

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

CHAIRMAN'S COMMENT ON TRADING CONDITIONS

At the annual general meeting of AVI held on 9 November 2022, Gavin Tipper commented in relation to trading conditions that:

"The trading environment has remained challenging with inflationary pressures and the weak macro environment reducing consumer spending. The impacts of severe load-shedding and supply chain disruptions following Transnet's strike were effectively managed, albeit at a cost to both revenue and margin.

Group revenue for the quarter ended September 2022 increased by 9.7% over the same period in the prior year, materially due to price increases to ameliorate cost pressures. Revenue growth was achieved in all major categories except I&J where poor catch rates and an unfavourable abalone sales mix impacted the quarter's revenue. Higher selling prices in some categories impacted short-term sales volumes, with an ongoing focus on long-term margin protection in the face of systemic inflation. Revenue and margin in the footwear and apparel business continue to improve, assisted by volume gains, partially because of the non-recurrence of the disruption as a result of the unrest in July last year.

The consolidated gross profit margin declined marginally with accumulated cost pressures not fully recovered as our businesses work to find the best balance between volume and value in a volatile environment. Selling and administrative expenses increased at rates above inflation, partially due to the impact of a substantially higher fuel price on distribution costs, the timing of marketing investment, and the impact of fair-value accounting on the Group's hedge positions. Consolidated operating profit was 2.1% higher than the same quarter in the prior year. The Group's branded consumer business, excluding I&J, improved operating profit by 9.5% over the same period last year.

The results for the remainder of the 2023 financial year remain materially dependent on sound consumer demand over the festive season and through the second semester."

The information above has not been reviewed and reported on by the Group's auditors.

Illovo
10 November 2022

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