

ITALTILE LIMITED
Incorporated in the Republic of South Africa
(Registration number: 1955/000558/06)
Share code: ITE ISIN: ZAE000099123
("Italtile" or "the Group")

VOLUNTARY SALES UPDATE

This sales update pertains to the five-month period from 1 July 2021 to 30 November 2021 ("review period").

Sales related to Ceramic Industries Proprietary Limited and Ezee Tile Adhesive Manufacturers Proprietary Limited are referred to as "manufacturing" sales to distinguish them from "retail" sales reported by Italtile's retail brands, namely CTM, Italtile Retail, TopT and U-Light.

TRADING CONDITIONS AND GROUP PERFORMANCE

The trading conditions experienced during the review period were challenging, taking account of the ongoing effects of the Covid-19 pandemic ("pandemic") including severe global supply chain disruptions; civil unrest in the month of July; notable price inflation of imported raw materials and finished product; and the adverse impact of load-shedding, specifically on the Group's manufacturing operations.

Competition across the industry also intensified as stock availability improved and beleaguered consumers reduced or deferred spend in the context of low wage inflation, high levels of debt and escalating unemployment.

Comparable sales for the review period are distorted by the high base of the prior corresponding period which was driven by the pandemic-related work-and-study-from-home trend that shifted spending priorities and boosted demand for home improvement products. With the re-opening of various sectors of the economy, there has been a steady decline in this demand over the past five months, a trend which is likely to continue as lockdown restrictions ease further and the vaccine programme roll-out progresses.

The following factors contributed to off-setting the aforementioned adversities and supporting sales growth:

- the Group's local integrated supply chain which ensured consistent availability of a wide product range;
- given that most of the Group's total range is procured locally, the negative impact of continued global supply chain disruptions was mitigated;
- continued low interest rates which supported homeowners' investment in existing and new properties; and
- management's unwavering focus on improving the customer's shopping experience through enhanced ranges, presentation, and service, including implementing rigorous risk mitigating measures to ensure a safe operating environment for customers and staff.

Retail brands

Good growth was reported by Italtile Retail and TopT, while CTM's sales were in line with the prior comparable review period. Total retail store sales increased by 3.1% compared to the previous corresponding review period and by 19.9% when compared to the 2020 review period.

Supply Chain

Sales for the review period were flat compared to the previous corresponding review period and increased by 24.6% when compared to the 2020 review period. This disparity is primarily a reflection of significant volumes of delayed imported stock which arrived late and were invoiced out during the prior comparable review period.

Manufacturing

Sales for the review period increased by 1.0% compared to the previous corresponding review period and by 18.0% when compared to the 2020 review period. The Group's Samca Plus factory was under construction for most of the review period and commenced commissioning in October 2021, therefore direct comparison with the prior review period is not possible.

OUTLOOK

Difficult macro-economic trading conditions are expected to persist for the foreseeable future, which will negatively affect consumer sentiment and spend. Ongoing load-shedding will also hamper the Group's manufacturing operations specifically and impact on profitability. Management is however confident that there are opportunities in the business, within its control and influence, that offer prospects for growth.

In line with the guidance provided in the year-end results announcement published on SENS on 26 August 2021, and assuming trading conditions do not deteriorate materially in the balance of the current financial year, the Group remains on track to deliver sales and profit growth for the full year.

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

Johannesburg
6 December 2021

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