

AVI GROWING GREAT BRANDS

RESULTS FOR THE SIX MONTHS ENDED
31 DECEMBER 2024





AVI

AVI LIMITED

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

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



KEY FEATURES

Constrained consumer environment

Group revenue increased by 1,1%

Fashion retail portfolio challenged by supplier and global supply chain issues

I&J impacted by low abalone demand coupled with lower selling prices

Gross margins protected notwithstanding challenging environment

Group operating profit increased by 8,9%

Headline earnings per share up 8,9% to 407,5 cents

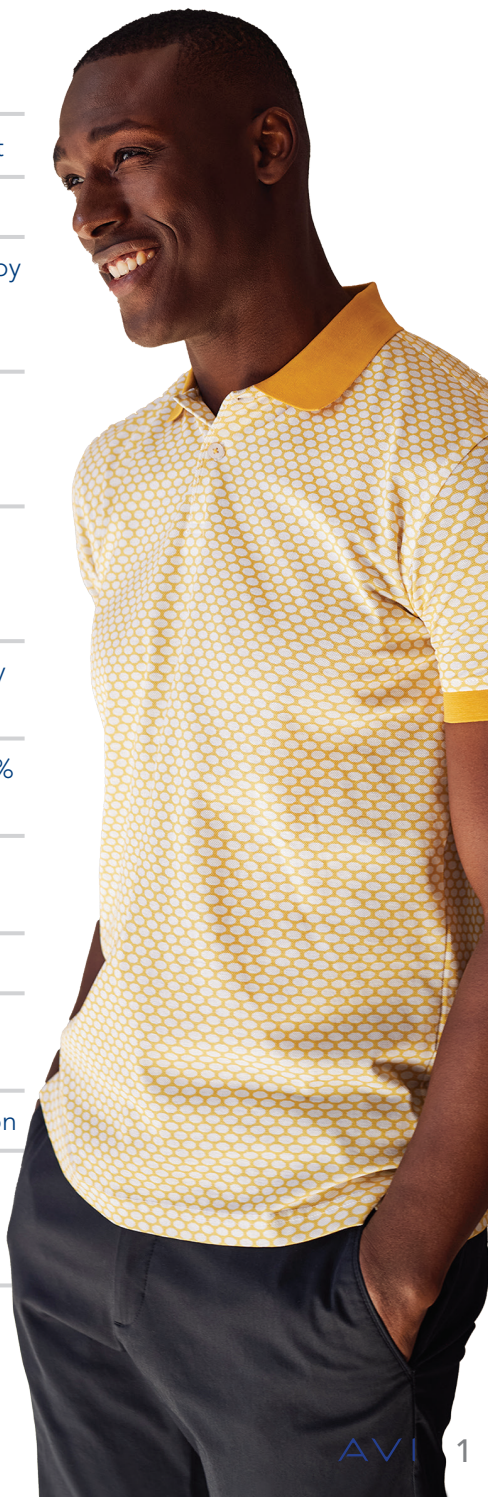
Interim dividend of 220 cents per share, up 8,9%

Strong cash generation sustained

Profit after tax of R12,6 million on disposal of squid fishing operation

Capital expenditure of R424,8 million

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



RESULTS COMMENTARY

GROUP OVERVIEW

The domestic macro environment continues to be challenging with optimism created by the GNU not delivering growth. High interest rates, unemployment and inflation have continued to erode disposable incomes, creating volatile monthly trading patterns, and limiting our ability to increase sales volumes.

Group revenue increased by 1,1% over the same period last year. Revenue growth in Entyce was underpinned by price increases required to ameliorate significant input cost pressures. Snackworks' revenue ended 1,0% lower off a strong prior year base. I&J's revenue grew 3,9% with the benefit of selling price increases in the fishing business and a weaker exchange rate partially offset by lower fish sales volumes driven by a poorer catch mix and catch performance. The abalone category was impacted by lower selling prices and weaker demand in key Asian markets. Personal Care revenue declined, with growth in roll-on and colour cosmetics not sufficient to offset lower demand in the aerosol and fragrance categories. The fashion retail brand portfolio had a challenging semester with supplier and global supply chain issues impacting the semester's sales. December retail sales fell short of a strong prior year base and were impacted by stock shortages in some key brands and styles in the month.

The Group's consolidated gross profit increased ahead of revenue with an improvement in margins underpinned by sound cost control, improved manufacturing efficiency, increased selling prices to recover rising input costs and operational leverage. Selling and administrative expenses were tightly controlled and ended in line with last year. The Group's operating profit for the semester increased by 8,9% and the operating profit margin improved from 21,5% to 23,2%.

Net finance costs were marginally higher due to increased average borrowing levels, following the payment of the special dividend in October 2024, partially offset by lower interest rates. The effective tax rate was in line with the corporate tax rate of 27%. Headline earnings grew 9,1% with headline earnings per share increasing from 374,3 cents to 407,5 cents with a 0,2% increase in the weighted average number of shares in issue due to the vesting of employee share options.

In line with I&J's objective to simplify and focus on core operations, an agreement was entered into to dispose of the squid fishing operation undertaken by the Umsobomvu joint venture, in which I&J holds a 50% interest. During the semester, the transaction conditions were completed resulting in a capital profit after taxation of R12,6 million.

Cash generated by operations increased from R1,85 billion to R2,16 billion due to the improved operating profit and a reduction in working capital compared to last year's increase. Other material cash flows during the period were capital expenditure of R424,8 million which included the acquisition of a second-hand freezer vessel, total dividends paid of R2,24 billion and taxation paid of R493,0 million. Net debt at the end of December 2024 was R2,55 billion compared to R1,81 billion at the end of December 2023.

DIVIDEND

The Board has declared an interim ordinary dividend of 220 cents per share, which is 8,9% 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		
	2024	2023	%	2024	2023	%
	R'm	R'm	change	R'm	R'm	change
Food & Beverage brands	6 884,6	6 674,7	3,1	1 594,2	1 373,3	16,1
Entyce Beverages	2 616,5	2 420,2	8,1	794,3	551,9	43,9
Snackworks	3 069,9	3 101,1	(1,0)	763,8	789,6	(3,3)
I&J	1 198,2	1 153,4	3,9	36,1	31,8	13,5
Fashion brands	1 586,3	1 703,4	(6,9)	381,6	436,7	(12,6)
Personal Care	506,6	539,3	(6,1)	92,5	114,4	(19,1)
Footwear & Apparel	1 079,7	1 164,1	(7,3)	289,1	322,3	(10,3)
Corporate				(10,7)	(6,2)	
Group	8 470,9	8 378,1	1,1	1 965,1	1 803,8	8,9

Entyce Beverages

Revenue of R2,62 billion was 8,1% higher than last year while operating profit improved 43,9% from R551,9 million to R794,3 million.

Tea revenue grew 9,0% due to price increases taken in April 2024 and August 2024 to ameliorate inflationary cost pressures from higher commodity costs and a weaker Rand. Sales volumes were pressurised by a constrained consumer environment and aggressive competitor activity, with declines across both our Black tea and Rooibos segments. Our portfolio construction continued to provide affordable alternatives with a lower sales volume decline achieved across our Trinco value brand. Gross profit margins improved, recovering the decline in the previous year, through selling price increases, factory efficiencies and benefits from operational leverage mitigating the impact of higher commodity costs. Selling and administrative costs were effectively managed but increased ahead of inflation with additional marketing investment to support our key brands. The Tea category performance was sound with a higher gross profit and effective margin management supporting an increase in operating profit.

Coffee revenue was 10,3% higher than last year with strong sales from our retail brands supported by an improvement in the Ciro out-of-home coffee business. Revenue growth was achieved in the premium, mixed instant and affordable brewed categories due to selling price increases required to ameliorate the continued increase in underlying Arabica and Robusta coffee prices. Notwithstanding an improvement in mixed instant market share, competitor discounting, consumer affordability and high selling prices constrained demand for retail brands and only our affordable brewed segment achieved sales volume growth through regional activations and distribution campaigns. Ciro revenue benefitted from selling price increases partially offset by lower sales volumes due to competition from lower priced options in forecourts and business channels with some customers shifting due to the challenging macro environment. Gross profit margins ended higher following last year's decline with benefits from higher selling prices, the factory restructuring undertaken last year, and operational leverage partly offset by input cost pressures, despite some benefit from hedging. Selling and administrative costs were well managed, and combined with the improved gross profit margin, operating profit and operating profit margins improved materially on the prior year.

RESULTS COMMENTARY continued

Creamer revenue growth was lower than other beverage categories and was primarily supported by selling price increases taken in response to rising commodity prices. Sales volumes were lower off a strong prior year base which included the benefit of market share gains due to competitor supply disruptions which did not repeat. Despite a competitive and constrained demand environment, gross profit margins improved on the prior year supported by benefits from selling price increases, factory efficiencies from the investment in our production capability during the first semester last year, and operational leverage. Selling and administrative cost increases were contained well below inflationary levels. Overall, a pleasing improvement in operating profit and operating profit margins was achieved.

Snackworks

Revenue of R3,07 billion was 1,0% lower than a strong prior year base and operating profit decreased 3,3% from R789,6 million to R763,8 million. The operating profit margin remains healthy but reduced from 25,5% to 24,9% due to lower profitability on our snacking brands.

Biscuit revenue decreased 1,5% due to lower sales volumes partially offset by the impact of selling price increases taken to ameliorate input cost pressures and protect margins. Sales volumes ended lower than the strong prior year base, but were well supported by creamed biscuit innovations launched last year and growth in Blue Label Marie due to the non-recurrence of last year's oven installation. Demand for Bakers Choice Assorted over the festive season was sound but ended lower as a result of the constrained consumer environment. Gross profit margins were well protected and selling and administrative cost increases were contained, despite an increase in marketing support. The Biscuit result finished marginally lower than the strong prior year which delivered growth of 29,2%. The operating profit margin remained in line with last year.

Snacks revenue increased marginally due to higher selling prices partially offset by a decrease in sales volumes which were impacted by sustained competitor activity. The maize extrude snack brands' volume finished lower with incremental volume from the launch of a more accessibly priced Cheese Curls format, which was not sufficient to arrest declines across the rest of the portfolio. The potato chip category remained competitive, with flavour extensions supporting an improvement in sales volumes. Gross profit and gross profit margins were lower with the impact of higher input costs, increased factory expenditure, an unfavourable product mix and the deleveraging impact of lower volumes not fully recovered by selling price increases in a competitive and constrained demand environment. Selling and administrative costs were well controlled and finished in line with last year with inflationary increases offset by the impact of lower sales volumes and fuel prices on distribution. Operating profit and operating profit margins declined compared to last year.

I&J

Revenue of R1,20 billion was 3,9% higher than last year and operating profit increased from R31,8 million to R36,1 million. The operating profit margin increased from 2,8% to 3,0%.

Fishing revenues increased due to the impact of selling price increases and the benefit of a weaker Rand on export sales partly offset by lower sales volumes. Fish sales volumes were negatively impacted by aggressive competition in domestic markets, poor catch mix and weaker fishing performances resulting in lower volumes caught, despite an improvement in catch rates per sea day. On innovation, the Air-Fri'kn Amazing range was launched in October 2024 and has started to gain traction delivering good volume with further growth expected through the second semester as distribution improves. Operating costs were well managed with the impact of increased repair and maintenance spend for the fleet and inflationary increases offset by the benefit of lower fuel usage and prices, the non-recurrence of prior year restructuring costs and the realisation of savings from restructuring initiatives implemented last year. Fishing profits improved off a low prior year base increasing from R22,3 million last year to R61,0 million.

RESULTS COMMENTARY continued

Abalone declined on last year with an operating loss of R25,0 million realised. Core Asian markets were challenged by weaker demand and over supply which constrained selling prices and increased competition. The impact of lower selling prices was partly offset by the benefit of the weaker Rand, but overall impacted the biological asset fair value with an unfavourable adjustment of R27,6 million recognised in the semester. Insurance proceeds of R4,3 million were recognised in respect of the lost profits which resulted from the recall of faulty cans supplied to our production facility last year. Farm costs were well controlled and included the benefit of lower diesel costs with no load-shedding experienced during the semester.

Personal Care

Indigo's revenue of R506,6 million was 6,1% lower than last year with aggressive discounting by competitors and the constrained consumer environment limiting demand and reducing selling prices in some categories. Aerosol and fragrance revenue was lower with improved performances achieved in the roll-on and colour cosmetic categories. The roll-on category provided a strong value proposition to cash-strapped consumers achieving growth, ahead of the commissioning of our new line in the second semester.

The gross profit margin decreased slightly due to the impact of an unfavourable sales mix and cost increases not fully recovered in a constrained and competitive market. Selling and administrative costs were well managed and ended lower due to savings from restructuring initiatives implemented last year, the impact of reduced sales volumes on variable costs and a deferral of marketing activity to the second semester. The operating profit decreased from R114,4 million to R92,5 million and the operating profit margin decreased from 21,2% to 18,3%.

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

Revenue decreased by 7,3% to R1,08 billion largely due to a 18,3% reduction in footwear volumes which included the impact of supplier and global supply chain issues. Selling prices across the range were increased to recover input cost pressures, including higher freight costs incurred to address supply chain delays, and protect margins, however, consumer demand was subdued, and the business was not able to repeat last year's strong December sales performance. The overall contribution of Carvela and Lacoste brand sales increased compared to last year but were negatively impacted by the later delivery of certain summer stock and supplier challenges on core Carvela ranges. Clothing brands revenue was lower but included some benefit from innovation with the more affordable Signate clothing range and Kurt Geiger fragrances launched in November 2024 gaining traction.

Gross profit declined, with gross profit margin maintained in line with last year, and selling and administrative expenses increasing by 4,3%. As a result, operating profit decreased 10,3%, from R322,3 million to R289,1 million. The operating profit margin remains healthy, but decreased from 27,7% to 26,8%.

OUTLOOK

The macro-economic environment remains increasingly challenging, exacerbated by the changing geopolitical landscape, including the position taken by the USA with regards to tariffs, as well as municipal infrastructure failures add cost and complexity. Costs continue to be effectively managed, and the Group is fortunate to have a portfolio of market-leading brands that allow us to effectively compete for market share through periods of constrained demand. The defensive characteristics of the brand portfolio when consumers have less to spend is well-established and focus continues to be given to delivering innovation that will support category performances. Notwithstanding this, it seems likely that rates of growth in the next six months will slow especially if there is no improvement in the operating environment and further cost driven price increases become necessary.

RESULTS COMMENTARY continued

While it appears the Group is moving into a period of softening input cost inflation, aside from coffee, the constrained and competitive consumer environment will continue to put pressure on our ability to protect margins. Notwithstanding lower levels of inflation, sustained high selling prices will continue to challenge volumes in many of our categories. AVI has a well-established and disciplined hedging practice which has provided protection against the full extent of rising input costs. A material portion of the second semester's import requirements have been covered at levels that support profitability assuming reasonable sales volumes. Cost management, including the investment in projects which support production efficiencies, procurement savings and restructuring initiatives, will remain a focus. Processes are already underway to deliver savings, however, this is likely to result in additional cost through the second semester with benefits only expected to realise in the next financial year.

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

I&J's prospects remain materially dependent on fishing performance, fuel prices and exchange rates. A 4,2% increase in the total allowable catch ("TAC") has been announced for the 2025 calendar year. Notwithstanding additional capacity from the purchase of the freezer vessel ("Umlungisi"), our ability to benefit from the increased TAC is dependent on a material improvement in catch rates, which remain at historical lows. The Umlungisi commenced fishing in February 2025 and will provide much needed capacity and should support the fishing performance and reduce the extent to which the current quota is not caught. Cost structures, including the simplification of I&J's business model, will continue to receive focus to improve profitability and the return on capital. Demand for abalone was negatively impacted in the first semester by increased competition and reduced demand in key markets which constrained selling prices. Should this not improve, the abalone performance in the next half may be lower than last year.

In January 2025 Green Cross embarked on a consultation process with affected employees following an in-principle decision to close the retail business, in 12 Green Cross and GX & Co. branded retail outlets, and discontinue the majority of wholesale lines. This process has yet to be concluded, with restructuring costs likely to be recognised in the second semester negatively impacting performance with the second half result expected to fall short of last year.

The operating environment remains uncertain with consumer demand constrained and the risk of load-shedding and continued infrastructure failures expected to add cost and complexity to the business. While the business remains well-positioned to benefit from any consumer recovery, sustaining the current performance will be dependent on a multitude of exogenous factors and profit growth may not mirror the first semester as we annualise a strong prior year second semester base. 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

10 March 2025

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited at 31 December		Audited at 30 June
	2024 R'm	2023 R'm	2024 R'm
ASSETS			
Non-current assets			
Property, plant and equipment	3 465,0	3 215,3	3 248,3
Right-of-use assets	430,8	498,8	466,9
Intangible assets and goodwill	942,1	934,0	943,0
Investments and other long-term assets	24,2	32,6	32,5
Deferred taxation	58,8	41,7	71,2
	4 920,9	4 722,4	4 761,9
Current assets			
Inventories and biological assets	3 040,2	2 985,6	3 055,0
Trade and other receivables including derivatives	2 041,8	1 954,0	2 139,9
Cash and cash equivalents	411,6	507,7	352,9
	5 493,6	5 447,3	5 547,8
Total assets	10 414,5	10 169,7	10 309,7
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity	4 996,1	5 375,4	5 784,9
Non-current liabilities			
Cash-settled share-based payment liability	14,7	14,9	15,2
Lease liabilities	383,1	425,3	404,9
Employee benefit liabilities	344,2	290,1	334,8
Deferred taxation	407,3	404,0	394,9
	1 149,3	1 134,3	1 149,8
Current liabilities			
Current borrowings including short-term portion of lease liabilities	2 582,8	1 891,3	1 367,2
Trade and other payables including derivatives	1 645,6	1 628,4	1 965,9
Current tax liabilities	40,7	140,3	41,9
	4 269,1	3 660,0	3 375,0
Total equity and liabilities	10 414,5	10 169,7	10 309,7
Movement in net debt			
Opening balance	876,3	1 206,2	1 206,2
Short-term funding raised/(repaid)	1 224,0	46,6	(471,9)
(Increase)/Decrease in cash and cash equivalents	(59,5)	(19,7)	133,5
Translation of cash equivalents of foreign subsidiaries	0,8	6,9	8,5
Net debt excluding IFRS 16 lease liabilities	2 041,6	1 240,0	876,3
IFRS 16 lease liabilities	512,7	568,9	542,9
Net debt*	2 554,3	1 808,9	1 419,2

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

RESULTS for the six months ended 31 December 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 December			Audited year ended 30 June
	2024 R'm	2023 R'm	% change	2024 R'm
Revenue	8 470,9	8 378,1	1,1	15 862,3
Cost of sales	(4 835,4)	(4 903,4)	(1,4)	(9 248,9)
Gross profit	3 635,5	3 474,7	4,6	6 613,4
Selling and administrative expenses, including other income	(1 670,4)	(1 670,9)	(0,0)	(3 308,8)
Operating profit before capital items	1 965,1	1 803,8	8,9	3 304,6
Interest received	6,4	6,6	(3,0)	14,8
Finance costs	(113,9)	(112,6)	1,2	(199,3)
Share of equity-accounted losses of joint ventures	(0,3)	(2,2)	(86,4)	(3,2)
Capital items	17,4	(1,0)		(20,7)
Profit before taxation	1 874,7	1 694,6	10,6	3 096,2
Taxation	(511,7)	(457,3)	11,9	(838,5)
Profit for the period	1 363,0	1 237,3	10,2	2 257,7
Profit attributable to:				
Owners of AVI	1 363,0	1 237,3	10,2	2 257,7
Other comprehensive income/(loss), net of tax	10,5	7,8		(1,8)
Items that are or may be subsequently reclassified to profit or loss				
Foreign currency translation differences	(6,1)	(25,7)		(23,9)
Cash flow hedging reserve	22,7	45,9		47,5
Taxation on items that are or may be subsequently reclassified to profit or loss	(6,1)	(12,4)		(12,8)
Items that will never be reclassified to profit or loss				
Actuarial loss recognised	-	-		(17,3)
Taxation on items that will never be reclassified to profit or loss	-	-		4,7
Total comprehensive income for the period	1 373,5	1 245,1	10,3	2 255,9
Total comprehensive income attributable to:				
Owners of AVI	1 373,5	1 245,1	10,3	2 255,9
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights, trademarks and computer software included in operating profit	290,2	286,4	1,3	547,8
Earnings per share				
Basic earnings per share (cents) [#]	411,3	374,1	9,9	682,5
Diluted basic earnings per share (cents) ^{##}	405,7	371,7	9,1	675,5
Headline earnings per share (cents) [#]	407,5	374,3	8,9	687,1
Diluted headline earnings per share (cents) ^{##}	401,9	372,0	8,0	680,0

[#] Basic earnings and headline earnings per share are calculated on a weighted average of 331 364 958 (31 December 2023: 330 710 972 and 30 June 2024: 330 791 602) ordinary shares in issue.

^{##} Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 335 952 257 (31 December 2023: 332 828 937 and 30 June 2024: 334 217 367) ordinary shares in issue.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December			Audited year ended 30 June
	2024 R'm	2023 R'm	% change	2024 R'm
Operating activities				
Cash generated by operations	2 155,1	1 851,7	16,4	3 778,3
Interest paid	(113,9)	(112,6)	1,2	(199,3)
Taxation paid	(493,0)	(420,2)	17,3	(910,2)
Net cash available from operating activities	1 548,2	1 318,9	17,4	2 668,8
Investing activities				
Interest received	6,4	6,6	(3,0)	14,8
Property, plant and equipment acquired	(424,8)	(242,0)	75,5	(476,5)
Additions to intangible assets	(4,9)	(14,2)	(65,5)	(25,8)
Proceeds from disposals of property, plant and equipment	4,3	12,0	(64,2)	16,5
Other cash from/(to) investments	20,5	–		(1,3)
Net cash utilised in investing activities	(398,5)	(237,6)	67,7	(472,3)
Financing activities				
Short-term funding raised/(repaid)	1 224,0	46,6	2 526,6	(471,9)
Lease liabilities repaid	(75,5)	(73,0)	3,4	(148,3)
Payment to I&J BBBEE shareholders	(0,6)	–	–	–
Ordinary dividends paid	(1 300,0)	(1 035,2)	25,6	(1 709,8)
Special dividend paid	(938,1)	–		–
Net cash utilised in financing activities	(1 090,2)	(1 061,6)	2,7	(2 330,0)
Increase/(Decrease) in cash and cash equivalents	59,5	19,7	202,0	(133,5)
Cash and cash equivalents at beginning of period	352,9	494,9		494,9
	412,4	514,6		361,4
Translation of cash equivalents of foreign subsidiaries	(0,8)	(6,9)		(8,5)
Cash and cash equivalents at end of period	411,6	507,7		352,9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium R'm	Treasury shares R'm	Reserves R'm	Retained earnings R'm	I&J BBBEE shareholders R'm	Total equity R'm
Six months ended 31 December 2024						
Balance at 1 July 2024	279,4	(75,8)	354,2	5 333,7	(106,6)	5 784,9
Profit for the period	-	-	-	1 363,0	-	1 363,0
Other comprehensive (loss)/income						
Foreign currency translation differences	-	-	(6,1)	-	-	(6,1)
Cash flow hedging reserve, net of tax	-	-	16,6	-	-	16,6
Total other comprehensive income	-	-	10,5	-	-	10,5
Total comprehensive income for the period	-	-	10,5	1 363,0	-	1 373,5
Transactions with owners, recorded directly in equity						
Share-based payments	-	-	50,4	-	-	50,4
Deferred taxation on Group share scheme recharge	-	-	25,4	-	-	25,4
Dividends paid	-	-	-	(2 238,1)	-	(2 238,1)
Total contributions by and distributions to owners	-	-	75,8	(2 238,1)	-	(2 162,3)
Balance at 31 December 2024	279,4	(75,8)	440,5	4 458,6	(106,6)	4 996,1
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
Year ended 30 June 2024						
Balance at 1 July 2023	279,4	(75,8)	234,1	4 785,8	(106,6)	5 116,9
Profit for the year	-	-	-	2 257,7	-	2 257,7
Other comprehensive (loss)/income						
Foreign currency translation differences	-	-	(23,9)	-	-	(23,9)
Actuarial loss recognised, net of tax	-	-	(12,6)	-	-	(12,6)
Cash flow hedging reserve, net of tax	-	-	34,7	-	-	34,7
Total other comprehensive loss	-	-	(1,8)	-	-	(1,8)
Total comprehensive income for the period	-	-	(1,8)	2 257,7	-	2 255,9
Transactions with owners, recorded directly in equity						
Share-based payments	-	-	98,0	-	-	98,0
Deferred taxation on Group share scheme recharge	-	-	23,9	-	-	23,9
Dividends paid	-	-	-	(1 709,8)	-	(1 709,8)
Total contributions by and distributions to owners	-	-	121,9	(1 709,8)	-	(1 587,9)
Balance at 30 June 2024	279,4	(75,8)	354,2	5 333,7	(106,6)	5 784,9

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2024

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 IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting 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 accounting policies used in the preparation of these condensed consolidated interim financial statements are in terms of IFRS Accounting Standards and are consistent with those applied in preparing the condensed consolidated interim financial statements for the six months ended 31 December 2023 and the consolidated annual financial statements for the year ended 30 June 2024.

The condensed consolidated interim financial statements are prepared in millions of South African Rands (“R’m”) on the historical cost basis, except for derivative financial instruments, biological assets and cash-settled share-based payment liabilities, which are measured at fair value.

There are no new, revised or amended accounting standards, effective from 1 July 2024, applicable to the Group.

New standards and interpretations in issue not yet effective

The Group continuously evaluates the impact of new accounting standards, amendments to accounting standards and interpretations and assesses these for applicability to the Group. The new accounting standards and amendments to accounting standards issued which are material to the Group, but not yet effective on 31 December 2024, include:

IFRS 18 - Presentation and Disclosure of Financial Statements

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

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

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

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

continued

2. Segmental results

	Unaudited six months ended 31 December			Audited year ended 30 June
	2024 R'm	2023 R'm	% change	2024 R'm
Segmental revenue				
Food & Beverage brands	6 884,6	6 674,7	3,1	13 082,5
Entyce Beverages	2 616,5	2 420,2	8,1	5 025,4
Snackworks	3 069,9	3 101,1	(1,0)	5 597,9
I&J	1 198,2	1 153,4	3,9	2 459,2
Fashion brands	1 586,3	1 703,4	(6,9)	2 779,8
Personal Care	506,6	539,3	(6,1)	1 022,5
Footwear & Apparel	1 079,7	1 164,1	(7,3)	1 757,3
Corporate and consolidation*	–	–		–
Corporate	90,2	94,0	(4,0)	179,9
Intersegment revenue	(90,2)	(94,0)	(4,0)	(179,9)
Group	8 470,9	8 378,1	1,1	15 862,3
Segmental operating profit before capital items				
Food & Beverage brands	1 594,2	1 373,3	16,1	2 770,7
Entyce Beverages	794,3	551,9	43,9	1 300,1
Snackworks	763,8	789,6	(3,3)	1 270,9
I&J	36,1	31,8	13,5	199,7
Fashion brands	381,6	436,7	(12,6)	560,8
Personal Care	92,5	114,4	(19,1)	220,0
Footwear & Apparel	289,1	322,3	(10,3)	340,8
Corporate	(10,7)	(6,2)		(26,9)
Group	1 965,1	1 803,8	8,9	3 304,6

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

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

continued

3. Revenue

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

The following table sets out revenue by geographical market:

Geographical market	Unaudited six months ended 31 December 2024							
	Entyce Beverages R'm	Snackworks R'm	I&J R'm	Personal Care R'm	Footwear & Apparel R'm	Corporate R'm	Consolidation R'm	Total R'm
South Africa	2 335,0	2 732,0	408,4	463,0	1 071,3	90,2	(90,2)	7 009,7
Other African countries	273,6	319,6	30,8	43,6	8,4	-	-	676,0
Europe	0,6	3,2	530,5	-	-	-	-	534,3
Rest of the world	7,3	15,1	228,5	-	-	-	-	250,9
Total revenue	2 616,5	3 069,9	1 198,2	506,6	1 079,7	90,2	(90,2)	8 470,9

Geographical market	Unaudited six months ended 31 December 2023							
	Entyce Beverages R'm	Snackworks R'm	I&J R'm	Personal Care R'm	Footwear & Apparel R'm	Corporate R'm	Consolidation R'm	Total R'm
South Africa	2 166,4	2 767,3	409,6	494,0	1 154,0	94,0	(94,0)	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	94,0	(94,0)	8 378,1

Geographical market	Audited for the year ended 30 June 2024							
	Entyce Beverages R'm	Snackworks R'm	I&J R'm	Personal Care R'm	Footwear & Apparel R'm	Corporate R'm	Consolidation R'm	Total R'm
South Africa	4 457,4	4 932,0	830,7	935,8	1 739,6	179,9	(179,9)	12 895,5
Other African countries	557,4	629,4	61,2	86,7	17,7	-	-	1 352,4
Europe	6,8	10,9	1 122,4	-	-	-	-	1 140,1
Rest of the world	3,8	25,6	444,9	-	-	-	-	474,3
Total revenue	5 025,4	5 597,9	2 459,2	1 022,5	1 757,3	179,9	(179,9)	15 862,3

The majority of revenue comprises revenue from the sale of goods. Less than 0,9% (31 December 2023: less than 0,9% and 30 June 2024: less than 2,0%) of total revenue comprises income arising from services, rental agreements and trademark licence agreements.

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

continued

4. Determination of headline earnings

	Unaudited six months ended 31 December			Audited year ended 30 June
	2024 R'm	2023 R'm	% change	2024 R'm
Profit for the year attributable to owners of AVI	1 363,0	1 237,3	10,2	2 257,7
Total capital items after taxation	(12,8)	0,7		15,0
Net loss on disposal of property, plant and equipment	0,1	1,0		20,9
Impairment of property, plant and equipment	–	–		0,2
Reversal of impairment of property, plant and equipment	(0,3)	–		–
Insurance proceeds/receivables on property, plant and equipment	–	–		(0,4)
Joint venture capital profit	(12,6)	–		–
Taxation attributable to capital items	–	(0,3)		(5,7)
Headline earnings	1 350,2	1 238,0	9,1	2 272,7
Headline earnings per ordinary share (cents)	407,5	374,3	8,9	687,1
Diluted headline earnings per ordinary share (cents)	401,9	372,0	8,0	680,0

	Number of shares	Number of shares	% change	Number of shares
Weighted average number of ordinary shares	331 364 958	330 710 972	0,2	330 791 602
Weighted average diluted number of ordinary shares	335 952 257	332 828 937	0,9	334 217 367

5. Cash generated by operations

	Unaudited six months ended 31 December			Audited year ended 30 June
	2024 R'm	2023 R'm	% change	2024 R'm
Cash generated by operations before working capital changes	2 145,7	2 053,6	4,5	4 049,1
Changes in working capital	9,4	(201,9)	(104,7)	(270,8)
Cash generated by operations	2 155,1	1 851,7	16,4	3 778,3

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

continued

6. Commitments

	Unaudited six months ended 31 December		Audited year ended 30 June
	2024 R'm	2023 R'm	2024 R'm
Capital expenditure commitments for property, plant and equipment	175,7	163,2	210,8
Contracted for	133,0	104,4	157,9
Authorised but not contracted for	42,7	58,8	52,9

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

7. Cash flows from investment in joint venture

I&J Limited currently holds a 50% interest in the Umsobomvu joint venture which is engaged in the procurement and selling of squid and operates principally in South Africa on five squid vessels.

On 23 November 2023, the two shareholders of the joint venture entered into an agreement to sell all five of the vessels together with the squid fishing rights held by the joint venture for a total purchase consideration of R53,3 million. The agreement was dependent on certain suspensive conditions, most notably the approval of the transfer of the fishing rights by the Department of Forestry, Fisheries and Environment ("DFFE"). The suspensive conditions and completion actions were finalised during July 2024, with funds being paid to the joint venture, and consequently the sale transaction has been recognised in the year to date results. During August 2024 a dividend was declared and paid to the shareholders, of which I&J Limited received R20,5 million. This forms part of other cash flows from investments on the face of the cash flow statement.

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

continued

8. Fair value classification and measurement

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

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

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

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

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

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

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

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

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy during the six months ended 31 December 2024.

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

continued

9. Post-reporting date events

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

10. Dividend declaration

Notice is hereby given that a gross interim ordinary dividend No. 106 of 220 cents per share for the six months ended 31 December 2024 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 176 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 339 975 466 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, 8 April 2025
First trading day ex dividend on the JSE	Wednesday, 9 April 2025
Record date	Friday, 11 April 2025
Payment date	Monday, 14 April 2025

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 9 April 2025, and Friday, 11 April 2025, 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, 14 April 2025.

11. 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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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

First Rand Bank Limited
Standard Bank Limited

Transfer secretaries

Computershare Investor Services
Proprietary Limited

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15 Biermann Avenue
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Telefax: +27 (0)11 370 5271

PRINCIPAL SUBSIDIARIES

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National Brands Limited
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and Snackworks)

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Bryanston 2021

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Rivonia 2128

Managing director
Michael Kursaris
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

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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

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Epping 1 7460

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Cape Town 8000

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

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

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Acting managing director
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Telefax: +27 (0)11 707 7763

DIRECTORS

Executive

Simon Crutchley¹
(Chief Executive Officer)

Justin O'Meara¹
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Mike Watters *(Chairman)*^{3,4,5}

Alexandra Muller^{2,6}

Steven Robinson⁶

Maserame Mouyeme^{3,6}

Valerie Davies⁵

¹ Resigned as member of the Social and Ethics Committee effective 16 January 2025.

² Member of the Social and Ethics Committee.

³ Appointed to the Social and Ethics Committee effective 16 January 2025, as required by the Companies Act 71 of 2008.

⁴ British.

⁵ Member of the Remuneration, Nomination and Appointments Committee.

⁶ Member of the Audit and Risk Committee.

AVI

www.avi.co.za