

**SALES UPDATE AND VOLUNTARY TRADING STATEMENT FOR THE YEAR ENDED 30 JUNE
2022**

SALES UPDATE

Trading environment

The challenging trading conditions outlined in the interim results announcement published on SENS on 10 February 2022, persisted for the remainder of the year, ended 30 June 2022 ("**Review Period**"). These include:

- significant increases in inflation, which drove up input and other operating costs and specifically, placed pressure on manufacturing margins;
- the shift in consumer spending away from home improvement to other recreational and discretionary purchases. Lower customer footfall and a decline in demand was widespread across the industry;
- global supply chain disruptions that caused instability in supply and pricing for most of the year, although these eased towards the end of the Review Period;
- intensified competition in the local market;
- the decline in consumer confidence centred on widespread despondency regarding deteriorating social and economic conditions;
- increases in interest rates and inflationary pressure on building costs which subdued investment sentiment and influenced cost conscious homeowners to defer or scale down on renovation and building projects as affordability was impacted; and
- disruption and higher costs caused by increased loadshedding - despite mitigation measures implemented by the Group - that continued to negatively impact on operations and profitability.

In the context of this operating environment, our strategic focus remained on the growth levers within our control and influence, being: constant innovation and investment in delivering an unsurpassed shopping experience for our customers; sales growth; productivity; cost leadership; and partnerships with our people. The solid results reported for the Review Period are attributable to our robust business model, including our strategically integrated supply chain, which alleviated supply and pricing volatility; our steadfast strategies; and resilient team.

Performance

The Group anticipates reporting a marginal decline in turnover, a satisfactory achievement given the very high comparable base for the year ended 30 June 2021 ("**Prior Period**"), which was underpinned by pandemic-related stay-at-home restrictions.

Retail brands

Retail store turnover reported by our brands CTM, Italtile Retail, TopT and U-Light, rose by 2.8% compared to the Prior Period. Like-for-like retail store turnover, (excluding sales of stores opened and closed during the period), grew by 1.2%.

Integrated supply chain manufacturers

Combined manufacturing sales reported by Ceramic Industries Proprietary Limited (“**Ceramic**”) and Ezee Tile Adhesive Manufacturers Proprietary Limited (“**Ezee Tile**”) increased by 1.8%; notably, the manufacturing division’s results for the Review Period are not comparable with the Prior Period due to the following factors:

- the resumption of phased closure of all of Ceramic’s factories over December 2021 and January 2022 for routine maintenance, compared to no shutdowns in the Prior Period due to unprecedented demand after the pandemic-mandated shutdown in March to May 2020;
- Ceramic’s Samca floor tile factory, relaunched as Samca+, was closed for five months spanning the prior and current year, while undergoing a major upgrade; and
- substantially more load-shedding was experienced.

Integrated supply chain importers

These businesses, comprising Cedar Point, International Tap Distributors and Distribution Centre, reported a 2.4% decline in sales compared to the Prior Period, primarily due to unavailability of products during some periods and weaker consumer demand, as inflation reduced consumers’ disposable income and affected affordability.

VOLUNTARY TRADING STATEMENT

The Group is currently finalising its results for the Review Period.

In terms of paragraph 3.4(b) of the JSE Limited (“**JSE**”) Listings Requirements, shareholders are advised that earnings per share (“**EPS**”) and headline earnings per share (“**HEPS**”) for the Review Period are expected to be in the range outlined below:

	Year ended 30 June 2022 (cents)	Year ended 30 June 2021 (cents)	Percentage increase (%)
EPS	150.6 – 153.6	140.7	7.0 – 9.2
HEPS	150.6 – 153.7	140.1	7.5 – 9.7

The increase in EPS and HEPS is attributable to modest profit growth, complemented by the following exceptional items:

- a decrease in the non-controlling interest percentage in Ceramic and Ezee Tile, following the vesting of Ceramic retention shares;
- the purchase of founder Mike du Plessis’ 26% shareholding in Ezee Tile following his retirement on 30 June 2021; and
- a decrease in the weighted average number of shares used in the EPS and HEPS calculation, given the timing of share repurchases in the Prior Period.

The Group’s results for the Review Period are expected to be published on SENS on or about 25 August 2022.

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

Johannesburg
11 August 2022

Sponsor
Merchantec Capital