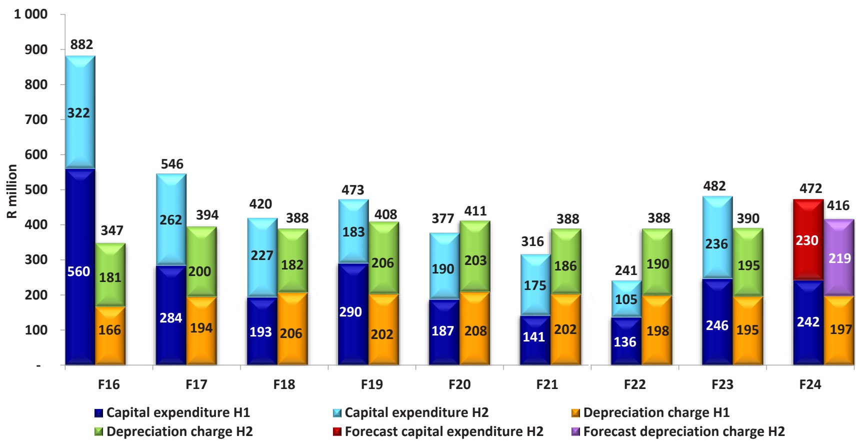
INFORMATION SLIDES

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



- Focused investment to upgrade facilities and improve efficiencies

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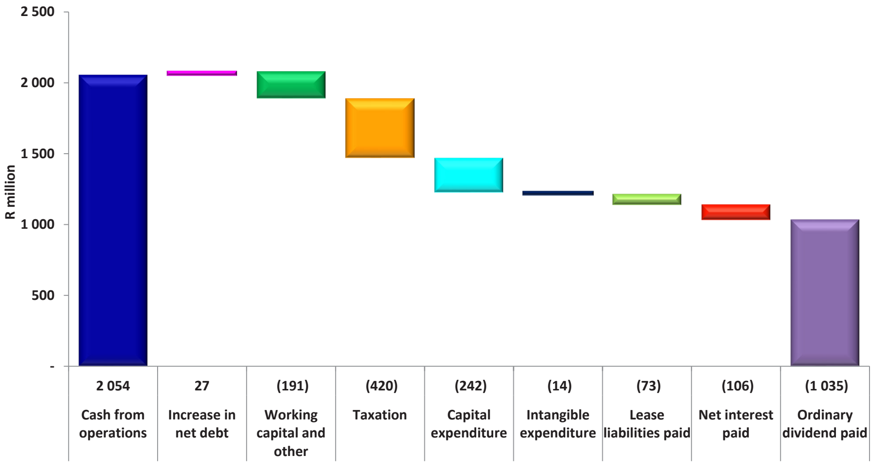
INFORMATION SLIDES

Cash flows



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RESULTS for the six months ended 31 December 2023

INFORMATION SLIDES

Foreign exchange hedges

	February 2024 to June 2024	July 2024 to December 2024	January 2025 to June 2025
	% Cover	% Cover	% Cover
USD imports	67%	11%	0%
EUR imports	50%	4%	0%
USD exports	70%	44%	5%
EUR exports	76%	32%	2%

- Consistent hedging philosophy provides stability to manage gross profit margins

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INFORMATION SLIDES

I&J period end fair value adjustments

	H1 F24 Actual Rm	H1 F23 Actual Rm	Δ Rm
Fuel hedge unrealised (gain) / loss	(10,3)	5,1	(15,4)
Opening mark-to-market liability	(12,8)	(0,2)	
Closing mark-to-market liability	(2,5)	(5,3)	
Abalone – (increase) / decrease in unrealised profit in stock	(5,6)	13,9	(19,5)

- Fuel mark-to-market determined by oil price and exchange rate at reporting date
- Abalone fair value determined by market prices and exchange rate at reporting date
- Abalone fair value at reporting date impacted by biomass mix and closing USD exchange rate

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INFORMATION SLIDES

I&J fishing quota

Quota (tons)	CY18	CY19	CY20	CY21	CY22	CY23	CY24
South African Total Allowable Catch (TAC)	133 120	146 430	146 430	139 119	132 163	138 772	145 145
% change in TAC	(5,0)	10,0	-	(5,0)	(5,0)	5,0	4,6
I&J	36 013	39 517	39 517	37 543	34 143	35 850	37 365
%	27,1	27,0	27,0	27,0	25,8	25,8	25,7*

* Represents I&J's allocation following the conclusion of the appeals process and announcement of final awards on 1 October 2023

- 4,6% increase in TAC for 2024

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INFORMATION SLIDES

Trading space and trading density

Footwear and apparel	H1 F24	H1 F23
Number of stores	115	116
Turnover (Rm)	1 164,1	1 085,0
Average m²	23 703	24 543
Trading Density (R/m²)	49 112	44 208
Closing m²	23 734	24 411

Like-for-like metrics*	H1 F24	H1 F23
Number of stores	112	112
Turnover (Rm)	1 072,6	986,5
Average and closing m²	23 208	23 208
Trading Density (R/m²)	46 215	42 505

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

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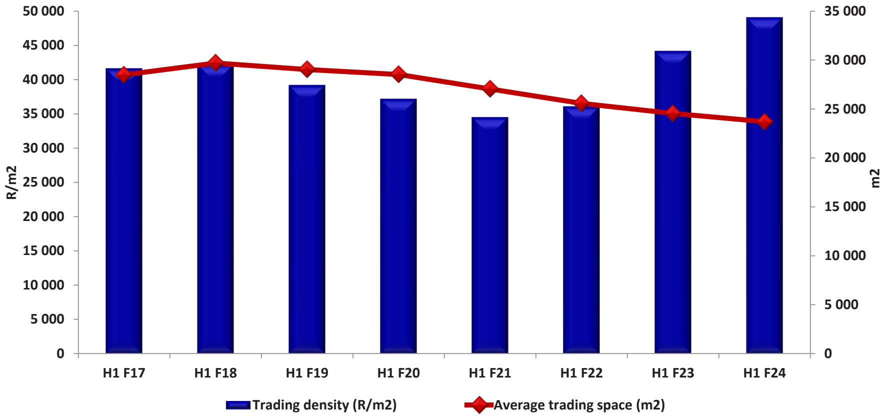
INFORMATION SLIDES

Trading density – Footwear and apparel stores



- Closed one Spitz, one Kurt Geiger and one Green Cross store
- Opened two Kurt Geiger stores

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AVI

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

AVI

AVI LIMITED

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

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

key features

Satisfactory performance in a tough trading environment
- Constrained consumer demand
- Production sites impacted by unreliable municipal infrastructure
- SA port inefficiencies disrupted supply chains
- Load-shedding direct costs of R21,1 million

Group revenue increased by 7,1%

Gross margins protected despite material input cost increases

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I&J impacted by poor catch rates and loss of export sales due to port inefficiencies

---

Group operating profit increased by 17,1%

Headline earnings per share up 17,4% to 374,3 cents

Interim dividend of 202 cents per share, up 17,4%

Capital expenditure of R242,0 million to upgrade facilities and improve efficiencies

---

Return on capital employed of 30,8% for the 12 months to December 2023

GROUP OVERVIEW

The Group delivered a satisfactory performance in a tough trading environment. A combination of selling price increases, fastidious cost control and our effective hedging programme protected margins. Sales volumes were mixed in a constrained demand environment.

Group revenue increased by 7,1% over the same period last year. Revenue growth in Entyce was driven by a combination of improved sales volumes and higher selling prices taken in response to significant input cost pressures. Snackworks achieved revenue growth in both biscuits and snacks due to higher selling prices and improved snacks volumes. I&J had a difficult semester with revenue declining 5,1% due to poor catch rates, aggressive competition and the loss of export sales due to inefficiencies at Cape Town's port. Indigo's personal care revenue performance declined 11,7% following the cessation of the Coty distribution agreement in July 2023. Indigo's owned-brand categories performed soundly with growth in the aerosol, fragrance and roll-on categories lifting like-for-like revenue by 5,9% over the prior year. Spitz's semester revenue was impacted by constrained demand, particularly for the apparel brands, but benefitted from a strong December with good demand for core brands, albeit stronger for footwear than clothing.

The Group's consolidated gross profit grew ahead of revenue with improved profitability supported by higher selling prices, factory efficiencies and cost control. I&J's gross margins were constrained by the deleveraging impact of lower catch rates, the cost of lost production due to Cape Town's taxi strike and an unfavourable abalone sales mix. Consolidated operating profit was 17,1% higher with only I&J's earnings declining. The Group's branded consumer business, excluding I&J, improved operating profit by 20,7%. Net finance costs were higher primarily due to higher interest rates with average borrowing levels lower than last year. The effective tax rate was marginally lower and in line with the corporate tax rate of 27%.

Headline earnings grew 17,4% with headline earnings per share increasing from 318,9 cents to 374,3 cents. Cash generated by operations increased from R1,06 billion to R1,85 billion due to the improved operating profit and a lower increase in working capital. Other material cash flows during the period were capital expenditure of R242,0 million, ordinary dividends paid of R1,04 billion and taxation paid of R420,2 million. Net debt at the end of December 2023 was R1,81 billion compared to R2,45 billion at the end of December 2022.

DIVIDEND

Group cash generation remains healthy and debt levels are within our targeted gearing range. The Board has declared an interim ordinary dividend of 202 cents per share, which is 17,4% 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		
	2023 Rm	2022 Rm	% change	**2023 Rm**	2022 Rm	% change
Food & Beverage brands	**6 674,7**	6 127,4	8,9	**1 373,3**	1 133,6	21,1
Entyce Beverages	**2 420,2**	2 086,6	16,0	**551,9**	476,9	15,7
Snackworks	**3 101,1**	2 824,9	9,8	**789,6**	584,5	35,1
I&J	**1 153,4**	1 215,9	(5,1)	**31,8**	72,2	(56,0)
Fashion brands	**1 703,4**	1 695,5	0,5	**436,7**	413,4	5,6
Personal Care*	**539,3**	610,5	(11,7)	**114,4**	102,2	11,9
Footwear & Apparel	**1 164,1**	1 085,0	7,3	**322,3**	311,2	3,6
Corporate				**(6,2)**	(6,3)	
Group	**8 378,1**	7 822,9	7,1	**1 803,8**	1 540,7	17,1

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

Entyce Beverages

Revenue of R2,42 billion was 16,0% higher than last year while operating profit improved 15,7% from R476,9 million to R551,9 million.

Tea revenue grew 17,5% off a weak prior year base which had included aggressive competitor promotions. Selling prices were increased to ameliorate inflationary cost pressures with revenue growth supported by a 13,0% improvement in sales volumes. Black tea performed soundly with growth in both the premium priced Five Roses brand and the Trinco value brand. Rooibos brand growth did not match black tea but was still pleasing. Gross profit margins declined marginally with selling price increases not fully offsetting input cost increases. Selling and administrative costs were well managed but increased above inflation due to higher sales volumes and partially offset by lower distribution costs resulting from lower fuel prices. The Tea category performance was sound with a higher gross profit and effective margin management supporting an increase in operating profit.

Coffee revenue was 9,3% higher than last year with improved sales from our retail brands and supported by improved revenue in the Ciro Food Service business. Revenue growth was achieved on premium, mixed instant, and affordable brewed categories primarily due to selling price increases required to recover pressures from higher commodity costs and a weaker Rand. Ongoing competitor discounting and affordability constrained mixed instant sales volumes which ended lower than the prior year. Ciro benefitted from the sustained recovery in the corporate channel with better sales volumes supported by higher selling prices. Gross profit margins ended lower with selling price increases not fully recovering the impact of higher input costs. The first semester included restructuring initiatives at the coffee and creamer manufacturing site which are expected to deliver benefits through the second semester. Selling and administrative costs were well managed, and combined with the improvement in Ciro's profitability, operating profit and operating profit margin, were marginally lower than the prior year's.

Creamer delivered a strong performance with revenue growth of 21,2% supported by selling price increases in response to higher raw material costs, and volume growth. Despite a competitive and constrained demand environment, gross profit margins improved on the prior year. Selling and administrative costs increased with higher sales volumes partially offset by lower fuel prices. The upgraded creamer line was commissioned in late December, impacting on the semester's sales volumes. Operating profit growth was pleasing.

Snackworks

Revenue of R3,10 billion was 9,8% higher than last year and operating profit increased 35,1% from R584,5 million to R789,6 million. The operating profit margin improved from 20,7% to 25,5% underpinned by a sound improvement in the profitability of the snacking brands.

Biscuit revenue increased 10,1% primarily due to selling price increases taken in the previous financial year to ameliorate significant input cost pressures and protect margins. Sales volumes ended lower, despite a strong festive season for Bakers Choice Assorted and strong domestic demand for our lower priced biscuit formats. The installation of the new Blue Label Marie oven at the Isando biscuit factory was completed in December and did impact sales volumes in the semester. Gross profit margins were managed effectively and supported by improvements in factory efficiencies. Selling and administrative costs increased in line with inflation with savings from lower fuel prices offset by an increase in marketing support. Biscuits delivered a sound result with growth in operating profit and operating profit margins.

Snacks revenue increased 8,7% due to higher selling prices and a 1,1% increase in sales volumes. The volume performance was supported by growth in the maize extruded snack brands. The potato chip category benefitted from flavour extensions, but volume gains were constrained by sustained competitor discounting. Gross profit and gross profit margins improved with benefits from a better sales mix, improved factory yields and a reduction in input costs. Selling and administrative costs were contained well to levels below inflation. Improved margins and cost management supported the improvement in both operating profit margin and operating profit.

I&J

Revenue of R1,15 billion was 5,1% lower than last year and operating profit decreased from R72,2 million to R31,8 million. The operating profit margin decreased from 5,9% to 2,8%.

Fishing revenues declined due to lower sales volumes but were offset partially by the impact of selling price increases and the benefit of a weaker Rand on export sales. Fish sales volumes were negatively impacted by unexpectedly low catch rates especially in the second quarter, aggressive domestic and international competition as well as the delayed shipping of R50,8 million of December's export sales due to inefficiencies at Cape Town's port. Operating costs were managed effectively with improved fuel usage and lower fuel prices reducing fishing costs. This was not sufficient to offset the deleveraging impact of lower volumes, the cost of lost production due to the taxi strike in Cape Town and continued load-shedding costs. Several restructuring initiatives were undertaken at I&J in the semester. The costs arising from the restructuring of the Woodstock processing facility and the closure of the Paarden Eiland cold storage site from September 2023 were recognised in the semester with savings expected through the second semester. Insurance proceeds of R12,6 million were recognised in respect of an insurance claim relating to the April 2023 fire at the value-added production facility but this benefit was offset by the non-cash cost of R14,9 million in respect of the new BBBEE shareholder structure implemented in July 2023.

Abalone profit declined on the prior year. Core Asian markets were challenged by weakening demand and over-supply. Reduced sales volumes were offset partially by higher selling prices, the benefit of a weaker Rand and a favourable fair value adjustment on the farm's biological asset. The sales mix was impacted negatively by lower demand for live and dried abalone. The canned abalone category was impacted by an industry-wide product recall on faulty cans supplied to our production facility and resulted in lost revenue and write-off costs. These losses are insured but proceeds were not recognised in the semester's operating profit. Farm costs were well controlled but continued to be impacted by the cost of diesel required to mitigate load-shedding.

Personal Care

Indigo's revenue of R539,3 million was 11,7% lower than last year largely due to the loss of the Coty contract from July 2023. Excluding Coty, revenue increased 5,9% on the prior year with improved performances across the aerosol, fragrance, and roll-on categories. Prices were increased to recover input cost pressures.

The gross profit margin improved benefitting from the loss of the low margin Coty business and supported by range rationalisation necessary to improve efficiencies. Selling and administrative costs were well managed and ended in line with last year with savings arising from the absence of the Coty business and lower fuel prices, offset by increased marketing to support innovation. Initiatives to address the cost base and improve profitability are ongoing with benefits in the second semester expected to partially offset the impact of the lost Coty business. Despite the loss of the Coty brands, which contributed R21,8 million in the prior year, operating profit increased from R102,2 million to R114,4 million. The operating profit margin increased from 16,7% to 21,2%.

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

Revenue increased by 7,3% to R1,16 billion due to higher selling prices partially offset by reduced apparel sales and a 1,5% decrease in footwear sales volumes. Operating profit improved from R311,2 million to R322,3 million, with the operating profit margin remaining healthy but declining from 28,7% to 27,7%.

The semester was characterised by better sales growth in footwear than apparel. Retail demand was constrained through the semester with the performance lifted by a strong December with revenue growth of 11,3% underpinned by higher selling prices and footwear volume growth of 3,5%. The Carvela and Lacoste footwear brands benefitted from good demand and were supported by the earlier receipt of stock and effective retailing. Clothing brands' sales volumes were lower than the prior year.

The gross profit margin was protected with selling price increases recovering the cost of a weaker Rand while selling and administrative costs increased marginally ahead of inflation due to higher rentals. The ongoing focus on efficiency resulted in the closure of underperforming stores in sub-optimal locations offset by the opening of new stores.

OUTLOOK

Consumer demand remains constrained with high levels of inflation and unemployment eroding real household incomes. The operating environment remains uncertain both domestically and internationally. Locally, South Africa's port inefficiencies, load-shedding, and continued infrastructure failures will continue to add cost and complexity to our business.

The ongoing inefficiency of South Africa's ports and more recently the impact of the loss of access to the Red Sea have increased shipping costs and lead times. We have offset these risks through earlier shipping dates and increased safety stocks and are not expecting any material disruption to our ability to supply in the second semester.

Protecting the long-term value of our brands remains an imperative and so optimising price and volume will continue to be a strong focus in all business units. We manage this acknowledging that the environment includes increasingly intense competition, cash-constrained consumers and the need to ameliorate higher input costs. A material portion of the second semester's import requirements have been covered at rates that support sound profitability assuming reasonable sales volumes. Cost control remains essential to protecting profitability with a continued focus on improving factory efficiencies, procurement savings and a focus on fixed costs. Several new product innovations will be launched during the semester which, if successful, will improve profitability in key categories. 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.

Capital projects that enhance our manufacturing capabilities, lower production costs, improve product quality and enhance service levels to our retail partners will continue to be supported.

I&J's prospects remain materially dependent on fishing performance, fuel prices and exchange rates. A 5% increase in the total allowable catch ("TAC") has been announced for the 2024 calendar year, however, our ability to benefit from this is dependent on a material improvement in catch rates which are currently at 20-year lows. Savings from the restructuring of the Woodstock processing facility and the closure and outsourcing of I&J's cold storage in the first half will support profitability in the second semester. Should current catch rates not improve, I&J's profitability may not exceed the prior year's. Cost structures, including the simplification of I&J's business model, will continue to receive focus to improve profitability and the return on capital.

The second semester's profit growth may not mirror the first semester's as we annualise a strong prior year fourth quarter. The Board is confident that AVI is well equipped to continue adapting to a complex and changing economic environment.

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

Mike Watters
Chairman

Simon Crutchley
CEO

4 March 2024

condensed consolidated balance sheet

	Unaudited at 31 December		Audited at 30 June
	2023 Rm	2022 Rm	2023 Rm
Assets			
Non-current assets			
Property, plant and equipment	**3 215,3**	3 150,0	3 184,2
Right-of-use assets	**498,8**	492,6	483,2
Intangible assets and goodwill	**934,0**	930,6	927,7
Investments and other long-term assets	**32,6**	30,8	34,5
Deferred taxation	**41,7**	28,6	35,6
	4 722,4	4 632,6	4 665,2
Current assets			
Inventories and biological assets	**2 985,6**	2 966,3	3 052,6
Trade and other receivables including derivatives	**1 954,0**	1 993,0	1 989,1
Cash and cash equivalents	**507,7**	495,1	494,9
	5 447,3	5 454,4	5 536,6
Total assets	**10 169,7**	10 087,0	10 201,8
Equity and liabilities			
Capital and reserves			
Total equity	**5 375,4**	4 873,6	5 116,9
Non-current liabilities			
Cash-settled share-based payment liability	**14,9**	–	–
Lease liabilities	**425,3**	414,5	412,8
Employee benefit liabilities	**290,1**	293,3	286,7
Deferred taxation	**404,0**	434,6	405,6
	1 134,3	1 142,4	1 105,1
Current liabilities			
Cash-settled share-based payment liability	**–**	1,0	–*
Current borrowings including short-term portion of lease liabilities	**1 891,3**	2 527,8	1 831,9
Trade and other payables including derivatives	**1 628,4**	1 451,6	2 066,6
Current tax liabilities	**140,3**	90,6	81,3
	3 660,0	4 071,0	3 979,8
Total equity and liabilities	**10 169,7**	10 087,0	10 201,8
Movement in net debt			
Opening balance	**1 206,2**	1 204,3	1 204,3
Short-term funding raised	**46,6**	1 001,2	305,4
Increase in cash and cash equivalents	**(19,7)**	(297,5)	(297,0)
Translation of cash equivalents of foreign subsidiaries	**6,9**	(6,2)	(6,5)
Net debt excluding IFRS 16 lease liabilities	**1 240,0**	1 901,8	1 206,2
IFRS 16 lease liabilities	**568,9**	545,4	543,6
Net debt**	**1 808,9**	2 447,2	1 749,8

** Rand amount is less than R1 million.*

*** 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 2023 Rm	2022 Rm	% change	Audited year ended 30 June 2023 Rm
Revenue	**8 378,1**	7 822,9	7,1	14 919,6
Cost of sales	**(4 903,4)**	(4 711,0)	4,1	(9 095,1)
Gross profit	**3 474,7**	3 111,9	11,7	5 824,5
Selling and administrative expenses, including other income	**(1 670,9)**	(1 571,2)	6,3	(3 109,7)
Operating profit before capital items	**1 803,8**	1 540,7	17,1	2 714,8
Interest received	**6,6**	2,9	127,6	8,0
Finance costs	**(112,6)**	(93,3)	20,7	(198,9)
Share of equity-accounted (losses)/earnings of joint ventures	**(2,2)**	1,8	(222,2)	2,1
Capital items	**(1,0)**	(2,0)	(50,0)	9,1
Profit before taxation	**1 694,6**	1 450,1	16,9	2 535,1
Taxation	**(457,3)**	(397,4)	15,1	(698,2)
Profit for the period	**1 237,3**	1 052,7	17,5	1 836,9
Profit attributable to:				
Owners of AVI	**1 237,3**	1 052,7	17,5	1 836,9
Other comprehensive income/(loss), net of tax	**7,8**	(29,8)		(32,8)
Items that are or may be subsequently reclassified to profit or loss				
Foreign currency translation differences	**(25,7)**	10,8		13,1
Cash flow hedging reserve	**45,9**	(55,6)		(72,7)
Taxation on items that are or may be subsequently reclassified to profit or loss	**(12,4)**	15,0		19,7
Items that will never be reclassified to profit or loss				
Actuarial gain recognised	**–**	–		9,7
Taxation on items that will never be reclassified to profit or loss	**–**	–		(2,6)
Total comprehensive income for the period	**1 245,1**	1 022,9	21,7	1 804,1
Total comprehensive income attributable to:				
Owners of AVI	**1 245,1**	1 022,9	21,7	1 804,1
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights, trademarks and computer software included in operating profit	**286,4**	282,2	1,5	567,3
Earnings per share				
Basic earnings per share (cents)#	**374,1**	318,4	17,5	555,6
Diluted basic earnings per share (cents)##	**371,7**	317,3	17,1	553,8
Headline earnings per share (cents)#	**374,3**	318,9	17,4	553,6
Diluted headline earnings per share (cents)##	**372,0**	317,7	17,1	551,8

\# *Basic earnings and headline earnings per share are calculated on a weighted average of 330 710 972 (31 December 2022: 330 570 005 and 30 June 2023: 330 596 489) ordinary shares in issue.*

\## *Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 332 828 937 (31 December 2022: 331 768 998 and 30 June 2023: 331 662 214) ordinary shares in issue.*

condensed consolidated statement of cash flows

	Unaudited six months ended 31 December 2023 Rm	2022 Rm	% change	Audited year ended 30 June 2023 Rm
Operating activities				
Cash generated by operations	**1 851,7**	1 058,3	75,0	3 079,7
Interest paid	**(112,6)**	(93,3)	20,7	(198,9)
Taxation paid	**(420,2)**	(353,2)	19,0	(697,4)
Net cash available from operating activities	**1 318,9**	611,8	115,6	2 183,4
Investing activities				
Interest received	**6,6**	2,9	127,6	8,0
Property, plant and equipment acquired	**(242,0)**	(245,5)	(1,4)	(482,2)
Additions to intangible assets	**(14,2)**	(1,6)	787,5	(8,0)
Proceeds from disposals of property, plant and equipment	**12,0**	4,1	192,7	14,0
Other cash flows from investments	**–**	0,3	(100,0)	(2,9)
Net cash utilised in investing activities	**(237,6)**	(239,8)	(0,9)	(471,1)
Financing activities				
Short-term funding raised	**46,6**	1 001,2	(95,3)	305,4
Lease liabilities repaid	**(73,0)**	(73,6)	(0,8)	(147,2)
Payment to I&J BBBEE shareholders	**–**	(33,8)	(100,0)	(34,8)
Ordinary dividends paid	**(1 035,2)**	(968,3)	6,9	(1 538,7)
Net cash utilised in financing activities	**(1 061,6)**	(74,5)	1 325,0	(1 415,3)
Increase in cash and cash equivalents	**19,7**	297,5	(93,4)	297,0
Cash and cash equivalents at beginning of period	**494,9**	191,4		191,4
	514,6	488,9		488,4
Translation of cash equivalents of foreign subsidiaries	**(6,9)**	6,2		6,5
Cash and cash equivalents at end of period	**507,7**	495,1		494,9

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 2023						
Balance at 1 July 2023	**279,4**	**(75,8)**	**234,1**	**4 785,8**	**(106,6)**	**5 116,9**
Profit for the period	**–**	**–**	**–**	**1 237,3**	**–**	**1 237,3**
Other comprehensive (loss)/income						
Foreign currency translation differences	**–**	**–**	**(25,7)**	**–**	**–**	**(25,7)**
Cash flow hedging reserve, net of tax	**–**	**–**	**33,5**	**–**	**–**	**33,5**
Total other comprehensive income	**–**	**–**	**7,8**	**–**	**–**	**7,8**
Total comprehensive income for the period	**–**	**–**	**7,8**	**1 237,3**	**–**	**1 245,1**
Transactions with owners, recorded directly in equity						
Share-based payments	**–**	**–**	**45,3**	**–**	**–**	**45,3**
Deferred taxation on Group share scheme recharge	**–**	**–**	**3,3**	**–**	**–**	**3,3**
Dividends paid	**–**	**–**	**–**	**(1 035,2)**	**–**	**(1 035,2)**
Total contributions by and distributions to owners	**–**	**–**	**48,6**	**(1 035,2)**	**–**	**(986,6)**
Balance at 31 December 2023	**279,4**	**(75,8)**	**290,5**	**4 987,9**	**(106,6)**	**5 375,4**
Six months ended 31 December 2022						
Balance at 1 July 2022	279,4	(75,8)	209,1	4 487,6	(106,6)	4 793,7
Profit for the period	–	–	–	1 052,7	–	1 052,7
Other comprehensive (loss)/income						
Foreign currency translation differences	–	–	10,8	–	–	10,8
Cash flow hedging reserve, net of tax	–	–	(40,6)	–	–	(40,6)
Total other comprehensive loss	–	–	(29,8)	–	–	(29,8)
Total comprehensive (loss)/income for the period	–	–	(29,8)	1 052,7	–	1 022,9
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	22,6	–	–	22,6
Deferred taxation on Group share scheme recharge	–	–	2,7	–	–	2,7
Dividends paid	–	–	–	(968,3)	–	(968,3)
Total contributions by and distributions to owners	–	–	25,3	(968,3)	–	(943,0)
Balance at 31 December 2022	279,4	(75,8)	204,6	4 572,0	(106,6)	4 873,6
Year ended 30 June 2023						
Balance at 1 July 2022	279,4	(75,8)	209,1	4 487,6	(106,6)	4 793,7
Profit for the year	–	–	–	1 836,9	–	1 836,9
Other comprehensive loss						
Foreign currency translation differences	–	–	13,1	–	–	13,1
Actuarial gains recognised, net of tax	–	–	7,1	–	–	7,1
Cash flow hedging reserve, net of tax	–	–	(53,0)	–	–	(53,0)
Total other comprehensive loss	–	–	(32,8)	–	–	(32,8)
Total comprehensive (loss)/income for the period	–	–	(32,8)	1 836,9	–	1 804,1
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	58,0	–	–	58,0
Deferred taxation on Group share scheme recharge	–	–	(0,2)	–	–	(0,2)
Dividends paid	–	–	–	(1 538,7)	–	(1 538,7)
Total contributions by and distributions to owners	–	–	57,8	(1 538,7)	–	(1 480,9)
Balance at 30 June 2023	279,4	(75,8)	234,1	4 785,8	(106,6)	5 116,9

supplementary notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2023

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 a joint venture.

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 2022 and the annual financial statements for the year ended 30 June 2023.

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 material impact on future financial statements.

2. Impact of load-shedding

The financial environment remained difficult with load-shedding continuing to affect our manufacturing, distribution and retail operations. The impact was mitigated through back-up power solutions but nonetheless added R21,1 million to direct operating costs in the period (six months ended 31 December 2022: R22,0 million and year ended 30 June 2023: R58,5 million). The Company has invested in back-up power options for a number of years and continues to do so.

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

Inventory and debtor provisions have been reviewed without any material movements in income statement adjustments compared to the prior period.

3. Segmental results

	Unaudited six months ended 31 December			Audited year ended 30 June
	2023 Rm	2022 Rm	% change	2023 Rm
Segmental revenue				
Food & Beverage brands	**6 674,7**	6 127,4	8,9	11 999,4
Entyce Beverages	**2 420,2**	2 086,6	16,0	4 251,6
Snackworks	**3 101,1**	2 824,9	9,8	5 261,2
I&J	**1 153,4**	1 215,9	(5,1)	2 486,6
Fashion brands	**1 703,4**	1 695,5	0,5	2 920,2
Personal Care*	**539,3**	610,5	(11,7)	1 223,3
Footwear & Apparel	**1 164,1**	1 085,0	7,3	1 696,9
Group	**8 378,1**	7 822,9	7,1	14 919,6
Segmental operating profit before capital items				
Food & Beverage brands	**1 373,3**	1 133,6	21,1	2 155,4
Entyce Beverages	**551,9**	476,9	15,7	920,2
Snackworks	**789,6**	584,5	35,1	1 038,4
I&J	**31,8**	72,2	(56,0)	196,8
Fashion brands	**436,7**	413,4	5,6	587,9
Personal Care*	**114,4**	102,2	11,9	233,1
Footwear & Apparel	**322,3**	311,2	3,6	354,8
Corporate	**(6,2)**	(6,3)		(28,5)
Group	**1 803,8**	1 540,7	17,1	2 714,8

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

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 2023 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care* Rm	Footwear & Apparel Rm	Total Rm
South Africa	**2 166,4**	**2 767,3**	**409,6**	**494,0**	**1 154,0**	**6 991,3**
Other African countries	**249,7**	**317,5**	**31,5**	**45,3**	**10,1**	**654,1**
Europe	**3,2**	**4,3**	**506,7**	**–**	**–**	**514,2**
Rest of the world	**0,9**	**12,0**	**205,6**	**–**	**–**	**218,5**
Total revenue	**2 420,2**	**3 101,1**	**1 153,4**	**539,3**	**1 164,1**	**8 378,1**

Geographical market	Unaudited six months ended 31 December 2022 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
South Africa	1 839,6	2 464,3	442,4	561,7	1 074,7	6 382,7
Other African countries	241,6	354,6	24,3	48,8	10,3	679,6
Europe	3,1	0,9	505,6	–	–	509,6
Rest of the world	2,3	5,1	243,6	–	–	251,0
Total revenue	2 086,6	2 824,9	1 215,9	610,5	1 085,0	7 822,9

Geographical market	Audited for the year ended 30 June 2023 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
South Africa	3 728,8	4 578,6	838,1	1 120,2	1 678,8	11 944,5
Other African countries	512,7	658,0	46,1	103,1	18,1	1 338,0
Europe	6,7	9,0	1 120,4	–	–	1 136,1
Rest of the world	3,4	15,6	482,0	–	–	501,0
Total revenue	4 251,6	5 261,2	2 486,6	1 223,3	1 696,9	14 919,6

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

The majority of revenue comprises revenue from the sale of goods. Less than 0,9% (31 December 2022 and 30 June 2023: less than 1,1%) of total revenue comprises income arising from services, rental agreements and trademark licence agreements.

5. Determination of headline earnings

	Unaudited six months ended 31 December 2023 Rm	2022 Rm	% change	Audited year ended 30 June 2023 Rm
Profit for the year attributable to owners of AVI	**1 237,3**	1 052,7	17,5	1 836,9
Total capital items after taxation	**0,7**	1,4		(6,7)
Net loss on disposal of property, plant and equipment	**1,0**	1,9		1,8
Impairment of property, plant and equipment	**–**	–		2,2
Insurance proceeds on property, plant and equipment – civil unrest	**–**	–		(13,1)
Other	**–**	0,1		–
Taxation attributable to capital items	**(0,3)**	(0,6)		2,4
Headline earnings	**1 238,0**	1 054,1	17,4	1 830,2
Headline earnings per ordinary share (cents)	**374,3**	318,9	17,4	553,6
Diluted headline earnings per ordinary share (cents)	**372,0**	317,7	17,1	551,8

	Number of shares	Number of shares	% change	Number of shares
Weighted average number of ordinary shares	**330 710 972**	330 570 005	0,0	330 596 489
Weighted average diluted number of ordinary shares	**332 828 937**	331 768 998	0,3	331 662 214

6. Cash generated by operations

	Unaudited six months ended 31 December 2023 Rm	2022 Rm	% change	Audited year ended 30 June 2023 Rm
Cash generated by operations before working capital changes	**2 053,6**	1 761,4	16,6	3 432,3
Changes in working capital	**(201,9)**	(703,1)	(71,3)	(352,6)
Cash generated by operations	**1 851,7**	1 058,3	75,0	3 079,7

7. Commitments

	Unaudited six months ended 31 December 2023 Rm	2022 Rm	Audited year ended 30 June 2023 Rm
Capital expenditure commitments for property, plant and equipment	**163,2**	257,4	264,1
Contracted for	**104,4**	199,6	171,7
Authorised but not contracted for	**58,8**	57,8	92,4

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

8. I&J BBBEE Transaction

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

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

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

The replacement scheme has been recognised as a cash-settled share-based payment liability in the Group's financial statements with a concomitant non-cash expense of R14,9 million recognised in earnings.

9. Fair value classification and measurement

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements in accordance with IFRS 13 *Fair Value Measurement*, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy during the six months ended 31 December 2023.

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. 103 of 202 cents per share for the six months ended 31 December 2023 has been declared payable to shareholders of ordinary shares. The dividend has been declared out of income reserves and will be subject to dividend withholding tax at a rate of 20%. Consequently, a net interim dividend of 161,6 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant ("CSDP") (collectively "regulated intermediary") on behalf of shareholders. However, all shareholders should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption. AVI's issued share capital at the declaration date is 338 848 970 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, 16 April 2024
First trading day ex dividend on the JSE	Wednesday, 17 April 2024
Record date	Friday, 19 April 2024
Payment date	Monday, 22 April 2024

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 17 April 2024, and Friday, 19 April 2024, both days inclusive.

Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. Following the discontinuation of cheque payments by most South African banks, AVI 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, 22 April 2024.

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

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

Postal address
PO Box 1897
Saxonwold 2132
South Africa

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

Auditors
Ernst & Young Inc.

Sponsor
The Standard Bank of
South Africa Limited

Commercial bankers
First Rand Bank Limited
Standard Bank Limited

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

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

PRINCIPAL SUBSIDIARIES

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

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

Managing director
Michael Koursaris
Telephone: +27 (0)11 707 7200
Telefax: +27 (0)11 707 7799

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

1 Davidson Street
Woodstock
Cape Town 7925

PO Box 1628
Cape Town 8000

Managing director
Roger Coppin
Telephone: +27 (0)21 440 7800
Telefax: +27 (0)21 440 7270

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

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

Managing director
Gaynor Poretti
Telephone: +27 (0)21 507 8500
Telefax: +27 (0)21 507 8501

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

30 Sloane Street
Bryanston 2021

PO Box 782916
Sandton 2145

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

directors

Executive

Simon Crutchley[1]
(Chief Executive Officer)

Justin O'Meara[1]
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Current
Mike Watters *(Chairman)*[2,3,4,5]
Abe Thebyane[5]
Alexandra Muller[1,6]
Steven Robinson[6,7]
Maserame Mouyeme[6,8]

Outgoing
Gavin Tipper[9]
James Hersov[10]
Mike Bosman[11]
Busisiwe Silwanyana[12]

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

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